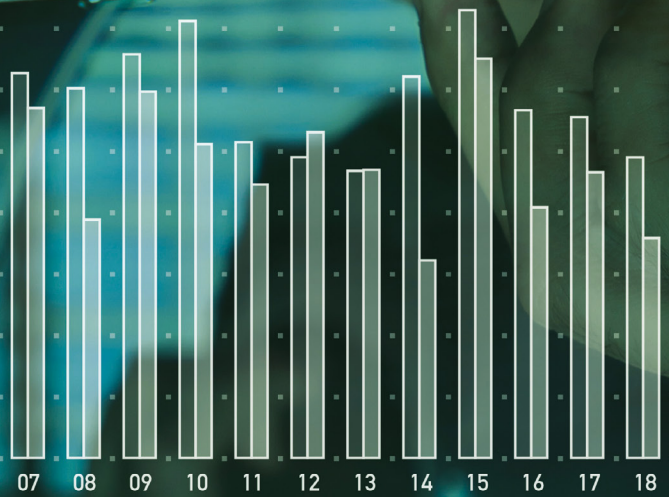
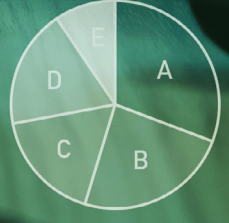
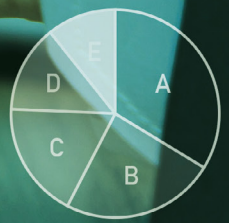
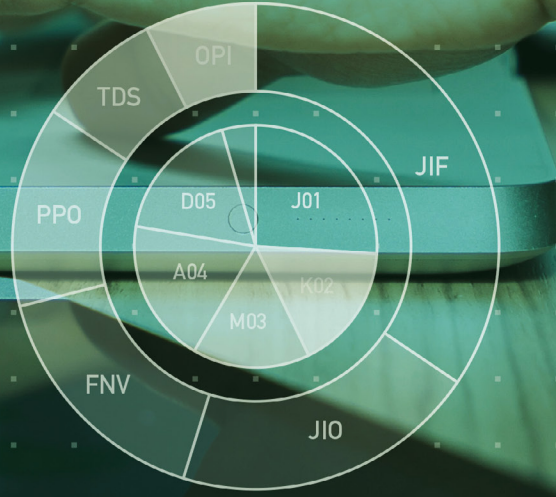
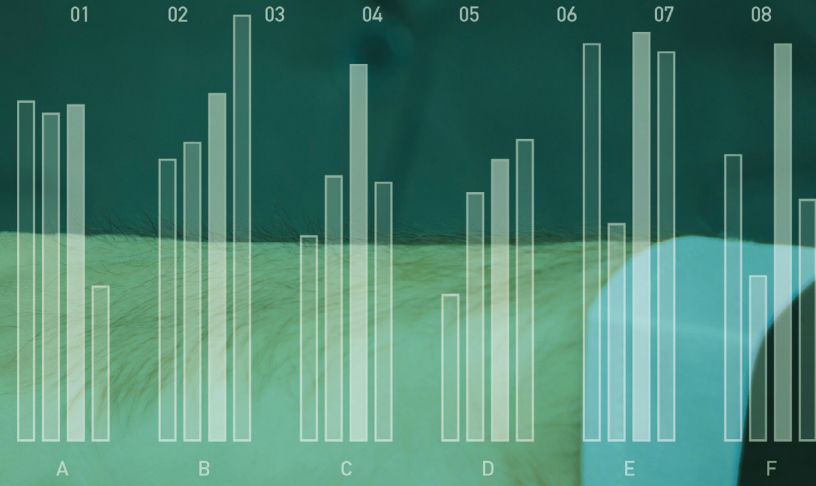




Glenn Hegar Texas Comptroller of Public Accounts

Annual Financial Report 2023



AIU	1,822	12,349,000
EJK	3,680	238,681,000
HPL	1,062	85,678,000
KEE	485	8,369,000
NAH	8,569	189,301,000
QOP	6,602	102,698,000
TIK	890	24,697,000
WIG	6,280	76,002,000
AHD	2,436	57,610,000

November 20, 2023

The Honorable Greg Abbott, Governor
Lisa Collier, CPA, CFE, CIDA, State Auditor
Jerry McGinty, Director, Legislative Budget Board

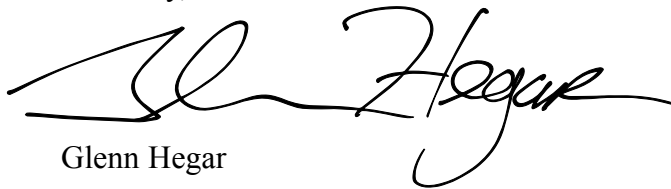
Ladies and Gentlemen:

We are pleased to submit the *Annual Financial Report* for the Comptroller of Public Accounts, the Comptroller's Judiciary Section, the Comptroller's Fiscal Programs, the Comptroller's Treasury Operations Fiscal Agency, the Texas Bullion Depository, the Texas Safekeeping Trust Company, the State Energy Conservation Office and the Texas Broadband Development Office for the year ended Aug. 31, 2023, in compliance with Texas Government Code, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board 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 any questions, please contact Jack Mason, manager of our Budget and Internal Accounting Division, at jack.mason@cpa.texas.gov or 512-463-1428.

Sincerely,



Glenn Hegar

cc: Jack Mason



The spreadsheets in this publication are available
in accessible data form (Excel) and may be found online at
comptroller.texas.gov/transparency/reports/annual-financial/

2023 Annual Financial Report

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Comptroller of Public Accounts (304)

BASIC FINANCIAL STATEMENTS

UNAUDITED
Comptroller of Public Accounts (304)

Combined Balance Sheet/Statement of Net Position – Governmental Funds

August 31, 2023

	Governmental Fund Type General Funds	Governmental Fund Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Position
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash on Hand	\$ 4,200.00	\$ 4,200.00	\$	\$	\$ 4,200.00
Cash in Bank (Note 3)	35,000.00	35,000.00			35,000.00
Cash in State Treasury	22,085.12	22,085.12			22,085.12
Legislative Appropriations	140,575,550.96	140,575,550.96			140,575,550.96
Receivables From:					
Accounts Receivable	16,933.61	16,933.61			16,933.61
Interfund Receivable (Note 12)	42,739.00	42,739.00			42,739.00
Consumable Inventories	448,640.24	448,640.24			448,640.24
Other Assets	423,235.52	423,235.52			423,235.52
Total Current Assets	<u>141,568,384.45</u>	<u>141,568,384.45</u>	<u>0.00</u>	<u>0.00</u>	<u>141,568,384.45</u>
Non-Current Assets:					
Capital Assets (Note 2):					
Non-Depreciable or Non-Amortizable:					
Other Tangible Capital Assets			3,250.00		3,250.00
Construction in Progress					
Depreciable Assets:					
Furniture and Equipment			4,493,782.29		4,493,782.29
Less Accumulated Depreciation			(3,901,866.06)		(3,901,866.06)
Vehicles, Boats, and Aircraft			396,123.74		396,123.74
Less Accumulated Depreciation			(301,869.64)		(301,869.64)
Amortizable Assets - Intangible:					
Computer Software			67,649,953.44		67,649,953.44
Less Accumulated Amortization:			(62,013,279.17)		(62,013,279.17)
Right to Use Assets					
Buildings			18,521,740.69		18,521,740.69
Buildings-Amortization			(6,110,048.58)		(6,110,048.58)
Equipment			8,094,998.71		8,094,998.71
Equipment-Amortization			(4,827,612.21)		(4,827,612.21)
Subscription Asset			3,081,450.52		3,081,450.52
Subscription Asset - Amortization			(967,176.74)		(967,176.74)
Total Non-Current Assets	<u>0.00</u>	<u>0.00</u>	<u>24,119,446.99</u>	<u>0.00</u>	<u>24,119,446.99</u>
Total Assets	<u>\$141,568,384.45</u>	<u>\$141,568,384.45</u>	<u>\$ 24,119,446.99</u>	<u>\$ 0.00</u>	<u>\$ 165,687,831.44</u>
LIABILITIES					
Current Liabilities:					
Payables From:					
Accounts Payable	\$ 3,651,908.05	\$ 3,651,908.05	\$	\$	\$ 3,651,908.05
Payroll Payable	23,050,001.67	23,050,001.67			23,050,001.67
Deposits Payable	423,235.52	423,235.52			423,235.52
Interfund Payable (Note 12)	42,739.00	42,739.00			42,739.00
Interest Payable				53,592.39	53,592.39
Employees' Compensable Leave (Note 5)				13,630,066.10	13,630,066.10
Right to Use Lease Obligations				5,092,911.19	5,092,911.19
Subscription Liability				1,006,416.82	1,006,416.82
Total Current Liabilities	<u>27,167,884.24</u>	<u>27,167,884.24</u>	<u>0.00</u>	<u>19,782,986.50</u>	<u>46,950,870.74</u>
Non-Current Liabilities:					
Employees' Compensable Leave (Note 5)				8,421,501.31	8,421,501.31
Right to Use Lease Obligations				10,721,928.58	10,721,928.58
Subscription Liability				1,035,893.91	1,035,893.91
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>20,179,323.80</u>	<u>20,179,323.80</u>
Total Liabilities	<u>27,167,884.24</u>	<u>27,167,884.24</u>	<u>0.00</u>	<u>39,962,310.30</u>	<u>67,130,194.54</u>
FUND FINANCIAL STATEMENT					
Fund Balances (Deficits):					
Nonspendable – Inventory	448,640.24	448,640.24			448,640.24
Unassigned	113,951,859.97	113,951,859.97			113,951,859.97
Total Fund Balances	<u>114,400,500.21</u>	<u>114,400,500.21</u>	<u>0.00</u>	<u>0.00</u>	<u>114,400,500.21</u>
Total Liabilities and Fund Balances	<u>\$141,568,384.45</u>	<u>\$141,568,384.45</u>			
GOVERNMENT-WIDE STATEMENT OF NET POSITION					
Net Position					
Invested in Capital Assets, Net of Related Debt			24,119,446.99	(17,910,742.89)	6,208,704.10
Unrestricted Net Position					
Restricted for:					
Employee Benefits				(22,051,567.41)	(22,051,567.41)
Total Net Position			<u>\$ 24,119,446.99</u>	<u>\$(39,962,310.30)</u>	<u>\$ 98,557,636.90</u>

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

UNAUDITED
Comptroller of Public Accounts (304)

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 Type General Funds	Governmental Fund Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
REVENUES					
Legislative Appropriations:					
Original Appropriations	\$ 320,550,155.00	\$ 320,550,155.00	\$	\$	\$ 320,550,155.00
Additional Appropriations	53,753,277.81	53,753,277.81			53,753,277.81
Licenses, Fees and Permits	1,507,735.00	1,507,735.00			1,507,735.00
Sales of Goods and Services	448,254.72	448,254.72			448,254.72
Other	805,514.67	805,514.67			805,514.67
Total Revenues	<u>377,064,937.20</u>	<u>377,064,937.20</u>	<u>0.00</u>	<u>0.00</u>	<u>377,064,937.20</u>
EXPENDITURES					
Salaries and Wages	197,109,774.91	197,109,774.91		2,728,807.73	199,838,582.64
Payroll-Related Costs	55,490,782.42	55,490,782.42			55,490,782.42
Professional Fees and Services	68,191,334.25	68,191,334.25			68,191,334.25
Travel	3,215,152.68	3,215,152.68			3,215,152.68
Materials and Supplies	10,079,479.78	10,079,479.78			10,079,479.78
Communication and Utilities	4,408,055.64	4,408,055.64			4,408,055.64
Repairs and Maintenance	19,101,379.33	19,101,379.33			19,101,379.33
Rentals and Leases	11,184,172.23	11,184,172.23			11,184,172.23
Printing and Reproduction	895,640.29	895,640.29			895,640.29
Other Expenditures	6,444,344.99	6,444,344.99			6,444,344.99
Debt Service-Principal-Leases	6,970,671.70	6,970,671.70			6,970,671.70
Interest Other				38,390.59	38,390.59
Personal Property-Capital Lease				(6,970,671.70)	(6,970,671.70)
Increase in Obligation-Leases				3,081,450.52	3,081,450.52
Capital Outlay (Note 2)	3,428,385.27	3,428,385.27	(3,428,385.27)		
Depreciation and Amortization Expense (Note 2)			10,475,295.16		10,475,295.16
Total Expenditures/Expenses	<u>386,519,173.49</u>	<u>386,519,173.49</u>	<u>7,046,909.89</u>	<u>(1,122,022.86)</u>	<u>392,444,060.52</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(9,454,236.29)</u>	<u>(9,454,236.29)</u>	<u>(7,046,909.89)</u>	<u>1,122,022.86</u>	<u>(15,379,123.32)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In					
Transfers Out	(319,178.89)	(319,178.89)			(319,178.89)
Increase in Obligation - Leases	3,081,450.52	3,081,450.52			3,081,450.52
Legislative Financing Sources	1,744,230.00	1,744,230.00			
Appropriations Lapses	(100.00)	(100.00)			
Sale of Capital Assets					
Gain/(Loss) on Sale of Capital Assets (Note 2)			(6.58)		(6.58)
Total Other Financing Sources and Uses	<u>4,506,401.63</u>	<u>4,506,401.63</u>	<u>(6.58)</u>	<u>0.00</u>	<u>2,762,265.05</u>
Net Change in Fund Balances/Net Position	<u>(4,947,834.66)</u>	<u>(4,947,834.66)</u>	<u>(7,046,916.47)</u>	<u>1,122,022.86</u>	<u>(10,872,728.27)</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances – Beginning September 1, 2022	119,348,334.87	119,348,334.87			119,348,334.87
Restatements (Note 14)					
Fund Balances, September 1, 2022, as Restated	<u>119,348,334.87</u>	<u>119,348,334.87</u>	<u>0.00</u>	<u>0.00</u>	<u>119,348,334.87</u>
Fund Balances – August 31, 2023	<u>\$ 114,400,500.21</u>	<u>\$ 114,400,500.21</u>	<u>\$ (7,046,916.47)</u>	<u>\$ 1,122,022.86</u>	<u>\$ 108,475,606.60</u>
GOVERNMENT-WIDE STATEMENT OF NET POSITION					
Net Position/Net Change in Net Position		<u>\$ 114,400,500.21</u>	<u>\$ (7,046,916.47)</u>	<u>\$ 1,122,022.86</u>	<u>\$ 108,475,606.60</u>
Net Position-September 1, 2022			31,007,108.19	(40,926,309.69)	(9,919,201.50)
Restatements (Note 14)			159,255.27	(158,023.47)	1,231.80
Net Position, September 1, 2022, as Restated			<u>31,166,363.46</u>	<u>(41,084,333.16)</u>	<u>(9,917,969.70)</u>
Net Position, August 31, 2023		<u>\$ 114,400,500.21</u>	<u>\$ 24,119,446.99</u>	<u>\$ (39,962,310.30)</u>	<u>\$ 98,557,636.90</u>

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

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

ENTITY

The Comptroller of Public Accounts is an agency of the state of Texas.

The Comptroller's financial records comply with state statutes and regulations. This includes compliance with the Comptroller of Public Accounts' Reporting Requirements for Annual Financial Reports of State Agencies.

The Comptroller's office has three major statutory duties. First, the Comptroller serves as the state's primary tax collector, responsible for collecting most major state taxes. Second, the Comptroller is the state's chief accountant, responsible for writing the state's checks and monitoring all spending by state agencies. Third, the Comptroller is the state's official revenue estimator, responsible for issuing an estimate of state revenues over the upcoming two-year budget period.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement 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's *Annual Comprehensive Financial Report*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

This section of the report includes only those funds and accounts from which the Comptroller's own departmental activities are financed. The fiscal functions of the Comptroller's office are reported in separate sections of this report.

There are no component units in which the Comptroller of Public Accounts is financially accountable or any organization in which exclusion would create misleading or incomplete financial statements.

FUND STRUCTURE

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

GOVERNMENTAL FUND TYPES AND GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

General Revenue Fund

The General Revenue Fund (Fund 0001) is the principal operating fund used to account for most of the state's general activities. It accounts for all financial resources except those required to be accounted for in another fund.

Capital Assets Adjustment Fund Type

The Capital Assets Adjustment Fund (Fund 9998) is used to convert governmental fund types' capital assets from modified accrual to full accrual.

Long-Term Liabilities Adjustment Fund Type

The Long-Term Liabilities Adjustment Fund (Fund 9997) is used to convert governmental fund types' debt from modified accrual to full accrual.

Child Support Addenda Deducts–Suspense

The Child Support Addenda Deducts – Suspense fund (Fund 0001 UF Fund 8070) is used to accumulate money withheld from the salaries of state employees for child support deductions for distribution to the statewide disbursement unit through a single direct deposit. Employee level detail will be sent with the payment through the clearing house.

State Procurement Division (SPD) Postage

The State Procurement Division (SPD) Postage Fund (Fund 0001 UF Fund 0999) is used to report funds held outside the state treasury for funds managed by SPD for the processing of other state agencies postage.

BASIS OF ACCOUNTING

The basis of accounting determines when revenues and expenditures 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 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 60 days after fiscal year-end to be available and recognizes them as revenues of the current year for fund financial statements prepared on the modified accrual basis. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Governmental adjustment fund types that build the government-wide financial statements are accounted for using the full accrual basis of accounting. The activity that is recognized in these fund types is as follows: capital assets, accumulated depreciation/amortization and unpaid employee compensable leave.

BUDGET AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the Legislature and approved by the Governor (the General Appropriations Act). Encumbrance accounting is employed for budgetary control purposes.

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated, unless the agency has authority to retain unexpended balances for use in future periods. The Comptroller of Public Accounts has authority to retain unexpended balances for use in future periods.

ASSETS, LIABILITIES AND FUND BALANCES/NET POSITION

ASSETS

Cash and Cash Equivalents

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

Current Receivables – Accounts Receivable

This account appears in governmental fund types and includes year-end revenue accruals.

Inventories

Consumable inventories include supplies and postage on hand at year-end. 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 fund types. The cost of these items is expensed when the items are consumed.

Capital Assets

Tangible Assets

Tangible assets include assets such as furniture, fixtures, equipment and vehicles. Tangible assets with an initial individual unit cost of \$5,000 or more and an estimated useful life that meets or exceeds one year are capitalized. These assets are capitalized at cost or, if purchased, at appraised fair market value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures.

Depreciation is reported on all “exhaustible” assets. Tangible assets are depreciated over the estimated useful life of the asset using the straight line method. Assets such as works of art or historical treasures are considered “inexhaustible” and are not depreciated.

Intangible Assets

Intangible assets include assets such as purchased or developed software. These are assets that lack physical substance, are nonfinancial in nature and have an estimated useful life of one year or greater.

Internally generated computer software with a total development cost of \$1,000,000 or greater is capitalized. Purchased computer software is capitalized, if the aggregate cost of the software purchased meets or exceeds \$100,000.

Intangible software assets are amortized on an annual basis over the estimated useful life of the software using a straight line method.

Intangible software assets are reported in accordance with GASB Statement 51, Accounting and Financial Reporting for Intangible Assets.

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.

Employees' Compensable Leave Balances

Employees' compensable leave balances represent the liability that becomes due upon the occurrence of relevant events such as resignations, retirements and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net position. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

FUND BALANCE/NET POSITION

Fund balance is the difference between fund assets and liabilities on the governmental fund statements. Net position is the difference between fund assets and liabilities on the government-wide fund statements.

Fund Balance Components

The fund balance amounts for governmental funds are classified as non-spendable, and 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. The nonspendable fund balance for this purpose represents the amount of supplies, postage and prepaid assets held to be used in the next fiscal year.
- 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. This represents funds that can be carried forward for future operations.

Net Investment in Capital Assets

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation/amortization 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 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.

The Comptroller's office has the following types of transactions between funds/agencies:

- Due From Other Agencies
- Transfers In
- Transfers Out
- Interfund Receivables and Interfund Payables

The composition of the agency's interfund receivable and payable activities and balances is presented in Note 12.

NOTE 2: Capital Assets

Revenue received from the sale of surplus property has been transferred to unappropriated general revenue in accordance with HB 7, Section 20.

A summary of changes in capital assets for the year ended Aug. 31, 2023, is presented below:

	GOVERNMENTAL ACTIVITIES							Balance Aug. 31, 2023
	Balance Sept. 1, 2022	Adjust ments	Completed CIP	Increase Interagency Transfers	Decrease Interagency Transfers	Additions	Deletions	
GOVERNMENTAL ACTIVITIES								
Non-depreciable or Non-amortizable Assets								
Other Tangible Capital Assets	\$ 3,250.00	\$	\$	\$	\$	\$	\$	\$ 3,250.00
Construction in Progress								
Total Non-depreciable or Non-amortizable Assets	3,250.00	0.00	0.00	0.00	0.00	0.00	0.00	3,250.00
Depreciable Assets								
Furniture and Equipment	4,457,818.52					188,974.75	(153,010.98)	4,493,782.29
Vehicles, Boats and Aircraft	396,123.74							396,123.74
Total Depreciable Assets at Historical Cost	4,853,942.26	0.00	0.00	0.00	0.00	188,974.75	(153,010.98)	4,889,906.03
Less Accumulated Depreciation for:								
Furniture and Equipment	(3,799,030.95)					(255,839.51)	153,004.40	(3,901,866.06)
Vehicles, Boats and Aircraft	(253,007.18)					(48,862.46)		(301,869.64)
Total Accumulated Depreciation	(4,052,038.13)					(304,701.97)	153,004.40	(4,203,735.70)
Depreciable Assets, Net	801,904.13	0.00	0.00	0.00	0.00	(115,727.22)	(6.58)	686,170.33
Intangible Capital Assets - Amortizable								
Computer Software	67,491,993.44					157,960.00		67,649,953.44
Total Intangible Assets at Historical Cost	67,491,993.44	0.00	0.00	0.00	0.00	157,960.00	0.00	67,649,953.44
Less Accumulated Amortization for:								
Computer Software	(58,801,998.37)					(3,211,280.80)		(62,013,279.17)
Total Accumulated Amortization	(58,801,998.37)					(3,211,280.80)		(62,013,279.17)
Amortizable Assets, Net	8,689,995.07	0.00	0.00	0.00	0.00	(3,053,320.80)	0.00	5,636,674.27
Total Governmental Activities Capital Assets, Net	\$ 9,495,149.20	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (3,169,048.02)	\$ (6.58)	\$ 6,326,094.60

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Comptroller of Public Accounts (304)

	GOVERNMENTAL ACTIVITIES							Balance Aug. 31, 2023
	Balance Sept. 1, 2022	Adjust ments	Completed CIP	Increase Interagency Transfers	Decrease Interagency Transfers	Additions	Deletions	
Intangible Right to Use Assets – GOVERNMENTAL ACTIVITIES								
Amortizable Assets-IRTU								
Building and Building Improvemens	\$ 19,741,186.58	\$	\$	\$	\$	\$	\$	\$ 19,741,186.58
Equipment	8,169,146.37					3,081,450.52		8,169,146.37
Total Amortizable Assets-IRTU	<u>27,910,332.95</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,081,450.52</u>	<u>0.00</u>	<u>27,910,332.95</u>
Accumulated Amortization-IRTU								
Building and Building Improvemens	(3,834,593.28)					(2,275,455.30)		(6,110,048.58)
Equipment	(2,563,780.68)					(2,263,831.53)		(4,827,612.21)
Subscriptions						(967,176.74)		(967,176.74)
Total Accumulated Amortization	<u>(6,398,373.96)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(5,506,463.57)</u>	<u>0.00</u>	<u>(11,904,837.53)</u>
Total Governmental Activities, RTU Asstes, Net	<u>\$ 21,511,958.99</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ (2,425,013.05)</u>	<u>\$ 0.00</u>	<u>\$ 16,005,495.42</u>

NOTE 3: Deposits, Investments and Repurchase Agreements

The Comptroller of Public Accounts is authorized by statute to make investments following the “prudent person rule.” There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

As of Aug. 31, 2023, the carrying amount of deposits was \$35,000, as presented below:

GOVERNMENTAL AND BUSINESS TYPE ACTIVITIES	
Cash In Bank – Carrying Amount	\$ 35,000.00
Total Cash in Bank, per AFR, (Exhibit I)	<u>\$ 35,000.00</u>

The carrying amount of \$35,000 for Cash in Bank represents the Comptroller’s travel advance fund. This amount consists of all cash in local banks. This amount is included on the combined balance sheet/statement of net position as part of the “cash and cash equivalents.”

NOTE 4: Short-Term Debt

(Not Applicable)

NOTE 5: Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended Aug. 31, 2023, the following changes occurred in liabilities reported in the general long-term liability account group:

Governmental Activities	Balance Sept. 1, 2022	Additions	Reductions	Balance Aug. 31, 2023	Amounts Due Within One Year	Thereafter
Right to Use Lease Obligations	\$ 21,746,371.68	\$	\$ (5,931,531.91)	\$ 15,814,839.77	\$ 5,092,911.19	\$ 10,721,928.58
Right to Use Subscription Obligations		3,081,450.52	(1,039,139.79)	2,042,310.73	1,006,416.82	1,035,893.91
Employees' Compensable Leave	19,322,759.68	20,798,128.96	(18,069,321.23)	22,051,567.41	13,630,066.10	8,421,501.31
Total Governmental Activities	<u>\$ 19,322,759.68</u>	<u>\$ 20,798,128.96</u>	<u>\$ (18,069,321.23)</u>	<u>\$ 22,051,567.41</u>	<u>\$ 13,630,066.10</u>	<u>\$ 8,421,501.31</u>

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 at least six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the statement of net position. No liability is recorded for non-vesting employees accumulating rights to receive sick pay benefits. This obligation is paid from the same funding source from which the employee's salary or wage compensation was paid.

NOTE 6: Bonded Indebtedness

(Not Applicable)

NOTE 7: Derivatives

(Not Applicable)

NOTE 8: Leases

Leases/Subscription-Based Information Technology Arrangements (SBITAs)

Leases

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

Operating Leases	
Fund Type 01	Amount
General – Rent Paid	\$ 1,931,407.07
General – Operating Leases	9,252,765.16
Total	<u>\$ 11,184,172.23</u>

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

Future Lease Payments						
Year Ended Aug. 31, 2023						
Year	Primary Government					
	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total Future Min. Lease Payments	Principle	Interest	Total Future Min. Lease Payments
2024	\$ 5,092,911.19	\$ 139,388.27	\$ 5,232,299.46	\$ 0.00	\$ 0.00	\$ 0.00
2025	3,309,114.90	105,034.40	3,414,149.30	0.00	0.00	0.00
2026	2,393,649.66	76,379.59	2,470,029.25	0.00	0.00	0.00
2027	1,807,638.12	51,844.59	1,859,482.71	0.00	0.00	0.00
2028	1,500,562.64	31,895.19	1,532,457.83	0.00	0.00	0.00
2029 thru 2033	1,710,963.26	15,227.06	1,726,190.32	0.00	0.00	0.00
Totals	<u>\$ 15,814,839.77</u>	<u>\$ 419,769.10</u>	<u>\$ 16,234,608.87</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

Subscription-Based Information Technology Arrangements (SBITAs)

Included in the expenditures reported in the financial statements are the following amounts paid for subscription-based information technology arrangements (SBITAs):

SBITAs	
Fund Type 01	Amount
General – Subscription Paid	\$ 1,066,289.40
General – Variable Payments	
Total	<u>\$ 1,066,289.40</u>

Future minimum payments for SBITAs having an initial term in excess of one year are as follows:

Future Subscription Payments						
Year Ended Aug. 31, 2023						
Year	Primary Government					
	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total Future Min. Lease Payments	Principle	Interest	Total Future Min. Lease Payments
2024	\$ 1,006,416.82	\$ 59,872.56	\$ 1,066,289.38	\$ 0.00	\$ 0.00	\$ 0.00
2025	1,035,893.91	30,395.47	1,066,289.38	0.00	0.00	0.00
2026	0.00	0.00	0.00	0.00	0.00	0.00
2027	0.00	0.00	0.00	0.00	0.00	0.00
2028	0.00	0.00	0.00	0.00	0.00	0.00
2029 thru 2033	0.00	0.00	0.00	0.00	0.00	0.00
Totals	<u>\$ 2,042,310.73</u>	<u>\$ 90,268.03</u>	<u>\$ 2,132,578.76</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan

(Not Applicable)

NOTE 10: Deferred Compensation

(Not Applicable)

NOTE 11: Postemployment Benefits Other Than Pensions

(Not Applicable)

NOTE 12: Interfund Activity and Transactions

As detailed in Note 1, Interfund Activities and Transactions, the agency had numerous transactions between funds and agencies. The reporting on the interfund receivable and interfund payable balances and activity at Aug. 31, 2023, is as follows:

	Interfund Receivable	Interfund Payable	Source
GENERAL REVENUE (01)			
Agency 304, GR D23 Fund 0001	\$ 42,739.00		Consumable Supplies
Agency 304, GR D23 Fund 3027		\$ 42,739.00	Consumable Supplies
Total Interfund Payable/Receivable (Exh I)	<u>\$ 42,739.00</u>	<u>\$ 42,739.00</u>	

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustments to Fund Balances and Net Position

Detailed below is the restatements to beginning net position balances for capital assets and long-term liabilities. The restatements were due to a prior year lease that were accounted for in the current year.

	Beginning Balance Sept. 1, 2022	Restatement	Balance Sept. 1, 2022 as Restated
Capital Assets	\$ 31,007,108.19	\$ 159,255.27	\$ 31,166,363.46
Long-Term Liabilities	\$ (40,926,309.69)	\$ (158,023.47)	\$ (41,084,333.16)

NOTE 15: Contingencies and Commitments

(Not Applicable)

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

(Not Applicable)

NOTE 18: Management’s Discussion and Analysis

No material accounting events occurred at the Comptroller of Public Accounts for fiscal year 2023.

NOTE 19: The Financial Reporting Entity

(Not Applicable)

NOTE 20: Stewardship, Compliance and Accountability

This report reflects the Comptroller’s operating transactions in the state’s General Revenue Fund.

The activities of the Comptroller’s Judiciary Section (241), the Comptroller’s Treasury – Fiscal (311), the Comptroller’s State Energy Conservation Office (SECO) (907), the Comptroller – State Fiscal (902), the Texas Treasury Safekeeping Trust Company (930), the Comptroller–Texas Bullion Depository (908), the Texas Broadband Development Office (909) and the Comptroller–Funds Management (903) are reported in separate sections of this report.

The activities of the Texas Prepaid Higher Education Tuition Board (315) are presented in a separate report.

NOTE 21: Not Applicable to the AFR

(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)

NOTE 27: Service Concession Arrangements

(Not Applicable)

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

(Not Applicable)

NOTE 29: Troubled Debt Restructuring

(Not Applicable)

NOTE 30: Non-Exchange Financial Guarantees

(Not Applicable)

NOTE 31: Tax Abatements

(Not Applicable)

NOTE 32: Governmental Fund Balances

GASB 54 established financial reporting standards for fund balances. For governmental funds, if an agency uses a classification other than the default or assigned, the agency needs to cite the specific provision, federal requirement or court order causing the restriction or commitment.

The Comptroller of Public Accounts is not reporting a classification other than default or assigned as of Aug. 31, 2023.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS

UNAUDITED
Comptroller of Public Accounts (304)

EXHIBIT A-1

Combined Balance Sheet/Statement of Net Position – Governmental Funds

August 31, 2023

	Governmental Fund Type General Funds (0001) U/F (0001)	Child Support Addenda Deducts – Suspense (0001) U/F (8070)	State Procurement Division (SPD) Postage Fund (0001) U/F (0999)	Total (Exhibit I)
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash on Hand	\$ 4,200.00	\$	\$	\$ 4,200.00
Cash in Bank (Note 3)	35,000.00			35,000.00
Cash in State Treasury		22,085.12		22,085.12
Legislative Appropriations	140,575,550.96			140,575,550.96
Receivables From:				
Accounts Receivable	16,933.61			16,933.61
Interfund Receivable (Note 12)	42,739.00			42,739.00
Consumable Inventories	448,640.24			448,640.24
Other Assets			423,235.52	423,235.52
Total Current Assets	<u>141,123,063.81</u>	<u>22,085.12</u>	<u>423,235.52</u>	<u>141,568,384.45</u>
Total Assets	<u>\$ 141,123,063.81</u>	<u>\$ 22,085.12</u>	<u>\$ 423,235.52</u>	<u>\$ 141,568,384.45</u>
LIABILITIES				
Current Liabilities:				
Payables From:				
Accounts Payable	\$ 3,651,908.05	\$	\$	\$ 3,651,908.05
Payroll Payable	23,027,916.55	22,085.12		23,050,001.67
Deposits Payable			423,235.52	423,235.52
Interfund Payable (Note 12)	42,739.00			42,739.00
Total Current Liabilities	<u>26,722,563.60</u>	<u>22,085.12</u>	<u>423,235.52</u>	<u>27,167,884.24</u>
Total Liabilities	<u>26,722,563.60</u>	<u>22,085.12</u>	<u>423,235.52</u>	<u>27,167,884.24</u>
FUND FINANCIAL STATEMENT				
Fund Balances (Deficits):				
Nonspendable – Inventory	448,640.24			448,640.24
Unassigned	113,951,859.97			113,951,859.97
Total Fund Balances	<u>114,400,500.21</u>	<u>0.00</u>	<u>0.00</u>	<u>114,400,500.21</u>
Total Liabilities and Fund Balances	<u>\$ 141,123,063.81</u>	<u>\$ 22,085.12</u>	<u>\$ 423,235.52</u>	<u>\$ 141,568,384.45</u>

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

UNAUDITED
Comptroller of Public Accounts (304)

EXHIBIT A-2

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 Type General Funds (0001) U/F (0001)	Child Support Addenda Deducts – Suspense (0001) U/F (8070)	State Procurement Division (SPD) Postage Fund (0001) U/F (0999)	Total (Exhibit II)
REVENUES				
Legislative Appropriations:				
Original Appropriations	\$ 320,550,155.00	\$	\$	\$ 320,550,155.00
Additional Appropriations	53,753,277.81			53,753,277.81
Licenses, Fees and Permits	1,507,735.00			1,507,735.00
Sales of Goods and Services	448,254.72			448,254.72
Other	805,514.67			805,514.67
Total Revenues	<u>377,064,937.20</u>	<u>0.00</u>	<u>0.00</u>	<u>377,064,937.20</u>
EXPENDITURES				
Salaries and Wages	197,109,774.91			197,109,774.91
Payroll-Related Costs	55,490,782.42			55,490,782.42
Professional Fees and Services	68,191,334.25			68,191,334.25
Travel	3,215,152.68			3,215,152.68
Materials and Supplies	10,079,479.78			10,079,479.78
Communication and Utilities	4,408,055.64			4,408,055.64
Repairs and Maintenance	19,101,379.33			19,101,379.33
Rentals and Leases	11,184,172.23			11,184,172.23
Printing and Reproduction	895,640.29			895,640.29
Other Expenditures	6,444,344.99			6,444,344.99
Debt Service Principle Leases	6,970,671.70			6,970,671.70
Capital Outlay (Note 2)	3,428,385.27			3,428,385.27
Total Expenditures/Expenses	<u>386,519,173.49</u>	<u>0.00</u>	<u>0.00</u>	<u>386,519,173.49</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(9,454,236.29)</u>	<u>0.00</u>	<u>0.00</u>	<u>(9,454,236.29)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(319,178.89)			(319,178.89)
Increase In Obligations - Leases/SBITA	3,081,450.52			3,081,450.52
Appropriation Transfer-In Committed	1,744,230.00			1,744,230.00
Lapsed Committed Revenue Appropriations	(100.00)			(100.00)
Gain/(Loss) on Sale of Capital Assets (Note 2)	6.58			6.58
Total Other Financing Sources and Uses	<u>4,506,408.21</u>	<u>0.00</u>	<u>0.00</u>	<u>4,506,408.21</u>
Net Change in Fund Balances/Net Position	<u>(4,947,828.08)</u>	<u>0.00</u>	<u>0.00</u>	<u>(4,947,828.08)</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances – Beginning September 1, 2022	119,348,334.87			119,348,334.87
Restatements (Note 14)				
Fund Balances, September 1, 2022, as Restated	<u>119,348,334.87</u>	<u>0.00</u>	<u>0.00</u>	<u>119,348,334.87</u>
Fund Balances – August 31, 2023	<u>\$ 114,400,506.79</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 114,400,506.79</u>

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

Comptroller's Judiciary Section (241)

BASIC FINANCIAL STATEMENTS

UNAUDITED
Comptroller's Judiciary Section (241)

UNAUDITED
Comptroller's Judiciary Section (241)

EXHIBIT I

Combined Balance Sheet/Statement of Net Position – Governmental Funds

August 31, 2023

	General Funds (Exh A-1)	Special Revenue Funds (Exh B-1)	Governmental Funds Total
ASSETS			
Current Assets:			
Cash			
Cash In State Treasury	\$ 2,650.00	\$ 42,427,861.56	\$ 42,430,511.56
Legislative Appropriations	28,210,765.35		28,210,765.35
Due From Other Agencies			
Total Current Assets	<u>28,213,415.35</u>	<u>42,427,861.56</u>	<u>70,641,276.91</u>
Total Assets	<u>\$28,213,415.35</u>	<u>\$ 42,427,861.56</u>	<u>\$ 70,641,276.91</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts Payable	\$ 601,760.69	\$	\$ 601,760.69
Payroll	10,936,384.99		10,936,384.99
Due To Other Funds			
Total Current Liabilities	<u>11,538,145.68</u>	<u>0.00</u>	<u>11,538,145.68</u>
Total Liabilities	<u>11,538,145.68</u>	<u>0.00</u>	<u>11,538,145.68</u>
FUND FINANCIAL STATEMENT			
Fund Balances (Deficits):			
Committed		(42,427,861.56)	(42,427,861.56)
Unassigned	16,675,269.67		16,675,269.67
Total Fund Balances	<u>16,675,269.67</u>	<u>(42,427,861.56)</u>	<u>(25,752,591.89)</u>
Total Liabilities and Fund Balances	<u>\$28,213,415.35</u>	<u>\$ (42,427,861.56)</u>	<u>\$ (14,214,446.21)</u>

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

UNAUDITED
Comptroller's Judiciary Section (241)

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

	General Funds (Exh A-2)	Special Revenue Funds (Exh B-2)	Governmental Funds Total
REVENUES			
Legislative Appropriations:			
Original Appropriations	\$ 116,864,873.00	\$	\$ 116,864,873.00
Additional Appropriations	14,513,369.61		14,513,369.61
State Grant Pass-Through Revenue (Schedule 1B)	1,485,187.68		1,485,187.68
Licenses, Fees & Permits	1,038,579.90	44,889,700.77	45,928,280.67
Other			
Total Revenues	<u>133,902,010.19</u>	<u>44,889,700.77</u>	<u>178,791,710.96</u>
EXPENDITURES			
Salaries and Wages	83,874,257.28	24,734,381.39	108,608,638.67
Payroll Related Costs	12,548,731.91	15,742,746.57	28,291,478.48
Travel	501,842.10		501,842.10
Intergovernmental Payments	21,918,146.89	36,293,639.54	58,211,786.43
Other Expenditures	3,194,462.73	45,418.38	3,239,881.11
Total Expenditures/Expenses	<u>122,037,440.91</u>	<u>76,816,185.88</u>	<u>198,853,626.79</u>
Excess (Deficiency) of Revenues Over Expenditures	11,864,569.28	(31,926,485.11)	(20,061,915.83)
OTHER FINANCING SOURCES (USES)			
Transfers In		36,964,790.27	36,964,790.27
Transfers Out		(17,588,331.69)	(17,588,331.69)
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>19,376,458.58</u>	<u>19,376,458.58</u>
Net Change in Fund Balances/Net Position	<u>11,864,569.28</u>	<u>(12,550,026.53)</u>	<u>(685,457.25)</u>
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances – Beginning			
Restatements			
Fund Balances, September 1, 2022, as Restated	9,115,734.72	54,977,888.09	64,093,622.81
Appropriations Lapsed	(4,305,034.33)		(4,305,034.33)
Fund Balances – August 31, 2023	<u>\$ 16,675,269.67</u>	<u>\$ 42,427,861.56</u>	<u>\$ 59,103,131.23</u>

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

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

ENTITY

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

The Comptroller's Judiciary Section is responsible for paying the salaries of the district judges and district attorneys of Texas. The agency also pays miscellaneous expenses incurred by the judges and district attorneys as provided by the General Appropriations Act.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement 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 be in compliance with generally accepted accounting principles (GAAP). The financial report will be considered for audit by the State Auditor as part of the audit of the state's *Annual Comprehensive Financial Report*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

There are no component units in which the Comptroller's Judiciary Section is financially accountable or any organization whose exclusion would create misleading or incomplete financial statements.

FUND STRUCTURE

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

GOVERNMENTAL FUND TYPES

General Fund

The General Revenue Fund (Fund 0001) is the principal operating fund used to account for most of the state's general activities. It accounts for all financial resources except those accounted for in other funds.

Child Support Addenda Deducts–Suspense (Fund 0001 UF Fund 8070)

Used to accumulate money withheld from the salaries of state officers and employees for child support deductions for distribution to the statewide disbursement unit through a single direct deposit. Employee level detail will be sent with the payment through the clearing house.

CAPPS – Direct Deposit Return Money (Fund 0001 UF Fund 9014)

Used to receive CAPPS payroll direct deposit return money where funds have been returned by financial institutions.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than for private-purpose trusts or for major capital projects) that are legally restricted to use for specified purposes.

The Felony Prosecutor Supplement (Fund 0303)

The fund receives two-thirds of a \$15 fee paid by each surety posting a bail bond to fund longevity supplements for eligible assistant prosecutors. The remaining one-third is deposited to the GR Account — Fair Defense Fund.

The Jury Service Fund (Fund 0328)

Used to reimburse a county \$34 a day for the reimbursement paid under government code, section 61.001 to a person who reports for jury service in response to the process of a court for each day or fraction of each day after the first day in attendance in court in response to the process.

The Judicial Fund (Fund 0573)

Used only for court-related purposes in support of the judicial branch of the state, including child support, court management and basic legal services for the indigent.

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

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). Encumbrance accounting is employed for budgetary control purposes.

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated, unless the agency has authority to retain unexpended balances for use in future periods.

ASSETS, LIABILITIES, AND FUND BALANCES/NET POSITION

ASSETS

Cash and Cash Equivalents

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

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.

FUND BALANCE/NET POSITION

Fund balance is the difference between fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources on the governmental fund statements.

Fund Balance Components

The fund balance amounts for governmental funds are classified as committed and unassigned in the fund financial statements.

- Committed fund balance can be used only for specific purposes pursuant to constraints imposed through legislation passed into law by a formal action of the Texas Legislature, the state's highest level of decision making authority.
- 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.

INTERFUND ACTIVITIES AND TRANSACTIONS

Interfund transaction refers to interactions with legally separate entities such as other state agencies and is restricted to external events. The agency experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer.

The Comptroller's Judiciary Section has the following types of transactions between funds/agencies:

- Due From Other Agencies
- Due To Other Agencies
- Transfers In
- Transfers Out

NOTE 2: Capital Assets

(Not Applicable)

NOTE 3: Deposits, Investments & Repurchase Agreements

(Not Applicable)

NOTE 4: Short-Term Debt

(Not Applicable)

NOTE 5: Long-Term Liabilities

Employees' Compensable Leave

The employees paid through the Comptroller's Judiciary Section, Agency 241, are not eligible for state compensable leave. The Comptroller's Judiciary Section does not have any compensable leave liability for these employees.

NOTE 6: Bonded Indebtedness

(Not Applicable)

NOTE 7: Derivatives

(Not Applicable)

NOTE 8: Leases

(Not Applicable)

NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan

(Not Applicable)

NOTE 10: Deferred Compensation

(Not Applicable)

NOTE 11: Postemployment Health Care and Life Insurance Benefits

(Not Applicable)

NOTE 12: Interfund Activity and Transactions

(Not Applicable)

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustment to Fund Balances/Net Position

(Not Applicable)

NOTE 15: Contingencies and Commitments

(Not Applicable)

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

The Comptroller Judiciary Section may be exposed to civil claims.

Liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The agency's claim and judgement liability activity for fiscal 2018, 2019, 2020, 2021, 2022, and 2023 are reported below:

	Beginning Balance	Increases	Decreases	Ending Balance
2023	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2022	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2021	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2020	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2019	\$ 180.25	\$ 0.00	\$ (180.25)	\$ 0.00
2018	\$ 180.25	\$ 0.00	\$ 0.00	\$ 180.25

NOTE 18: Management's Discussion and Analysis (MD&A)

No material accounting events occurred at the Comptroller's Judiciary Section for fiscal year 2020.

NOTE 19: The Financial Reporting Entity

(Not Applicable)

NOTE 20: Stewardship, Compliance and Accountability

(Not Applicable)

NOTE 21: Not Applicable to the AFR

(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)

NOTE 27: Service Concession Arrangements

(Not Applicable)

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

(Not Applicable)

NOTE 29: Troubled Debt Restructuring

(Not Applicable)

NOTE 30: Non-Exchange Financial Guarantees

(Not Applicable)

NOTE 31: Tax Abatements

(Not Applicable)

UNAUDITED
Comptroller's Judiciary Section (241)

NOTE 32: Fund Balances

241-Comptroller Judiciary Section has the following restrictions/covenants causing fund balances to be committed as of Aug. 31, 2023:

GAAP Fund	Fund	AFR 54 Class	Amount	Citation	Comments
0303	0303	Committed	\$ 1,487,983.66	TX Gov't Code §41.258	Established in the treasury to receive two-thirds of \$15 cost paid by each surety posting a bail bond. NTE \$30 for all bonds posted for an individual. Used to fund longevity supplements for eligible assistant prosecutors. The remaining one-third is deposited to GR Account – Fair Defense (5073)
0328	0328	Committed	\$ 11,895,918.01	TX Gov't Code §61.001	A person who reports for jury service in response of a court is entitled to receive as reimbursement for travel and other expenses an amount: 1) not less than \$5 for the first day or fraction of the first day the person is in attendance in court in response to the process and discharges the person's duty for that day; and 2) not less than \$40 for each day or fraction of each day the person is in attendance in court in response to the process after the first day and discharges the person's duty for that day.
0573	0573	Committed	\$ 29,043,959.89	TX Gov't Code §21.006, §51.0051, §51.208, §402.007	To receive one-half of judicial fees collected by 14 Courts of Appeals (Revenue Code 3711) and filing fee collected by District Courts (Revenue Code 3709). Money in the fund to be used only for court-related purposes for support of judicial branch of the state, for child support and court management as provided by §21.007, Government Code and for basic legal services to the indigent as provided by §51.943, Government Code.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS

UNAUDITED
Comptroller's Judiciary Section (241)

UNAUDITED
Comptroller's Judiciary Section (241)

EXHIBIT A-1

**Combined Balance Sheet –
All General Funds**

August 31, 2023

	General Revenue (0001) U/F (0001)	Child Support Addenda Deducts - Suspense (0001) U/F (8070)	USPS - Direct Deposit Return Money (0001) U/F (9014)	Total (Exh I)
ASSETS				
Current Assets:				
Cash				
Cash In State Treasury	\$	\$ 2,650.00	\$	\$ 2,650.00
Legislative Appropriations	28,210,765.35			28,210,765.35
Due From Other Agencies				
Total Current Assets	<u>28,210,765.35</u>	<u>2,650.00</u>	<u>0.00</u>	<u>28,213,415.35</u>
Total Assets	<u>\$ 28,210,765.35</u>	<u>\$ 2,650.00</u>	<u>\$ 0.00</u>	<u>\$ 28,213,415.35</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts Payable	\$ 601,760.69	\$	\$	\$ 601,760.69
Payroll	10,933,734.99	2,650.00		10,936,384.99
Due To Other Funds				
Total Current Liabilities	<u>11,535,495.68</u>	<u>2,650.00</u>	<u>0.00</u>	<u>11,538,145.68</u>
Total Liabilities	<u>11,535,495.68</u>	<u>2,650.00</u>	<u>0.00</u>	<u>11,538,145.68</u>
FUND FINANCIAL STATEMENT				
Fund Balances (Deficits):				
Committed				
Unassigned	16,675,269.67			16,675,269.67
Total Fund Balances	<u>16,675,269.67</u>	<u>0.00</u>	<u>0.00</u>	<u>16,675,269.67</u>
Total Liabilities and Fund Balances	<u>\$ 28,210,765.35</u>	<u>\$ 2,650.00</u>	<u>\$ 0.00</u>	<u>\$ 28,213,415.35</u>

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

UNAUDITED
Comptroller's Judiciary Section (241)

EXHIBIT A-2

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – General Revenue Funds

For the Fiscal Year Ended August 31, 2023

	General Revenue (0001) U/F (0001)	Child Support Addenda Deducts - Suspense (0001) U/F (8070)	USPS - Direct Deposit Return Monedy (0001) U/F (9014)	Total (Exh II)
REVENUES				
Legislative Appropriations:				
Original Appropriations	\$ 116,864,873.00	\$	\$	\$ 116,864,873.00
Additional Appropriations	14,513,369.61			14,513,369.61
State Grant Pass-Through Revenue (Schedule 1B)	1,485,187.68			1,485,187.68
Licenses, Fees & Permits	1,038,579.90			1,038,579.90
Other				
Total Revenues	<u>133,902,010.19</u>	<u>0.00</u>	<u>0.00</u>	<u>133,902,010.19</u>
EXPENDITURES				
Salaries and Wages	83,874,257.28			83,874,257.28
Payroll Related Costs	12,548,731.91			12,548,731.91
Travel	501,842.10			501,842.10
Intergovernmental Payments	21,918,146.89			21,918,146.89
Other Expenditures	3,194,462.73			3,194,462.73
Total Expenditures/Expenses	<u>122,037,440.91</u>	<u>0.00</u>	<u>0.00</u>	<u>122,037,440.91</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>11,864,569.28</u>	<u>0.00</u>	<u>0.00</u>	<u>11,864,569.28</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Change in Fund Balances/Net Position	<u>11,864,569.28</u>	<u>0.00</u>	<u>0.00</u>	<u>11,864,569.28</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances – Beginning	9,115,734.72			9,115,734.72
Restatements				
Fund Balances, September 1, 2022, as Restated	<u>9,115,734.72</u>	<u>0.00</u>	<u>0.00</u>	<u>9,115,734.72</u>
Appropriations Lapsed	<u>(4,305,034.33)</u>			<u>(4,305,034.33)</u>
Fund Balances – August 31, 2023	<u>\$ 16,675,269.67</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 16,675,269.67</u>

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

UNAUDITED
Comptroller's Judiciary Section (241)

EXHIBIT B-1

Combining Balance Sheet – Special Revenue Funds

August 31, 2023

	Special Revenue Felony Prosecutor (0303) U/F (0303)	Special Revenue Jury Service Fund (0328) U/F (0328)	Special Revenue Judicial (0573) U/F (0573, 1573)	Totals (Exh I)
ASSETS				
Current Assets:				
Cash				
Cash In State Treasury	\$ 1,487,983.66	\$ 11,895,918.01	\$ 29,043,959.89	\$ 42,427,861.56
Total Current Assets	<u>1,487,983.66</u>	<u>11,895,918.01</u>	<u>29,043,959.89</u>	<u>42,427,861.56</u>
Total Assets	<u>\$ 1,487,983.66</u>	<u>\$ 11,895,918.01</u>	<u>\$ 29,043,959.89</u>	<u>\$ 42,427,861.56</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts Payable	\$	\$	\$	\$
Total Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances (Deficits):				
Committed	<u>(1,487,983.66)</u>	<u>(11,895,918.01)</u>	<u>(29,043,959.89)</u>	<u>(42,427,861.56)</u>
Total Fund Balances	<u>(1,487,983.66)</u>	<u>(11,895,918.01)</u>	<u>(29,043,959.89)</u>	<u>(42,427,861.56)</u>
Total Liabilities and Fund Balances	<u>\$ (1,487,983.66)</u>	<u>\$ (11,895,918.01)</u>	<u>\$ (29,043,959.89)</u>	<u>\$ (42,427,861.56)</u>

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

UNAUDITED
Comptroller's Judiciary Section (241)

EXHIBIT B-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Special Revenue Funds

For the Fiscal Year Ended August 31, 2023

	Special Revenue Felony Prosecutor (0303) U/F (0303)	Special Revenue Jury Service Fund (0328) U/F (0328)	Special Revenue Judicial (0573) U/F (0573, 1573)	Totals (Exh II)
REVENUES				
Licenses, Fees & Permits	\$ 3,316,225.71	\$ 9,885,574.69	\$ 31,687,900.37	\$ 44,889,700.77
Total Revenues	<u>3,316,225.71</u>	<u>9,885,574.69</u>	<u>31,687,900.37</u>	<u>44,889,700.77</u>
EXPENDITURES				
Salaries and Wages			24,734,381.39	24,734,381.39
Payroll Related Costs			15,742,746.57	15,742,746.57
Intergovernmental Payments	2,748,016.06	7,807,768.00	25,737,855.48	36,293,639.54
Other Expenditures			45,418.38	45,418.38
Total Expenditures/Expenses	<u>2,748,016.06</u>	<u>7,807,768.00</u>	<u>66,260,401.82</u>	<u>76,816,185.88</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>568,209.65</u>	<u>2,077,806.69</u>	<u>(34,572,501.45)</u>	<u>(31,926,485.11)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			36,964,790.27	36,964,790.27
Transfers Out			(17,588,331.69)	(17,588,331.69)
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>19,376,458.58</u>	<u>19,376,458.58</u>
Net Change in Fund Balances/Net Position	<u>568,209.65</u>	<u>2,077,806.69</u>	<u>(15,196,042.87)</u>	<u>(12,550,026.53)</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances – September 1, 2022	919,774.01	9,818,111.32	44,240,002.76	54,977,888.09
Restatements				
Fund Balances, September 1, 2022, as Restated	<u>919,774.01</u>	<u>9,818,111.32</u>	<u>44,240,002.76</u>	<u>54,977,888.09</u>
Appropriations Lapsed				
Fund Balances – August 31, 2023	<u>\$ 1,487,983.66</u>	<u>\$ 11,895,918.01</u>	<u>\$ 29,043,959.89</u>	<u>\$ 42,427,861.56</u>

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

SUPPLEMENTARY SCHEDULES

UNAUDITED
Comptroller's Judiciary Section (241)

UNAUDITED
Comptroller's Judiciary Section (241)

SCHEDULE 1B

**Schedule of State Grant Pass-Throughs
From/To State Agencies**

For the Fiscal Year Ended August 31, 2023

Pass-through From	Grant ID	Agency Number	Amount
Border Security Governor – Fiscal			
Criminal Justice Planning Grants Governor – Fiscal	300.0004	300	1,485,187.68
Total Pass-Through from Other Agencies (Exh. II):			<u>\$1,485,187.68</u>

UNAUDITED
Comptroller's Judiciary Section (241)

Comptroller – Fiscal (902)

BASIC FINANCIAL STATEMENTS

UNAUDITED
Comptroller – Fiscal (902)

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT I

Combined Balance Sheet – Governmental Funds

August 31, 2023

	Governmental Fund Types			Governmental Funds Total
	General Funds (Exhibit A-1)	Special Revenue Funds (Exhibit B-1)	Permanent Funds (Exhibit C-1)	
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash in Bank (Note 3)	\$ 28,589,105.60	\$ 9,185,352.55	\$ 60,801,848.35	\$ 37,774,458.15
Cash in State Treasury	38,567,816,778.81	6,970,676.61	60,801,848.35	38,635,589,303.77
Legislative Appropriations	(13,422,959.82)			(13,422,959.82)
Short Term Investments (Note 3)	658,189,485.99	17,538,355.92	80,751,896.17	756,479,738.08
Receivables:				
Accounts	342,400,000.00			342,400,000.00
Taxes (Note 27)	5,385,629,457.63			5,385,629,457.63
Investment Trades			1,280,333.64	1,280,333.64
Interest and Dividends	10,933,839.58	148,729.71	381,608.50	11,464,177.79
Due From Other Agencies	3,324,453,905.48	3,104,204.45	91,009.68	3,327,649,119.61
Total Current Assets	48,304,589,613.27	36,947,319.24	143,306,696.34	48,484,843,628.85
Non-Current Assets:				
Receivables				
Taxes Receivable (Note 27)	77,176,904.23			77,176,904.23
Investments (Note 3)	11,963,979,386.21	740,045,281.02	649,145,428.94	13,353,170,096.17
Total Non-Current Assets	12,041,156,290.44	740,045,281.02	649,145,428.94	13,430,347,000.40
Total Assets	\$ 60,345,745,903.71	\$ 776,992,600.26	\$ 792,452,125.28	\$ 61,915,190,629.25
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts	\$ 1,676,550.04	\$ 4,904,254.47	\$ 239,826.54	\$ 6,820,631.05
Interest			680,579.43	680,579.43
Investment Trade Payable			749,974.85	749,974.85
Other Intergovernmental	28,530,580.02			28,530,580.02
Taxes Refund Payable	374,030,425.18			374,030,425.18
Other	320,890,164.44			320,890,164.44
Due To Other Agencies	6,481,777,266.54		1,070,710.44	6,482,847,976.98
Unearned Revenues	438,881,778.67			438,881,778.67
Total Current Liabilities	7,645,786,764.89	4,904,254.47	2,741,091.26	7,653,432,110.62
Total Liabilities	7,645,786,764.89	4,904,254.47	2,741,091.26	7,653,432,110.62
DEFERRED INFLOWS				
Deferred Inflows of Resources (Note 29)	1,035,931,600.39	757,583,636.94		1,793,515,237.33
Total Deferred Inflows	1,035,931,600.39	757,583,636.94	0.00	1,793,515,237.33
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances (Deficits):				
Nonspendable	77,176,904.23			77,176,904.23
Restricted	687,381,900.37	10,100,730.04	789,711,034.02	1,487,193,664.43
Committed		4,403,978.81		4,403,978.81
Unassigned	50,899,468,733.83			50,899,468,733.83
Total Fund Balances	51,664,027,538.43	14,504,708.85	789,711,034.02	52,468,243,281.30
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 60,345,745,903.71	\$ 776,992,600.26	\$ 792,452,125.28	\$ 61,915,190,629.25

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT II

Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

For the Fiscal Year Ended August 31, 2023

	Governmental Fund Types			Governmental Funds Total
	General Funds (Exhibit A-2)	Special Revenue Funds (Exhibit B-2)	Permanent Funds (Exhibit C-2)	
REVENUES				
Taxes (GR)	\$ 71,041,926,110.71	\$ 4,384,247,885.47	\$	\$ 75,426,173,996.18
Federal Revenue (PR - Operating or Capital)		(1,273,475.55)		(1,273,475.55)
Federal Grant Pass-Through Revenue (GR)	(758,691,185.75)			(758,691,185.75)
License, Fees & Permits (PR)	1,451,102,770.78	(3,590,310.00)		1,447,512,460.78
Interest and Other Investment Income (GR)	1,619,999,669.56	10,323,525.67	2,926,338.68	1,633,249,533.91
Net Increase (Decrease) in Fair Value (GR)	105,838,658.82		(2,882,940.32)	102,955,718.50
Land Income (PR)	4,702,729.75			4,702,729.75
Settlement of Claims (GR)	597,363,828.97			597,363,828.97
Sales of Goods and Services (PR)	35,885,539.17			35,885,539.17
Other (GR)	836,378,570.27	51,416,451.62	38,765,016.00	926,560,037.89
Total Revenues	<u>74,934,506,692.28</u>	<u>4,441,124,077.21</u>	<u>38,808,414.36</u>	<u>79,414,439,183.85</u>
EXPENDITURES				
Payroll Related Costs	2,175,511,865.10			2,175,511,865.10
Professional Fees and Services	19,336,750.84	1,108,117.00	1,457,618.70	21,902,486.54
Repairs and Maintenance	355,418.61			355,418.61
Claims and Judgments	16,337,357.46			16,337,357.46
Federal Grant Pass-Through Expenditures	(758,691,185.75)			(758,691,185.75)
Intergovernmental Payments	548,652,757.57	77,375,165.58	548,799.00	626,576,722.15
Interest Expense - Other	47,483,843.06			47,483,843.06
Other Expenditures	135,812,488.41	4,892.25		135,817,380.66
Total Expenditures	<u>2,184,799,295.30</u>	<u>78,488,174.83</u>	<u>2,006,417.70</u>	<u>2,265,293,887.83</u>
Excess (Deficiency) of Revenues over Expenditures	<u>72,749,707,396.98</u>	<u>4,362,635,902.38</u>	<u>36,801,996.66</u>	<u>77,149,145,296.02</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	9,995,955,136.24	23,815,606.33	12,622,884.64	10,032,393,627.21
Transfer Out	(30,910,164,879.86)	(4,390,549,942.84)	(43,053,263.62)	(35,343,768,086.32)
Legislative Transfer Out	(36,085,701,509.87)			(36,085,701,509.87)
Contributions to permanent foundation principal			(23,196,880.00)	(23,196,880.00)
Insurance Recoveries	33,056.12			33,056.12
Total Other Financing Sources (Uses)	<u>(56,999,878,197.37)</u>	<u>(4,366,734,336.51)</u>	<u>(53,627,258.98)</u>	<u>(61,420,239,792.86)</u>
Net Change in Fund Balances	<u>15,749,829,199.61</u>	<u>(4,098,434.13)</u>	<u>(16,825,262.32)</u>	<u>15,728,905,503.16</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances, September 1, 2022	<u>35,914,198,338.82</u>	<u>18,603,142.98</u>	<u>806,536,296.34</u>	<u>36,739,337,778.14</u>
Fund Balances, August 31, 2023	<u>\$ 51,664,027,538.43</u>	<u>\$ 14,504,708.85</u>	<u>\$ 789,711,034.02</u>	<u>\$ 52,468,243,281.30</u>

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EXHIBIT VI

Combined Statement of Fiduciary Net Position Fiduciary Funds

August 31, 2023

	Private Purpose Trust Funds (Exhibit I-1)	Custodial Funds (Exhibit J-1)	Total (Exhibit VI) 2023
ASSETS			
Cash and Cash Equivalents (Note 3):			
Cash in State Treasury	\$ 6,065,046.48	\$ 1,637,720,631.96	\$ 1,643,785,678.44
Federal Receivables	2,909,253.16		2,909,253.16
Interest and Dividends	5,654.24		5,654.24
Total Assets	<u>\$ 8,979,953.88</u>	<u>\$ 1,637,720,631.96</u>	<u>\$ 1,646,700,585.84</u>
LIABILITIES			
Accounts Payables	\$ 4,570,098.22	\$	\$ 4,570,098.22
Total Liabilities	<u>\$ 4,570,098.22</u>	<u>\$ 0.00</u>	<u>\$ 4,570,098.22</u>
NET POSITION			
Fiduciary NP Other Purposes	<u>\$ 4,409,855.66</u>	<u>\$ 1,637,720,631.96</u>	<u>\$ 1,642,130,487.62</u>
Total Net Position	<u>\$ 4,409,855.66</u>	<u>\$ 1,637,720,631.96</u>	<u>\$ 1,642,130,487.62</u>

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

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EXHIBIT VII

Combined Statement of Changes in Fiduciary Net Position Fiduciary Funds

For the Fiscal Year Ended August 31, 2023

	Private Purpose Trust Funds (Exhibit I-2)	Custodial Funds (Exhibit J-2)	Total (Exhibit VII) 2023
ADDITIONS			
Contributions:			
Federal Contributions	\$ 8,374,811.00	\$	\$ 8,374,811.00
Total Contributions	<u>8,374,811.00</u>	<u>0.00</u>	<u>8,374,811.00</u>
Investment Income:			
From Investing Activities:			
Interest, Dividend and Other	231,793.30	4,599,868.11	4,831,661.41
Total Investing Income (Loss)	<u>231,793.30</u>	<u>4,599,868.11</u>	<u>4,831,661.41</u>
Other Additions:			
Other Revenue		13,444,952,887.56	13,444,952,887.56
Federal Revenue	2,909,253.16		2,909,253.16
Transfer In	85,195,988.00		85,195,988.00
Total Other Additions	<u>88,105,241.16</u>	<u>13,444,952,887.56</u>	<u>13,533,058,128.72</u>
Total Additions	<u>96,711,845.46</u>	<u>13,449,552,755.67</u>	<u>13,546,264,601.13</u>
DEDUCTIONS			
Interest Expense		4,382,465.98	4,382,465.98
Intergovernmental Payments	93,590,827.71	13,352,288,094.72	13,445,878,922.43
Total Deductions	<u>93,590,827.71</u>	<u>13,356,670,560.70</u>	<u>13,450,261,388.41</u>
INCREASE (DECREASE) IN NET POSITION	<u>3,121,017.75</u>	<u>92,882,194.97</u>	<u>96,003,212.72</u>
NET POSITION			
Net Position, September 1, 2022	1,288,837.91	2,044,776,059.77	2,046,064,897.68
Restatements		(499,937,622.78)	(499,937,622.78)
Net Position, September 1, 2022, as Restated	<u>1,288,837.91</u>	<u>1,544,838,436.99</u>	<u>1,546,127,274.90</u>
Net Position, August 31, 2023	<u>\$ 4,409,855.66</u>	<u>\$ 1,637,720,631.96</u>	<u>\$ 1,642,130,487.62</u>

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

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

ENTITY

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

This report applies to those funds, which the Comptroller of Public Accounts is statutorily required to expend, transfer, allocate or administer as trustee. Included are the funds and accounts over which the Comptroller exercises statutory administrative control, which includes revenues, collected for the benefit of others. The operating activity of the Comptroller of Public Accounts (Agency 304) is included in a separate section of this report.

There are no component units in which the Comptroller – Fiscal is financially accountable or any organization in which exclusion would create misleading or incomplete financial statements.

Due to the significant changes related to Governmental Accounting Standards Board (GASB) Statement 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 be in compliance with generally accepted accounting principles (GAAP). The financial report will be considered for audit by the State Auditor as part of the audit of the State’s *Texas Annual Comprehensive Financial Report*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

GOVERNMENTAL FUND TYPES AND GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

Governmental Funds

General Funds

General Funds are used to account for all financial resources of the state except those that must be accounted for in another fund. Listed below are the agency’s General Funds and their purpose.

General Revenue Fund (0001) – To receive those revenues directed to be deposited to the General Revenue Fund and those revenues for which a specific fund has not been designated; such revenues to be used as the Constitution prescribes and the Legislature directs.

Deposit Default Fund (9000) – To provide a temporary depository for money held in suspense pending final disposition. Items held in the fund are cleared to the various Special Revenue Funds or the General Revenue Fund or refunded to the payer.

County and Road District Highway Fund (0057) – To be used for outstanding county and road district indebtedness assumed by the State along with the highway system. The Fund also receives allocation of gasoline taxes up to \$7.3 million each fiscal year, which in turn is distributed to the counties of the State.

Law Enforcement Officer Standards and Education Fund (0116) – To receive court costs collected from defendants convicted under certain sections of the Penal Code.

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Coronavirus Relief Fund (0325) – Established outside the General Revenue Fund to receive Texas’ share of federal money appropriated under various federal legislation related to the coronavirus pandemic.

Compensation to Victims of Crime Auxiliary Fund (0494) – This is used only for the payment of compensation to claimants under the Victims of Crime Act.

Federal Resource Receipts Distribution Fund (0521) – To deposit money received by state under section 191 or 355, Title 30, United States Code, including state portion of sales, bonuses, royalties or rentals.

Economic Stabilization Fund (0599) – To receive transfer of one-half of any unencumbered positive balance in the General Revenue Fund (0001) as of the last day of the preceding biennium, at least one-half of an amount equal to 37.5 percent of excess oil and gas production taxes received in fiscal year 1987, and any other money appropriated to the fund by the legislature. The fund may be used to eliminate temporary cash deficiency in the General Revenue Fund (0001). Until the 2019 session, state law required the Comptroller’s office to keep much of revenue in the ESF in relatively low-yield investments that barely kept pace with inflation. SB 69, 86th Legislature, Regular Session allows the agency to move up to 75 percent of the ESF into prudent but higher-yield investments that would maintain the fund’s purchasing power.

License Plate Trust Fund (0802) – Used for deposit of specialty license plate fees and related revenue collected under Subchapter G, Transportation Code. Dedicated balances and revenues are to be deposited into accounts within the fund to be used in accordance with their specific statutory purpose.

Binding Arbitration Trust Fund (0838) – To receive arbitration deposits from property owners on appeals made to appraisal review boards until a determination of the appeal is made. The Comptroller shall refund the deposit to the property owner or pay the arbitrator from the deposit, retain administrative costs, and return the difference to the property owner.

Customs Brokers Bond / Security Trust Fund (0866) – Created to hold bonds or securities from which the customs broker intends to issue exemption certificates.

Texas Racing Commission Security Trust Fund (0868) – To hold securities posted by each racing association as required by the comptroller rule to ensure payment of the state’s portion of the pari-mutuel pool.

International Fuels Tax Agreement (IFTA) Guarantee Trust Fund (0884) – To hold in trust money or securities deposited with the Comptroller by participants in the International Fuels Tax Agreement.

Departmental Suspense Fund (0900) – To provide a temporary depository for money held in suspense pending final disposition. Items held in the fund are cleared to the various Special Revenue Funds or the General Revenue Fund, or refunded to the payer.

Motor Fuel Distributors Bond Guaranty Trust Fund (0904) – To hold in trust money or securities deposited by motor fuel distributors, in lieu of surety bonds, to insure complete and faithful performance by the distributor of all conditions and requirements imposed upon him by the laws pertaining to motor fuel and motor fuel distributors.

Qualified Hotel Project Fund (0905) – A suspense account outside the Treasury consisting of eligible taxable proceeds. These proceeds are used to rebate, refund or pay each qualified hotel project the hotel occupancy taxes and sales and use taxes to which the project is entitled.

Mixed Beverage Tax Guaranty Trust Fund (0906) – To hold in trust money or securities deposited by mixed beverage permit holders.

Sexually Oriented Business Security Bond Trust Fund (0912) – To receive security bonds submitted by businesses required to pay the sexually oriented business fee under TEX. BUS. & COMM. CODE ANN. sec. 102.052.

Sales Tax Guaranty Trust Fund (0962) – To receive cash and/or other negotiable securities pledged to guarantee payment of Sales Tax liabilities.

Direct Deposit Correction Fund (0980) – To hold money returned by financial institutions which had been transmitted for direct deposit where problems prevented credit are given to individual depositors until the agency issuing the original payment makes the correction by transferring the funds back to the original issuing fund or the person for whom the original payment was made is refunded the money.

GR Account–Tobacco Settlement Fund (5040) – To receive settlement money resulting from the final judgment in the State of Texas. The American Tobacco Company, et. al., civil action no. 5:96cv91. These funds are distributed to appropriate agencies and funds as identified in the court ordered settlement.

GR Account–Disabled Veterans Local Government Assistance Fund (5160) – To provide reimbursements to qualifying local governments who have lost at least two percent of property tax revenue providing homestead property tax exemptions to totally disabled veterans or their surviving spouses.

GR Account Opioid Abatement Fund (5189) – An account in general revenue consisting primarily of amounts from state-wide opioid settlement agreements. Of the amounts received from such agreements, 15 percent is deposited to the account and 85 percent is deposited to the Opioid Abatement Trust Fund held at the Safekeeping Trust Company.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Listed below are the agency’s Special Revenue Funds and their purpose.

Property Tax Relief Fund (0304) – Special fund in the state treasury outside the general revenue fund. The proceeds of the fund are from allocations of the computation of motor vehicle sales tax, collection of all tobacco products tax increases and calculated amounts from franchise taxes. The intent of the fund will be to reduce school district property taxes.

Tax Reduction & Excellence in Education Fund (0305) – A special fund in the state treasury outside the general revenue fund. Receives sales tax revenue collected by marketplace providers on sales of taxable items made through the marketplace under Section 151.0242, Tax Code (store, website, software application, or catalog). May be appropriated only to pay the cost of tier one allotments under Chapter 48, or for reducing school district maintenance and operations ad valorem tax rates. The fund may also consist of appropriations, gifts or money directed by law.

County Road Oil and Gas Trust Fund (0808) – To receive money from the leasing of oil and gas under lands owned by the state that were or may be acquired by a county to construct a county road. Administered by General Land Office.

International Fuels Tax Agreement (IFTA) Trust Fund (0886) – To receive motor fuels taxes estimated to be due to other jurisdictions or otherwise subject to refund during the fiscal year, penalties and interest on those taxes due other jurisdictions, licensing fees, and other costs collected under the agreement.

Arbitrator’s Fee Payment Fund (0838/8380) – To pay the arbitrator once a determination of the appeal is made from property owners’ arbitration deposits on appeals made to appraisal review boards.

Flood Area School and Road Trust Account (0903) – To hold money allocated by the Federal Government to be distributed to counties and political subdivisions of the state based on the tax rate applied to lands acquired for flood purposes.

Unclaimed Property Securities Fund (4113) – To hold securities received from property owners or heirs who are unknown or can’t be located until designated period of time has elapsed for escheat to state. The unclaimed property law requires financial institutions, businesses, and government entities to report to the state, personal property they are holding that is considered abandoned or unclaimed. Property is turned over to the Comptroller’s office annually when the owner’s whereabouts are unknown and the property has been inactive on the books of the reporting company after the appropriate abandonment period has expired.

Habitat Protection Fund (2999) – This fund held with the Texas Treasury Safekeeping Trust Company was established by the 82nd Legislature to support the development or coordination of the development of a habitat conservation plan or a candidate conservation plan or to pay the costs of monitoring or administering the implementation of such a plan. The fund consists primarily of donations and fees paid by entities or individuals who voluntarily enroll in such a plan.

Permanent Funds

Permanent Funds report resources legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government’s programs — for the benefit of the government or its citizenry. Listed below are the agency’s Permanent Funds and their purpose.

Permanent Fund Supporting Graduate Education Fund (0179) – To receive transfers or appropriated amounts, gifts or grants, and investments returns. Receives assets transferred from the Texas Medical Liability Insurance Underwriting Association. Distributions from the fund are for graduate medical education planning and partnership grants to hospitals, medical schools, and community-based, ambulatory patient care centers. For the development of new graduate medical education programs with first-year residency positions.

Permanent Fund Supporting Military and Veterans Exemptions Fund (0210) – To receive gifts, grants and investment returns for distributions to higher education institutions to offset the cost of the exemptions to certain veterans and/or dependents. Distributions are determined by the Legislative Budget Board based on each Institution’s respective share of the aggregate cost to all institutions of the exemptions. The Texas Treasury Safekeeping Trust Company determines the amount available for distribution from the fund.

Available National Research University Fund (0214) – To receive disbursements from the National Research University Fund held outside the treasury. The money is to be used by eligible institutions only for the support and maintenance of educational and general activities that promote increased research capacity at the institution.

FIDUCIARY FUNDS

Private-Purpose Trust Funds

Private-Purpose Trust funds are used to account for all other trust arrangements whose principal and interest benefit individuals, private organizations, or other governments. Listed below are the agency’s Private-Purpose Trust funds and their purpose.

Private-Purpose Tobacco Settlement Political Subdivision Trust Fund (0872) – To hold a portion of the tobacco settlement money designated for the exclusive benefit of political subdivisions and will be distributed to political subdivisions as directed in the settlement.

Custodial Funds

Custodial funds report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. Listed below are the agency’s Custodial funds and their purpose.

Local Tax Collections for Sports / Community Venue Project Trust Fund (0874) – To hold taxes collected by the Comptroller under an inter-local contract for a local government until they are returned to the local government’s venue project fund. Taxes are to be used for sports or community venue projects.

City, County, MTA and SPD Sales Tax Trust Account (0882) – To record the receipt of local sales and use tax collected by the Comptroller for each city, county, metropolitan transit authority and special purpose district authorizing the collection.

BASIS OF ACCOUNTING

The basis of accounting determines when revenues and expenditures are recognized in the accounts reported in the financial statements. Governmental fund types are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Expenditures are generally recognized when the related fund liability is incurred. Exceptions are unpaid employee compensable leave, and the unmatured debt service (principal and interest) on general long-term debt, long-term capital leases, and long-term claims and judgments, which are not recognized until actual payment is made.

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

Since the Comptroller reports the entire cash balance for the general fund, budgetary accounts are eliminated for the Annual Financial Report.

ASSETS, LIABILITIES AND FUND EQUITY

Assets

Taxes Receivables

Amounts shown as taxes receivable represent various state taxes due to the state by Aug. 31, 2023.

Liabilities

Accounts Payable

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

Other Liabilities

Represents intergovernmental taxes and the value of unclaimed property at the balance sheet date.

Deferred Inflows

Represents tax revenues earned but not available and resources received but not earned (ie., prepaid sales taxes) as of Aug. 31, 2023. A breakdown by tax type is available on Schedule 5.

Fund Balance/Net Position

The difference between fund assets and liabilities is “Net Position” on the government-wide and fiduciary fund statements and the “Fund Balance” is the difference between fund assets and liabilities on the governmental fund statements.

Restricted Fund Balance

Reported as restricted when constraints placed on the use of resources are either:

Externally imposed by laws and regulations of other governments

– OR –

a) Imposed by law through constitutional provisions or enabling legislation

Committed Fund Balance

Amounts that can only be used for specific purposes, pursuant to constraints imposed by formal action of the state’s highest level of decision-making authority (the Legislature), are reported as committed fund balance.

Unassigned Fund Balance

The residual classification for the general fund that represents a fund balance that has not been assigned to other funds and has not been restricted, committed or assigned for specific purposes within the general fund. The general fund is the only fund that can report a positive unassigned fund balance.

INTERFUND TRANSACTIONS AND BALANCES

Interfund transactions refers to interactions with legally separate entities (such as other state agencies) and is restricted to external events. The Comptroller – State Fiscal agency experienced routine transfers with other state agencies, which were

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consistent with the activities of the fund making the transfer. Repayment of interfund balances occurs within one year from the date of the financial statements.

The Comptroller – State Fiscal agency has the following types of transactions between funds/agencies:

- Due To Other Agencies
- Due From Other Agencies
- Transfers In
- Transfers Out

NOTE 2: Capital Assets

Capital assets are not shown on the governmental fund financial statements, but rather are included as governmental activities in the government-wide financial statements. A summary of changes in capital assets for the year ended Aug. 31, 2023, is presented below:

	Balance Sept. 1, 2022	Adjustments	Reclassifications	Additions	Deletions	Balance Aug. 31, 2023
Depreciable Assets:						
Furniture and Equipment	\$ 276,704.43	\$	\$	\$	\$	\$ 276,704.43
Less Accumulated Depreciation	(276,704.43)					(276,704.43)
Depreciable Assets, Net	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Computer Software	3,207,683.87					3,207,683.87
Less Accumulated Amortization	(3,207,683.87)					(3,207,683.87)
Amortizable Assets, Net	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Capital Assets	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

NOTE 3: Deposits, Investments and Repurchase Agreements

INVESTMENTS

The Comptroller- Sate Fiscal categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three-tiered fair value hierarchy us as follows.

- Level 1- Quoted prices for identical investments in an active market
- Level 2–Significant other observable inputs other than quoted market prices
- Level 3–Significant unobservable inputs

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As of Aug. 31, 2023, the carrying value and fair value of investments are as presented.

Special Revenue Fund -Unclaimed Property	Fair Value					
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Fair Value
U.S. Government Treasuries	\$	\$ 47,943.14	\$	\$	\$	\$ 47,943.14
U.S. Government Agency Obligations		3,397.27				3,397.27
Government Sponsored Enterprises		65,829.74				65,829.74
Non-Agency Collateral Mortgage Obligations		9,067,496.85				9,067,496.85
Corporate Obligations		1,459,803.48				1,459,803.48
Political Subdivisions		1,147,950.85				1,147,950.85
Equity	454,170,149.51					454,170,149.51
Fixed Income Money Market and Bond Mutual Funds	285,875,131.51					285,875,131.51
Categorized	740,045,281.02	11,792,421.33	0.00	0.00	0.00	751,837,702.35
Mutual Funds						
Real Estate Investment Trust Fund		5,745,934.59				5,745,934.59
Uncategorized	0.00	5,745,934.59	0.00	0.00	0.00	5,745,934.59
Total	\$ 740,045,281.02	\$ 17,538,355.92	\$ 0.00	\$ 0.00	\$ 0.00	\$ 757,583,636.94

Permanent Fund - 0210	Fair Value					
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Fair Value
Fixed Income Money Market and Bond Mutual Funds	\$ 40,164,534.18	\$	\$	\$	\$	\$ 40,164,534.18
Equity	210,540.83				3,910,557.76	4,121,098.59
Externally Managed Investments		182,239.62			273,531,607.52	273,713,847.14
Pooled Investments	2,769,067.55					2,769,067.55
Total	\$ 43,144,142.56	\$ 182,239.62	\$ 0.00	\$ 0.00	\$ 277,442,165.28	\$ 320,768,547.46

Permanent Fund - 0179	Fair Value					
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Fair Value
Fixed Income Money Market and Bond Mutual Funds	\$ 40,587,361.99	\$	\$	\$	\$	\$ 40,587,361.99
Equity	42,119.02				6,185,613.76	6,227,732.78
Externally Managed Investments		288,261.66			357,645,385.59	357,933,647.25
Pooled Investments	4,380,035.63					4,380,035.63
Total	\$ 45,009,516.64	\$ 288,261.66	\$ 0.00	\$ 0.00	\$ 363,830,999.35	\$ 409,128,777.65

General Fund - 0599	Fair Value					
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Fair Value
Fixed Income Money Market and Bond Mutual Funds	\$ 658,189,485.99	\$	\$	\$	\$	\$ 658,189,485.99
Domestic Alternative - Private Debt					1,302,172,265.57	1,302,172,265.57
Global Fixed Income - Mutual Funds	7,296,848,380.00					7,296,848,380.00
Fixed Income - Domestic	3,364,958,740.64					3,364,958,740.64
Total	\$ 11,319,996,606.63	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,302,172,265.57	\$ 12,622,168,872.20

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Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of Aug. 31, 2023, the agency’s credit risk quality distribution for securities with credit risk exposure was as follows:

		Standard & Poor's					
Fund Type	GAAP Fund	Investment Type	Market Value	AAA	AA	A	BBB
09	0001	Asset Back Security	\$	\$	\$	\$	\$
		U.S. Government Treasuries	47,943.14		47,943.14		
		U.S. Government Agencies	65,829.74		65,829.74		
		REFCo Strip					
		Govt Mortgage Backed Securities	3,397.27		3,397.27		
		Non Agency Collateral Mortgage Obligation	9,067,496.85		1,474.23		
		Certificates of Deposit					
		Corporate Obligations	1,459,803.48				
		Political Subdivisions	1,147,950.85	161,509.57	292,132.34	135,094.69	
		Mutual Funds	285,875,131.51				
			<u>\$ 297,667,552.84</u>	<u>\$ 161,509.57</u>	<u>\$ 410,776.72</u>	<u>\$ 135,094.69</u>	<u>\$ 0.00</u>
19	0210	Corporate Obligations					
		International Corp. Obligations					
		Mutual – Global Fixed Income	\$ 2,769,067.55	\$	\$	\$	\$
		Mutual – Domestic Fixed Income					
		Investments in STIF	40,164,534.18	40,164,534.18			
		Repurchase Agreements					
			<u>\$ 42,933,601.73</u>	<u>\$ 40,164,534.18</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
19	0179	Corporate Obligations					
		International Corp. Obligations					
		Mutual – Global Fixed Income	\$ 4,380,035.63	\$	\$	\$	\$
		Mutual – Domestic Fixed Income					
		Investments in STIF	40,587,361.99	40,587,361.99			
		Repurchase Agreements					
			<u>\$ 44,967,397.62</u>	<u>\$ 40,587,361.99</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
01	0599	Corporate Obligations					
		International Corp. Obligations					
		Mutual – Global Fixed Income	\$ 7,296,848,380.00	\$	\$	\$	\$
		Mutual – Domestic Fixed Income	1,590,505,740.64				
		Investments in STIF	658,189,485.99	658,189,485.99			
		Repurchase Agreements					
			<u>\$ 9,545,543,606.63</u>	<u>\$ 658,189,485.99</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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Concluded from the previous page

Fund Type	GAAP Fund	Investment Type	Standard & Poor's (Concluded)					
			BB	B	C	D	Not Rated	Not Applicable
09	0001	Asset Back Security	\$	\$	\$	\$	\$	\$
		U.S. Government Treasuries						
		U.S. Government Agencies						
		REFCo Strip						
		Govt Mortgage Backed Securities						
		Non Agency Collateral Mortgage Obligation					9,066,022.62	
		Certificates of Deposit						
		Corporate Obligations					1,459,803.48	
		Political Subdivisions	4,737.27				554,476.98	
		Mutual Funds						285,875,131.51
			<u>\$4,737.27</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 11,080,303.08</u>	<u>\$ 285,875,131.51</u>
19	0210	Corporate Obligations						
		International Corp. Obligations						
		Mutual – Global Fixed Income	\$	\$	\$	\$	\$ 2,769,067.55	\$
		Mutual – Domestic Fixed Income						
		Investments in STIF						
		Repurchase Agreements						
			<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 2,769,067.55</u>	<u>\$ 0.00</u>
19	0179	Corporate Obligations						
		International Corp. Obligations						
		Mutual – Global Fixed Income	\$	\$	\$	\$	\$ 4,380,035.63	\$
		Mutual – Domestic Fixed Income						
		Investments in STIF						
		Repurchase Agreements						
			<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 4,380,035.63</u>	<u>\$ 0.00</u>
01	0599	Corporate Obligations						
		International Corp. Obligations						
		Mutual – Global Fixed Income	\$	\$	\$	\$	\$ 7,296,848,380.00	\$
		Mutual – Domestic Fixed Income					1,590,505,740.64	
		Investments in STIF						
		Repurchase Agreements						
			<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 8,887,354,120.64</u>	<u>\$ 0.00</u>

DEPOSITS OF CASH IN BANK

As of Aug.31, 2023 the carrying amount and the total balance of cash deposits was \$37,774,458.15 held by the Texas Treasury Trust Company. In the general and consolidated funds, the Economic Stabilization Fund carried a balance of \$28,589,105.60. In the special revenue funds, the balance from the activities of the Habitat Protection Fund was \$9,185,352.55.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that an asset or investment denominated in a foreign currency will lose value as a result of unfavorable exchange rate fluctuations between the investment's foreign currency and the investment holder's domestic currency. The exposure to foreign currency risk for alternative investments in fund type 19 totals \$12,988,815.70 Euros.

NOTE 4: Short-Term Debt

(Not Applicable)

NOTE 5: Summary of Long-Term Liabilities

(Not Applicable)

NOTE 6: Bonded Indebtedness

(Not Applicable)

NOTE 7: Derivatives

Derivatives are financial instruments whose value is derived, in whole or part, from the value of any one of more underlying securities or assets, or index of securities or assets, such as stocks, bonds, commodities, or currencies. The Endowment funds use derivatives as part of the portfolio hedging and overlays program. The objective of the program is to facilitate risk management and provide efficiency in the implementation of various investment strategies. Permitted applications of the portfolio hedging and overlays program are to implement strategies in a low cost and efficient manner; to hedge and control risks; to alter the Funds’ market (systemic) exposure without trading the underlying cash market securities; to construct portfolios with risk and return characteristics that could not be created with cash market securities; or to facilitate transition trading.

Through the use of derivatives, the risks that are bound together in traditional cash market investments can be separated and managed independently. The primary intent of the Fund’s investment in derivative instruments is to management and implement investment strategies more effectively and at a lower cost than would be possible in the cash market. All of the Fund’s derivative instruments are considered investment derivatives and therefore are measured and reported at fair value.

The fair value, changes in fair value, and notional value of the Fund’s derivatives investments, classified by derivative type, are displayed in the following table as of August 31, 2023. Note 3 also discloses details about these investment derivatives.

	Changes in Fair Value		Fair Value as of August 31, 2023		Notional Amount
	Classification	Amount	Classification	Amount	
Permanent Fund Supporting Graduate Education (Appd Fund 0179)					
<i>Futures</i>					
Commodities Futures	Investment Revenue		Investment	-	-
Equity Index Futures	Investment Revenue		Investment	-	-
<i>Swaps</i>					
Total Return Swap – Fixed Income	Investment Revenue	(2,654,862.56)	Investment	(205,523.05)	39,960,262.14
Total Return Swap – Equity	Investment Revenue	2,337,756.55	Investment	493,784.72	45,908,755.99
Permanent Fund Supporting Military and Veterans Exemptions (Appd Fund 0210)					
<i>Futures</i>					
Commodities Futures	Investment Revenue		Investment	-	-
Equity Index Futures	Investment Revenue		Investment	-	-
<i>Swaps</i>					
Total Return Swap – Fixed Income	Investment Revenue	(1,678,409.58)	Investment	(129,932.10)	25,262,960.03
Total Return Swap – Equity	Investment Revenue	1,477,934.51	Investment	312,171.72	29,023,610.09

NOTE 8: Leases

(Not Applicable)

NOTE 9: Pension Plans

(Not Applicable)

NOTE 10: Deferred Compensation

(Not Applicable)

NOTE 11: Postemployment Health Care and Life Insurance Benefits

(Not Applicable)

NOTE 12: Interfund Activity and Transactions

(Not Applicable)

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustments to Fund Balances and Net Position

	<u>Custodial Funds</u>
Net Position, Sept. 1, 2022	\$ 2,044,776,059.77
Current Year’s Restatement	(499,937,622.78)
Net Position, Sept. 1, 2022, as Restated	<u>\$ 1,544,838,436.99</u>

The restatement of \$(499,937,622.78) in fiduciary funds is due to the correction of accounting errors in prior periods. The City, County, MTA, and SPD Sales Tax Trust Account (0882) is designated as a custodial fund under GASB 84. Under the Comptroller’s guidelines for reporting fiduciary funds, particularly custodial funds (FT22), balances should not be reported in funds held for others. An offsetting restatement was necessary on the Agency 902 - Comptroller Fiscal general ledger to properly recognize the overpayment of refund of revenue.

NOTE 15: Contingent Liabilities

PROTEST TAX PAYMENTS:

As of Aug. 31, 2023, pending litigation filed by taxpayers seeking refunds of state taxes totaled \$329 million. The taxes protested include sales, franchise, diesel fuels and other taxes. Although the outcome of these cases cannot presently be determined, adverse ruling in some of them could result in significant additional refunds.

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

The Comptroller of Public Accounts – State Fiscal pays for certain miscellaneous claims and judgments against the state out of funds appropriated that are specifically approved by the Legislature for payment pursuant to HB 4041, 88th Legislature, Regular Session, pays for state agencies’ miscellaneous claims pursuant to Gov’t Code 403.074 (the Miscellaneous Claims Act) from available funds appropriated for this purpose, pays for identifiable attorney’s fees for settlements and judgments recovered against the state and claimant or plaintiff for settlements and judgments, and other legal expenses (excluding attorney’s fees) that are recovered against the state under TEX. CIV. PRAC. & REM. CODE ANN. § 104.003, federal court judgments, medical malpractice claims under Chapter 59, EDUCATION CODE, and other statutes and pays for compensation payments authorized by the Crime Victims Compensation Act to victims of crimes previously not located by local departments within five (5) years after the court has ordered restitution.

It is agency policy to periodically assess potential risks to which it may be exposed. The agency assumes substantially all risks associated with these miscellaneous liability claims. Liabilities are reported when it is both probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

The agency’s claim and judgement liability activity at Aug. 31, 2023, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
2023	\$0.00	\$ 16,273,217.87	\$ 16,273,217.87	\$0.00
2022	\$0.00	\$ 43,318,737.96	\$ 43,318,737.96	\$0.00
2021	\$0.00	\$ 9,616,738.68	\$ 9,616,738.68	\$0.00

There were no significant reductions in insurance coverage in the past year. Losses did not exceed funding arrangements during the past three years.

NOTE 18: Management Discussion and Analysis

The General Revenue Fund 0001 cash balance increased to \$36.2 billion in fiscal 2023, an increase of \$11.1 billion from the balance of \$25.1 billion in fiscal 2022. This is attributable to a net increase in total net revenue and other sources over total net expenditures and other uses. This agency provides legislative funding for statewide agency's expenditures, and this is reflected in its legislative transfers-out. As disclosed in Note 27, a portion of the accrued taxes reported in this agency's report will not be finalized until the Comprehensive Annual Financial Report is completed.

The Economic Stabilization Fund (ESF) ended fiscal 2023 with a total balance of \$17.5 billion, an increase of \$3.1 billion over fiscal 2022. The ESF ending balance was comprised of \$1.5 billion in cash, and investments having a fair market value of \$12.6 billion as detailed in Note 3. The Texas Constitution mandates that if oil or natural gas taxes exceed the net amount received in fiscal 1987, an amount of at least one-half of 37.5 percent of the excess must be transferred to the state's ESF from the general revenue fund. In addition to the oil and gas transfer, one half of any unencumbered balance in fund 0001 at the close of the biennium must be transferred to the ESF.

The Property Tax Relief Fund had no ending cash balance.

Tax collections, the major source of revenue reported in the Comptroller – State Fiscal agency, experienced a 6.4 percent increase from fiscal 2022. Growth in sales tax collections increased again in 2023, with revenue up 8.4 percent over 2022, and motor vehicle sales tax collections increased by 5.8 percent. Sales tax collections account for 56.7 percent of all tax collections. Motor fuels taxes on gasoline, diesel and other fuels increased 1.3 percent from 2022. Oil production and regulation taxes decreased 6.8 percent from fiscal 2022, and natural gas production tax collections decreased by 25 percent in 2023 to \$3.4 billion. A non-tax category for agency 902, licenses, fees, fines and permits, increased 2.0 percent from fiscal 2022. On a state-wide basis, this category accounts for 3.5 percent of total net revenue and contributed \$6.7 billion in fiscal 2023.

NOTE 19: The Financial Reporting Entity

There were no significant related party transactions in agency 902 in fiscal 2023.

NOTE 20: Stewardship, Compliance and Accountability

This section of the report reflects the activities of the Comptroller–Fiscal function (Agency 902) in the General Revenue Fund (0001), the Economic Stabilization Fund (0599), the Flood Area School and Road Expendable Trust Fund (0903), and other funds. The entire activity of the State's General Revenue Fund will be reflected in the fiscal 2023 *State of Texas Annual Comprehensive Financial Report*.

NOTE 21: Tobacco Settlement

The state of Texas settled a lawsuit against certain tobacco manufacturers in 1998. The settlement included monetary and injunctive relief. The settling tobacco manufacturers agreed to remit annual payments to the state. Estimates made at the time of the agreement projected that these payments could total \$15.1 billion over the first 25 years of the agreement. The court-ordered annual payment amounts are subject to adjustments on the tobacco companies' domestic cigarette sales, the general consumer inflation rate, the profitability of the tobacco companies and any other court-ordered factors. A revenue accrual and deferred revenue of \$352.3 million has been calculated on estimated sales from Jan. 1 to the end of the fiscal year. Actual tobacco settlement revenues were \$510 million in fiscal 2023 and \$548 million in fiscal 2022. Cumulative actual tobacco settlement revenues as of fiscal 2023 were \$12.8 billion.

NOTE 22: Donor-Restricted Endowments

(Not Applicable)

NOTE 23: Extraordinary and Special Items

(Not Applicable)

NOTE 24: Disaggregation of Receivables and Payables

See Note 1 for disaggregation of Other Payables.

NOTE 25: Termination Benefits

(Not Applicable)

NOTE 26: Segment Information

(Not Applicable)

NOTE 27: Taxes Receivables/Payables

Taxes Receivable

The Comptroller – State Fiscal agency collects certain taxes for the state of Texas. Taxes receivable represent amounts due to the state by Aug. 31, for revenues earned in the current fiscal year that will be collected in the future. The receivables have been recorded net of allowances for uncollectible accounts. Revenue is recorded on the governmental fund financial statements using the modified accrual basis of accounting for amounts due to the state of Texas by Aug. 31 that are considered as “available” (e.g. received by the state within approximately 60 days after that date). Revenue earned but not “available” by Aug. 31 is recorded as deferred inflow revenue. Prepaid taxes are also recorded as deferred inflow revenue.

On the government-wide financial statements a corresponding amount is recorded as revenue using the accrual basis of accounting, which includes revenue earned at fiscal year-end regardless of if it is available. Unearned revenue includes only the prepaid taxes that have not been earned by fiscal year end. Taxes receivable are the same for both modified and full accrual basis.

Taxes receivable have been netted against any refunds payable and estimated uncollectable taxes with the exception of the Franchise Tax and Oil and Gas Production Tax. Refunds payable are shown separately for the Franchise Tax and Oil and Gas Production Taxes. The full accrual basis is reported on the government-wide financial statements in the *2023 State of Texas Annual Comprehensive Financial Report*.

As of Nov. 20, 2023, the taxes receivable and unearned revenue balances for the Franchise Tax had not been finalized. The Franchise Tax Revenue and Tax Receivable will be finalized after the final returns for the tax due May 15, 2023, are processed. The extended franchise tax returns are due Nov. 15, 2023. Adjustments will be made if needed prior to publication of the *2023 State of Texas Annual Comprehensive Financial Report*

Taxes receivable, as reported in the General Fund (Exhibit I), are detailed by tax type as follows:

Tax Type	Net Taxes Receivable
Sales and Use	\$ 3,363,095,149.00
Motor Vehicle & MFG Housing	110,684,368.41
Motor Fuels	11,019,320.41
Oil & Natural Gas Production	846,801,248.87
Franchise	
Insurance	420,194,899.46
Cigarette & Tobacco	17,161,451.41
Other	319,819,499.12
Total Taxes	<u>\$ 5,088,775,936.68</u>
As Reported on the Financial Statements	
Current Taxes Receivable	\$ 5,385,629,457.63
Noncurrent Taxes Receivable	77,176,904.23
Total Taxes Receivable	<u>\$ 5,462,806,361.86</u>
Refunds Payable	<u>\$ (374,030,425.18)</u>
Total Net Taxes Receivable	<u>\$ 5,088,775,936.68</u>

NOTE 28: Contested Taxes

The state may assess a claim against one or multiple taxpayers for a tax liability. Taxpayers may petition for a formal hearing before an independent administrative law judge if they wish to challenge a tax liability assessed by the state. If the request for a determination hearing is received within a specified time, the taxpayer does not have to pay the tax until a final decision is reached. As of Aug. 31, 2023, there was an estimated \$480 million of assessments filed that are currently in the redetermination hearings process. Collectability of these assessments is dependent upon the decisions of administrative law judges. These assessments are not recognized as tax revenue until the administrative hearing is final. Therefore, these amounts are not included in the receivables reported in the financial statements.

NOTE 29: Deferred Inflow of Resources

The deferred inflow revenue in general revenue of \$1.03 billion consists of tax revenues earned but not available within 60 days after the fiscal year end to finance expenditures of the current fiscal period. The deferred inflow revenue in special revenue of \$757.6 million consists of unclaimed property held in trust in marketable securities and mutual funds. Details about unclaimed property are disclosed in Note 30.

NOTE 30: Unclaimed Property

The state holds certain property that is escheated to the state in the absence of legal claimants or heirs. Although a rightful owner can reclaim escheat property unto perpetuity, large portions of escheated property are never reclaimed. Additionally, the revenue generated from escheat property has always exceeded the amount needed to pay current claims. In fiscal 2023, the unclaimed property fund received \$1.1 billion in gross revenues, made \$343.6 million in claimant payments and transferred \$736.5 million to the General Revenue Fund (0001). The claimant liability in the general fund of \$320.9 million represents the probable amount that will be reclaimed and paid to claimants in the following year. As of Aug. 31, 2023, a balance of \$757.6 million in marketable securities and mutual funds were held in trust. The state also holds an insignificant amount of personal property, such as jewelry.

NOTE 31: Fund Balances

The Comptroller – Fiscal has the following restrictions/covenants causing fund balances to be committed and restricted:

GAAP Fund	Fund	AFR 54 Class	Citation	Comments
0116	0116	Committed	TEX. LOC. GOV'T CODE ANN. sec. 133.102	Funds committed for allocation to local law enforcement agencies for continuing education of law enforcement personnel as stipulated by the legislature. There are no significant external restrictions.
0116	0116	Committed	Texas Local Government Code, section 133.102	Funds committed for allocation to local law enforcement agencies for continuing education of law enforcement personnel as stipulated by the Legislature. There are no significant external restrictions.
0210	0210 / 1210	Restricted	Texas Education Code, section 54.3411	Funds restricted to a specific purpose, to higher education institutions to offset the cost of the exemptions to certain veterans and/or dependents. Distributions are determined by the Legislative Budget Board based on each institution's respective share of the aggregate cost to all institutions of the exemptions.
0214	0214	Restricted	Texas Constitution, article VII sec. 20(a)	Funds restricted to a specific purpose, to eligible institutions only for the support and maintenance of educational and general activities that promote increased research capacity at the institution.
0494	0494	Restricted	Texas Constitution, article I sec. 31	Funds restricted to a specific purpose, delivering victim-related compensation, services, or assistance.
0838	8380	Committed	Texas Tax Code, chapter 41 subchapter A	The Comptroller's office has broad authority to prescribe rules and administer funds deposited for pending arbitration concerning the appraised or market value of property. There are no significant external restrictions.
0886	0886	Committed	Texas Tax Code, section 162.003(g)	The Comptroller's office has broad authority to transfer funds as necessary to carry out the purposes of the International Fuels Tax Agreement (IFTA). There are no significant external restrictions.
0903	2903	Restricted	Texas Local Government Code, section 403.101; 33 U.S.C. Sec. 701c-3	To hold money allocated by the federal government to be distributed to counties and political subdivisions of the state based on the tax rate applied to lands acquired for flood control purposes.
5040	5040	Restricted	The State of Texas v. The American Tobacco Company, et. al, No. 5:96cv91 (U.S. District Court, Texarkana Division)	Restrictions are externally imposed by the court ordered settlement.
0210	0210 / 1210	Restricted	TEX. EDUC. CODE ANN. sec. 54.3411	Funds restricted to a specific purpose, to higher education institutions to offset the cost of the exemptions to certain veterans and/or dependents. Distributions are determined by the Legislative Budget Board based on each institution's respective share of the aggregate cost to all institutions of the exemptions.
0214	0214	Restricted	TEX. CONST. art. VII sec. 20(a)	Funds restricted to a specific purpose, to eligible institutions only for the support and maintenance of educational and general activities that promote increased research capacity at the institution.
0494	0494	Restricted	TX CONST. art. I sec. 31	Funds restricted to a specific purpose, delivering victim-related compensation, services, or assistance.
0838	8380	Committed	TX TAX CODE chapter 41 subchapter A	The comptroller has broad authority to prescribe rules and administer funds deposited for pending arbitration concerning the appraised or market value of property. There are no significant external restrictions.
0886	0886	Committed	TX TAX CODE sec.162.003(g)	The comptroller has broad authority to transfer funds as necessary to carry out the purposes of the International Fuels Tax Agreement (IFTA). There are no significant external restrictions.
0903	2903	Restricted	TX GOV'T CODE sec. 403.101; 33 U.S.C. Sec. 701c-3	To hold money allocated by the Federal Government to be distributed to counties and political subdivisions of the state based on the tax rate applied to lands acquired for flood control purposes.
5040	5040	Restricted	The State of Texas v. The American Tobacco Company, et. al, No. 5:96cv91 (U.S. District Court, Texarkana Division)	Restrictions are externally imposed by the court ordered settlement.

UNAUDITED
Comptroller – Fiscal (902)

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT A-1

Combining Balance Sheet – All General and Consolidated Funds

August 31, 2023 (Amounts in Thousands)

	Consolidated Funds				
	General Revenue Fund (0001) U/F (0001, Various)	County and Road District Highway Fund (0057) U/F (0057)	Law Enforcement Standards/Educ Fund (0116) U/F (0116)	Coronavirus Relief Fund (0325) U/F (0325)	Compensation Victims Crime Fd (0494) U/F (0494)
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash in Bank (Note 3)	\$	\$	\$	\$	\$
Cash in State Treasury	36,288,813,737.41				6,762,570.56
Short Term Investments (Note 3)					
Legislative Appropriations	(13,422,959.82)				
Receivables:					
Accounts					
Taxes (Note 27)	5,385,629,457.63				
Interest and Dividends	2,033.25				10,719.32
Due From Other Agencies	18,019,783.29				
Total Current Assets	<u>41,679,042,051.76</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>6,773,289.88</u>
Non-Current Assets:					
Receivables					
Taxes Receivable (Note 27)	77,176,904.23				
Investments (Note 3)					
Total Non-Current Assets	<u>77,176,904.23</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Assets	<u>41,756,218,955.99</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>6,773,289.88</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 41,756,218,955.99</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 6,773,289.88</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current Liabilities:					
Payables From:					
Accounts	\$ 696,612.96	\$	\$	\$	\$
Other Intergovernmental	28,530,580.02				
Taxes Refund Payable	374,030,425.18				
Other	320,890,164.44				
Due To Other Agencies	6,474,716,366.43				11,925.30
Unearned Revenues	88,618,701.70				
Total Current Liabilities	<u>7,287,482,850.73</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>11,925.30</u>
Total Liabilities	<u>7,287,482,850.73</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>11,925.30</u>
Deferred Inflows of Resources (Note 29)	<u>1,035,931,600.39</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances (Deficits):					
Nonspendable	77,176,904.23				
Restricted					6,761,364.58
Committed					
Unassigned	33,355,627,600.64				
Total Fund Balances	<u>33,432,804,504.87</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>6,761,364.58</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 41,756,218,955.99</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 6,773,289.88</u>

Continued on the following page

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Comptroller – Fiscal (902)

EXHIBIT A-1 (continued)

Combining Balance Sheet – All General and Consolidated Funds

August 31, 2023 (Amounts in Thousands)

	Consolidated Funds				
	Federal Resource Receipt Distribution Fund (0521) U/F (1521)	Economic Stabilization Fund (0599) U/F (0599,5990,5991)	Petroleum Production Delivery Fee - Groundwater (0655) U/F (0655)	License Plate Trust Fund (0802) U/F (0802)	Texas Home Visiting Program Trust (0803) U/F (0803)
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash in Bank (Note 3)	\$	\$	\$	\$	\$
Cash in State Treasury	32,579.81	1,516,200,613.95			
Short Term Investments (Note 3)		658,189,485.99			
Legislative Appropriations					
Receivables:					
Accounts					
Taxes (Note 27)					
Interest and Dividends		10,921,077.19		9.82	
Due From Other Agencies		3,306,434,122.19			
Total Current Assets	<u>32,579.81</u>	<u>5,520,334,404.92</u>	<u>0.00</u>	<u>9.82</u>	<u>0.00</u>
Non-Current Assets:					
Receivables					
Taxes Receivable (Note 27)					
Investments (Note 3)		11,963,979,386.21			
Total Non-Current Assets	<u>0.00</u>	<u>11,963,979,386.21</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Assets	<u>32,579.81</u>	<u>17,484,313,791.13</u>	<u>0.00</u>	<u>9.82</u>	<u>0.00</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 32,579.81</u>	<u>\$ 17,484,313,791.13</u>	<u>\$ 0.00</u>	<u>\$ 9.82</u>	<u>\$ 0.00</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current Liabilities:					
Payables From:					
Accounts	\$	\$	\$	\$	\$
Other Intergovernmental					
Taxes Refund Payable					
Other					
Due To Other Agencies		3,258,154.08			
Unearned Revenues	15,095.58				
Total Current Liabilities	<u>15,095.58</u>	<u>4,238,091.16</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>15,095.58</u>	<u>4,238,091.16</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Deferred Inflows of Resources (Note 29)	0.00	0.00	0.00	0.00	0.00
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances (Deficits):					
Nonspendable					
Restricted					
Committed					
Unassigned	17,484.23	17,480,075,699.97		9.82	
Total Fund Balances	<u>17,484.23</u>	<u>17,480,075,699.97</u>	<u>0.00</u>	<u>9.82</u>	<u>0.00</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 32,579.81</u>	<u>\$ 17,484,313,791.13</u>	<u>\$ 0.00</u>	<u>\$ 9.82</u>	<u>\$ 0.00</u>

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UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT A-1 (continued)

Combining Balance Sheet – All General and Consolidated Funds

August 31, 2023 (Amounts in Thousands)

	Consolidated Funds				
	Events Trust Fund for Municipality/ County (0830) U/F (0830, 8300)	Major Events Trust Fund (0869) U/F (0869)	Sexual Assault Program Fund (5010) U/F (5010)	Tobacco Settlement Temporary Hold (5040) U/F (5040)	9-1-1 Service Fee Fund (5050) U/F (5050)
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash in Bank (Note 3)	\$	\$	\$	\$	\$
Cash in State Treasury				684,411,356.52	568.70
Short Term Investments (Note 3)					
Legislative Appropriations					
Receivables:					
Accounts				342,400,000.00	
Taxes (Note 27)					
Interest and Dividends					
Due From Other Agencies					
Total Current Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,026,811,356.52</u>	<u>568.70</u>
Non-Current Assets:					
Receivables					
Taxes Receivable (Note 27)					
Investments (Note 3)					
Total Non-Current Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,026,811,356.52</u>	<u>568.70</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,026,811,356.52</u>	<u>\$ 568.70</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current Liabilities:					
Payables From:					
Accounts	\$	\$	\$	\$	\$
Other Intergovernmental					
Taxes Refund Payable					
Other					
Due To Other Agencies				3,790,820.73	
Unearned Revenues			7,847,981.39	342,400,000.00	
Total Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>7,847,981.39</u>	<u>346,190,820.73</u>	<u>0.00</u>
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>7,847,981.39</u>	<u>346,190,820.73</u>	<u>0.00</u>
Deferred Inflows of Resources (Note 29)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances (Deficits):					
Nonspendable					
Restricted				680,620,535.79	
Committed					
Unassigned			(7,847,981.39)		568.70
Total Fund Balances	<u>0.00</u>	<u>0.00</u>	<u>(7,847,981.39)</u>	<u>680,620,535.79</u>	<u>568.70</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,026,811,356.52</u>	<u>\$ 568.70</u>

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UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT A-1 (concluded)

Combining Balance Sheet – All General and Consolidated Funds

August 31, 2023 (Amounts in Thousands)

	Consolidated Funds		
	Disabled Veterans Local Gov. Assistance (5160) U/F (5160)	GR Account - Opioid Abatement (5189) U/F (5189)	Total (Exhibit A-1) 2023
ASSETS			
Current Assets:			
Cash and Cash Equivalents:			
Cash in Bank (Note 3)	\$	\$	\$ 28,589,105.60
Cash in State Treasury		71,595,351.86	38,567,816,778.81
Short Term Investments (Note 3)			658,189,485.99
Legislative Appropriations			(13,422,959.82)
Receivables:			
Accounts			342,400,000.00
Taxes (Note 27)			5,385,629,457.63
Interest and Dividends			10,933,839.58
Due From Other Agencies			3,324,453,905.48
Total Current Assets	0.00	71,595,351.86	48,304,589,613.27
Non-Current Assets:			
Receivables			
Taxes Receivable (Note 27)			77,176,904.23
Investments (Note 3)			11,963,979,386.21
Total Non-Current Assets	0.00	0.00	12,041,156,290.44
Total Assets	0.00	71,595,351.86	60,345,745,903.71
Total Assets and Deferred Outflows of Resources	\$ 0.00	\$ 71,595,351.86	\$ 60,345,745,903.71
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts	\$	\$	\$ 1,676,550.04
Other Intergovernmental			28,530,580.02
Taxes Refund Payable			374,030,425.18
Other			320,890,164.44
Due To Other Agencies			6,481,777,266.54
Unearned Revenues			438,881,778.67
Total Current Liabilities	0.00	0.00	7,645,786,764.89
Total Liabilities	0.00	0.00	7,645,786,764.89
Deferred Inflows of Resources (Note 29)	0.00	0.00	1,035,931,600.39
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances (Deficits):			
Nonspendable			77,176,904.23
Restricted			687,381,900.37
Committed			
Unassigned		71,595,351.86	50,899,468,733.83
Total Fund Balances	0.00	71,595,351.86	51,664,027,538.43
Total Liabilities, Deferred Inflows and Fund Balances	\$ 0.00	\$ 71,595,351.86	\$ 60,345,745,903.71

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT A-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2023

	General Revenue Fund (0001) U/F (0001, Various)	County and Road District Highway Fund (0057) U/F (0057)	Law Enforcement Standards/Educ Fund (0116) U/F (0116)	Coronavirus Relief Fund (0325) U/F (0325)	Compensation Victims Crime Fd (0494) U/F (0494)
REVENUES					
Taxes (GR)	\$ 70,929,887,843.46	\$	\$	\$	\$
Federal Grant Pass-Through Revenue (GR)				(758,691,185.75)	
License, Fees & Permits (PR)	1,447,302,685.42		3,957,160.42		
Interest and Other Investment Income (GR)	1,295,256,410.43				229,668.90
Net Increase (Decrease) in Fair Value (GR)					
Land Income (PR)	4,702,729.75				
Settlement of Claims (GR)	71,664,285.67				1,423,906.99
Sales of Goods and Services (PR)	35,885,539.17				
Other (GR)	836,364,752.27				
Total Revenues	<u>74,621,064,246.17</u>	<u>0.00</u>	<u>3,957,160.42</u>	<u>(758,691,185.75)</u>	<u>1,653,575.89</u>
EXPENDITURES					
Payroll Related Costs	2,175,511,865.10				
Professional Fees and Services	11,785,840.70				
Repairs and Maintenance	355,418.61				
Claims and Judgments	15,724,057.38				613,300.08
Federal Grant Pass-Through Expenditures				(758,691,185.75)	
Intergovernmental Payments	526,153,312.22	7,300,000.00	4,699,445.35		
Interest Expense - Other	47,483,843.06				
Other Expenditures	135,812,488.41				
Total Expenditures	<u>2,912,826,825.48</u>	<u>7,300,000.00</u>	<u>4,699,445.35</u>	<u>(758,691,185.75)</u>	<u>613,300.08</u>
Excess (Deficiency) of Revenues over Expenditures	<u>71,708,237,420.69</u>	<u>(7,300,000.00)</u>	<u>(742,284.93)</u>	<u>0.00</u>	<u>1,040,275.81</u>
OTHER FINANCING SOURCES (USES)					
Transfer In	644,642,184.47	7,300,000.00	742,284.93	(10,279.80)	
Transfer Out	(23,763,211,578.38)				(1,005,527.07)
Legislative Transfer Out	(36,085,701,509.87)				
Insurance Recoveries	33,056.12				
Total Other Financing Sources (Uses)	<u>(59,204,237,847.66)</u>	<u>7,300,000.00</u>	<u>742,284.93</u>	<u>(10,279.80)</u>	<u>(1,005,527.07)</u>
Net Change in Fund Balances	<u>12,503,999,573.03</u>	<u>0.00</u>	<u>0.00</u>	<u>(10,279.80)</u>	<u>34,748.74</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances, September 1, 2022	20,928,804,931.84			10,279.80	6,726,615.84
Fund Balances, August 31, 2023	<u>\$ 33,432,804,504.87</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 6,761,364.58</u>

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UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT A-2 (continued)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2023

	Federal Resource Receipt Distribution Fund (0521) U/F (1521)	Economic Stabilization Fund (0599) U/F (0599,5990,5991)	Petroleum Production Delivery Fee - Groundwater (0655) U/F (0655)	License Plate Trust Fund (0802) U/F (0802)	Texas Home Visiting Program Trust (0803) U/F (0803)
REVENUES					
Taxes (GR)	\$	\$	\$	\$	\$
Federal Grant Pass-Through Revenue (GR)					
License, Fees & Permits (PR)			(158,353.23)	709.47	
Interest and Other Investment Income (GR)		324,513,346.25		243.98	
Net Increase (Decrease) in Fair Value (GR)		105,838,658.82			
Land Income (PR)					
Settlement of Claims (GR)					
Sales of Goods and Services (PR)					
Other (GR)		13,818.00			
Total Revenues	<u>0.00</u>	<u>430,365,823.07</u>	<u>(158,353.23)</u>	<u>953.45</u>	<u>0.00</u>
EXPENDITURES					
Payroll Related Costs					
Professional Fees and Services		7,550,910.14			
Repairs and Maintenance					
Claims and Judgments					
Federal Grant Pass-Through Expenditures					
Intergovernmental Payments					
Interest Expense - Other					
Other Expenditures					
Total Expenditures	<u>0.00</u>	<u>7,550,910.14</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Excess (Deficiency) of Revenues over Expenditures	<u>0.00</u>	<u>422,814,912.93</u>	<u>(158,353.23)</u>	<u>953.45</u>	<u>0.00</u>
OTHER FINANCING SOURCES (USES)					
Transfer In		9,332,622,593.41	158,353.23		
Transfer Out		(6,640,288,015.38)		(953.45)	
Legislative Transfer Out					
Insurance Recoveries					
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>2,692,334,578.03</u>	<u>158,353.23</u>	<u>(953.45)</u>	<u>0.00</u>
Net Change in Fund Balances	<u>0.00</u>	<u>3,115,149,490.96</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances, September 1, 2022	17,484.23	14,364,926,209.01		9.82	
Fund Balances, August 31, 2023	<u>\$ 17,484.23</u>	<u>\$ 17,480,075,699.97</u>	<u>\$ 0.00</u>	<u>\$ 9.82</u>	<u>\$ 0.00</u>

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UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT A-2 (continued)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2023

	Events Trust Fund for Municipality/ County (0830) U/F (0830, 8300)	Major Events Trust Fund (0869) U/F (0869)	Sexual Assault Program Fund (5010) U/F (5010)	Tobacco Settlement Temporary Hold (5040) U/F (5040)	9-1-1 Service Fee Fund (5050) U/F (5050)
REVENUES					
Taxes (GR)	\$ 38,509,992.28	\$ 73,528,274.97	\$	\$	\$
Federal Grant Pass-Through Revenue (GR)					
License, Fees & Permits (PR)					568.70
Interest and Other Investment Income (GR)					
Net Increase (Decrease) in Fair Value (GR)					
Land Income (PR)					
Settlement of Claims (GR)				510,014,165.73	
Sales of Goods and Services (PR)					
Other (GR)					
Total Revenues	<u>38,509,992.28</u>	<u>73,528,274.97</u>	<u>0.00</u>	<u>510,014,165.73</u>	<u>568.70</u>
EXPENDITURES					
Payroll Related Costs					
Professional Fees and Services					
Repairs and Maintenance					
Claims and Judgments					
Federal Grant Pass-Through Expenditures					
Intergovernmental Payments					
Interest Expense - Other					
Other Expenditures					
Total Expenditures	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Excess (Deficiency) of Revenues over Expenditures	<u>38,509,992.28</u>	<u>73,528,274.97</u>	<u>0.00</u>	<u>510,014,165.73</u>	<u>568.70</u>
OTHER FINANCING SOURCES (USES)					
Transfer In					
Transfer Out	(38,509,992.28)	(73,528,274.97)	(1,274,899.85)	(392,345,638.48)	
Legislative Transfer Out					
Insurance Recoveries					
Total Other Financing Sources (Uses)	<u>(38,509,992.28)</u>	<u>(73,528,274.97)</u>	<u>(1,274,899.85)</u>	<u>(392,345,638.48)</u>	<u>0.00</u>
Net Change in Fund Balances	<u>0.00</u>	<u>0.00</u>	<u>(1,274,899.85)</u>	<u>117,668,527.25</u>	<u>568.70</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances, September 1, 2022			(6,573,081.54)	562,952,008.54	
Fund Balances, August 31, 2023	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ (7,847,981.39)</u>	<u>\$ 680,620,535.79</u>	<u>\$ 568.70</u>

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UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT A-2 (concluded)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2023

	Disabled Veterans Local Gov. Assistance (5160) U/F (5160)	GR Account - Opioid Abatement (5189) U/F (5189)	Total (Exhibit A-2) 2023
REVENUES			
Taxes (GR)	\$	\$	\$ 71,041,926,110.71
Federal Grant Pass-Through Revenue (GR)			(758,691,185.75)
License, Fees & Permits (PR)			1,451,102,770.78
Interest and Other Investment Income (GR)			1,619,999,669.56
Net Increase (Decrease) in Fair Value (GR)			105,838,658.82
Land Income (PR)			4,702,729.75
Settlement of Claims (GR)		14,261,470.58	597,363,828.97
Sales of Goods and Services (PR)			35,885,539.17
Other (GR)			836,378,570.27
Total Revenues	<u>0.00</u>	<u>14,261,470.58</u>	<u>74,934,506,692.28</u>
EXPENDITURES			
Payroll Related Costs			2,175,511,865.10
Professional Fees and Services			19,336,750.84
Repairs and Maintenance			355,418.61
Claims and Judgments			16,337,357.46
Federal Grant Pass-Through Expenditures			(758,691,185.75)
Intergovernmental Payments	10,500,000.00		548,652,757.57
Interest Expense - Other			47,483,843.06
Other Expenditures			135,812,488.41
Total Expenditures	<u>10,500,000.00</u>	<u>0.00</u>	<u>2,184,799,295.30</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(10,500,000.00)</u>	<u>14,261,470.58</u>	<u>72,749,707,396.98</u>
OTHER FINANCING SOURCES (USES)			
Transfer In	10,500,000.00		9,995,955,136.24
Transfer Out			(30,910,164,879.86)
Legislative Transfer Out			(36,085,701,509.87)
Insurance Recoveries			33,056.12
Total Other Financing Sources (Uses)	<u>10,500,000.00</u>	<u>0.00</u>	<u>(56,999,878,197.37)</u>
Net Change in Fund Balances	<u>0.00</u>	<u>14,261,470.58</u>	<u>15,749,829,199.61</u>
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances, September 1, 2022		57,333,881.28	35,914,198,338.82
Fund Balances, August 31, 2023	<u>\$ 0.00</u>	<u>\$ 71,595,351.86</u>	<u>\$ 51,664,027,538.43</u>

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT B-1

Combining Balance Sheet – Special Revenue Funds

August 31, 2023

	Unclaimed Property Securities Fund (0001) U/F (4113)	State Highway Fund (0006) U/F (0006)	Property Tax Relief Fund (0304) U/F (0304)	Tax Reduction and Excellence In Education Fund (0305) U/F (0305)	Judicial Fund (0573) U/F (0573, 5730)
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash in Bank (Note 3)	\$	\$	\$	\$	\$
Cash in State Treasury					
Short Term Investments (Note 3)	17,538,355.92				
Interest and Dividends			148,729.71		
Due From Other Agencies					
Investments (Note 3)	740,045,281.02				
Total Non-Current Assets	<u>740,045,281.02</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Assets	<u>757,583,636.94</u>	<u>0.00</u>	<u>148,729.71</u>	<u>0.00</u>	<u>0.00</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 757,583,636.94</u>	<u>\$ 0.00</u>	<u>\$ 148,729.71</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
LIABILITIES AND FUND BALANCES					
Accounts	\$	\$	\$	\$	\$
Total Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Deferred Inflows of Resources (Note 29)	<u>757,583,636.94</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Deferred Inflows	<u>757,583,636.94</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances (Deficits):					
Restricted			148,729.71		
Committed					
Total Fund Balances	<u>0.00</u>	<u>0.00</u>	<u>148,729.71</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 757,583,636.94</u>	<u>\$ 0.00</u>	<u>\$ 148,729.71</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT B-1 (concluded)

Combining Balance Sheet – Special Revenue Funds

August 31, 2023

	General Land Office County Right of Way Leases (0808) U/F (2521)	Binding Arbitration Trust Fund (0838) U/F (8380)	International Fuels Tax Agreement Trust Fund (0886) U/F (0886)	Flood Area School and Road Trust Fund (0903) U/F (2903)	Habitat Protection Fund (9999) U/F (2999)	Total (Exhibit B-1) 2023
ASSETS						
Current Assets:						
Cash and Cash Equivalents:						
Cash in Bank (Note 3)	\$	\$	\$	\$	\$ 9,185,352.55	\$ 9,185,352.55
Cash in State Treasury		35,325.00	4,368,653.81	2,566,697.80		6,970,676.61
Short Term Investments (Note 3)						17,538,355.92
Interest and Dividends						148,729.71
Due From Other Agencies	3,104,204.45					3,104,204.45
Investments (Note 3)						740,045,281.02
Total Non-Current Assets	0.00	0.00	0.00	0.00	0.00	740,045,281.02
Total Assets	<u>3,104,204.45</u>	<u>35,325.00</u>	<u>4,368,653.81</u>	<u>2,566,697.80</u>	<u>9,185,352.55</u>	<u>776,992,600.26</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 3,104,204.45</u>	<u>\$ 35,325.00</u>	<u>\$ 4,368,653.81</u>	<u>\$ 2,566,697.80</u>	<u>\$ 9,185,352.55</u>	<u>\$ 776,992,600.26</u>
LIABILITIES AND FUND BALANCES						
Accounts	\$ 56.64	\$	\$	\$	\$ 334,099.61	\$ 334,156.25
Total Current Liabilities	56.64	0.00	0.00	0.00	334,099.61	334,156.25
Total Liabilities	56.64	0.00	0.00	0.00	334,099.61	334,156.25
Deferred Inflows of Resources (Note 29)	0.00	0.00	0.00	0.00	0.00	757,583,636.94
Total Deferred Inflows	0.00	0.00	0.00	0.00	0.00	757,583,636.94
FUND FINANCIAL STATEMENT – FUND BALANCES						
Fund Balances (Deficits):						
Restricted	3,104,147.81			2,566,697.80	8,851,252.94	14,670,828.26
Committed		35,325.00	4,368,653.81			4,403,978.81
Total Fund Balances	<u>3,104,147.81</u>	<u>35,325.00</u>	<u>4,368,653.81</u>	<u>2,566,697.80</u>	<u>8,851,252.94</u>	<u>19,074,807.07</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 3,104,204.45</u>	<u>\$ 35,325.00</u>	<u>\$ 4,368,653.81</u>	<u>\$ 2,566,697.80</u>	<u>\$ 9,185,352.55</u>	<u>\$ 776,992,600.26</u>

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT B-2

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds

For the Fiscal Year Ended August 31, 2023

	Unclaimed Property Securities Fund (0001) U/F (4113)	State Highway Fund (0006) U/F (0006)	Property Tax Relief Fund (0304) U/F (0304)	Tax Reduction and Excellence In Educ Fund (0305) U/F (0305)	Judicial Fund (0573) U/F (0573, 5730)
REVENUES					
Taxes (GR)	\$	\$	\$ 2,771,947,885.47	\$ 1,612,300,000.00	\$
Federal Revenue (PR - Operating or Capital)					
License, Fees & Permits (PR)					(3,590,310.00)
Interest and Other Investment Income (GR)			9,773,810.73		
Other (GR)					
Total Revenues	<u>0.00</u>	<u>0.00</u>	<u>2,781,721,696.20</u>	<u>1,612,300,000.00</u>	<u>(3,590,310.00)</u>
EXPENDITURES					
Professional Fees and Services					
Intergovernmental Payments		17,551,299.94			
Other Expenditures					
Total Expenditures	<u>0.00</u>	<u>17,551,299.94</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
OTHER FINANCING SOURCES (USES)					
Transfer In		17,551,299.94			
Transfer Out			(2,781,721,696.20)	(1,612,300,000.00)	3,590,310.00
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>17,551,299.94</u>	<u>(2,781,721,696.20)</u>	<u>(1,612,300,000.00)</u>	<u>3,590,310.00</u>
Net Change in Fund Balances	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND FINANCIAL STATEMENT –					
FUND BALANCES					
Fund Balances, September 1, 2022			148,729.71		
Fund Balances, August 31, 2023	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 148,729.71</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

Concluded on the following page

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT B-2 (concluded)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds

For the Fiscal Year Ended August 31, 2023

	General Land Office County Right of Way Leases (0808) U/F (2521)	Binding Arbitration Trust Fund (0838) U/F (8380)	International Fuels Tax Agreement Trust Fund (0886) U/F (0886)	Flood Area School and Road Trust Fund (0903) U/F (2903)	Habitat Protection Fund (9999) U/F (2999)	Total (Exhibit B-2) 2023
REVENUES						
Taxes (GR)	\$	\$	\$	\$	\$	\$ 4,384,247,885.47
Federal Revenue (PR - Operating or Capital)				(1,273,475.55)		(1,273,475.55)
License, Fees & Permits (PR)						(3,590,310.00)
Interest and Other Investment Income (GR)			118,556.64	(5,654.24)	436,812.54	10,323,525.67
Other (GR)		1,138,242.00	50,278,209.62			51,416,451.62
Total Revenues	0.00	1,138,242.00	50,396,766.26	(1,279,129.79)	436,812.54	4,441,124,077.21
EXPENDITURES						
Professional Fees and Services		1,108,117.00				1,108,117.00
Intergovernmental Payments	3,160,158.58		50,405,021.01		1,688,587.83	72,805,067.36
Other Expenditures					4,892.25	4,892.25
Total Expenditures	3,160,158.58	1,108,117.00	50,405,021.01	0.00	1,693,480.08	73,918,076.61
Excess (Deficiency) of Revenues						
Over Expenditures	(3,160,158.58)	30,125.00	(8,254.75)	(1,279,129.79)	(1,256,667.54)	4,367,206,000.60
OTHER FINANCING SOURCES (USES)						
Transfer In	6,264,306.39					23,815,606.33
Transfer Out			(118,556.64)			(4,390,549,942.84)
Total Other Financing Sources (Uses)	6,264,306.39	0.00	(118,556.64)	0.00	0.00	(4,366,734,336.51)
Net Change in Fund Balances	3,104,147.81	30,125.00	(126,811.39)	(1,279,129.79)	(1,256,667.54)	471,664.09
FUND FINANCIAL STATEMENT – FUND BALANCES						
Fund Balances, September 1, 2022		5,200.00	4,495,465.20	3,845,827.59	10,107,920.48	18,603,142.98
Fund Balances, August 31, 2023	\$ 3,104,147.81	\$ 35,325.00	\$ 4,368,653.81	\$ 2,566,697.80	\$ 8,851,252.94	\$ 19,074,807.07

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT C-1

Combining Balance Sheet – Permanent Funds

August 31, 2023

	Supporting Graduate Education Fund (0179) U/F (1179)	Military & Veterans Exemptions Fund (0210) U/F (0210,1210)	Available Nat'l Research University Fund (0214) U/F (0214)	Total (Exhibit C-1) 2023
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash in State Treasury	\$	\$ 455,065.40	\$ 60,346,782.95	\$ 60,801,848.35
Short Term Investments (Note 3)	40,587,361.99	40,164,534.18		80,751,896.17
Investment Trades	784,421.04	495,912.60		1,280,333.64
Interest and Dividends	177,247.15	181,375.02	22,986.33	381,608.50
Due From Other Agencies			91,009.68	91,009.68
Total Current Assets	<u>41,549,030.18</u>	<u>41,296,887.20</u>	<u>60,460,778.96</u>	<u>143,306,696.34</u>
Non-Current Assets:				
Investments (Note 3)	368,541,415.66	280,604,013.28		649,145,428.94
Total Non-Current Assets	<u>368,541,415.66</u>	<u>280,604,013.28</u>	<u>0.00</u>	<u>649,145,428.94</u>
Total Assets	<u>410,090,445.84</u>	<u>321,894,865.96</u>	<u>60,460,778.96</u>	<u>792,452,125.28</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 410,090,445.84</u>	<u>\$ 321,900,900.48</u>	<u>\$ 60,460,778.96</u>	<u>\$ 792,452,125.28</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts	\$ 135,113.83	\$ 104,712.71	\$	\$ 239,826.54
Interest	343,916.73	336,662.70		680,579.43
Investment Trade Payable	532,523.88	217,450.97		749,974.85
Due To Other Agencies		143,252.79	927,457.65	1,070,710.44
Total Current Liabilities	<u>1,011,554.44</u>	<u>802,079.17</u>	<u>927,457.65</u>	<u>2,741,091.26</u>
Total Liabilities	<u>1,011,554.44</u>	<u>802,079.17</u>	<u>927,457.65</u>	<u>2,741,091.26</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances (Deficits):				
Nonspendable				
Restricted	409,078,891.40	321,098,821.31	59,533,321.31	789,711,034.02
Total Fund Balances	<u>409,078,891.40</u>	<u>321,098,821.31</u>	<u>59,533,321.31</u>	<u>789,711,034.02</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 410,090,445.84</u>	<u>\$ 321,900,900.48</u>	<u>\$ 60,460,778.96</u>	<u>\$ 792,452,125.28</u>

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT C-2

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Permanent Funds

For the Fiscal Year Ended August 31, 2023

	Supporting Graduate Education Fund (0179) U/F (1179)	Military & Veterans Exemptions Fund (0210) U/F (0210)	Available Nat'l Research University Fund (0214) U/F (0214)	Total (Exhibit C-2) 2023
REVENUES				
Interest and Other Investment Income (GR)	\$ 989,522.31	\$ 1,936,816.37	\$	\$ 2,926,338.68
Net Increase (Decrease) in Fair Value (GR)	(5,920,159.18)	3,037,218.86		(2,882,940.32)
Other (GR)		9,896,384.00	28,868,632.00	38,765,016.00
Total Revenues	<u>(4,930,636.87)</u>	<u>14,870,419.23</u>	<u>28,868,632.00</u>	<u>38,808,414.36</u>
EXPENDITURES				
Professional Fees and Services	827,449.58	630,169.12		1,457,618.70
Intergovernmental Payments		548,799.00		548,799.00
Total Expenditures	<u>827,449.58</u>	<u>1,178,968.12</u>	<u>0.00</u>	<u>2,006,417.70</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(5,758,086.45)</u>	<u>13,691,451.11</u>	<u>28,868,632.00</u>	<u>36,801,996.66</u>
OTHER FINANCING SOURCES (USES)				
Transfer In		(208,061.54)	12,830,946.18	12,622,884.64
Transfer Out		(8,921,999.10)	(34,131,264.52)	(43,053,263.62)
Contributions to permanent foundation principal	(13,300,496.00)	(9,896,384.00)		(23,196,880.00)
Total Other Financing Sources (Uses)	<u>(13,300,496.00)</u>	<u>(19,026,444.64)</u>	<u>(21,300,318.34)</u>	<u>(53,627,258.98)</u>
Net Change in Fund Balances	<u>(19,058,582.45)</u>	<u>(5,334,993.53)</u>	<u>7,568,313.66</u>	<u>(16,825,262.32)</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances, September 1, 2022	428,137,473.85	326,433,814.84	51,965,007.65	806,536,296.34
Fund Balances, August 31, 2023	<u>\$ 409,078,891.40</u>	<u>\$ 321,098,821.31</u>	<u>\$ 59,533,321.31</u>	<u>\$ 789,711,034.02</u>

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT I-1

**Combining Statement of Fiduciary Net Position –
Private-Purpose Trust Funds**

August 31, 2023

	Private Purpose Tobacco Settlement Political Subdivision Trust (0872) U/F (2872)	Federal Resource Receipt Distribution Fund (0521) U/F (0521)	Private Purpose Flood Area School and Road Trust Fund (0903) U/F (0903)	Total (Exhibit I-1) 2023
ASSETS				
Cash and Cash Equivalents	\$	\$	\$ 6,065,046.48	\$ 6,065,046.48
Receivables:				
Federal			2,909,253.16	2,909,253.16
Interest and Dividends			5,654.24	5,654.24
Total Assets	<u>0.00</u>	<u>0.00</u>	<u>8,979,953.88</u>	<u>8,979,953.88</u>
LIABILITIES				
Accounts Payables			4,570,098.22	4,570,098.22
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>4,570,098.22</u>	<u>4,570,098.22</u>
NET POSITION				
Fiduciary NP Other Purposes			4,409,855.66	4,409,855.66
Total Net Position	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 4,409,855.66</u>	<u>\$ 4,409,855.66</u>

* USAS D24 GAAP fund is noted as (XXXX)** USAS D23 fund is noted as U/F (XXXX)

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT I-2

Combining Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Funds

For the Fiscal Year Ended August 31, 2023

	Private Purpose Tobacco Settlement Political Subdivision Trust (0872) U/F (2872)	Federal Resource Receipt Distribution Fund (0521) U/F (0521)	Private Purpose Flood Area School and Road Trust Fund (0903) U/F (0903)	Total (Exhibit I-2) 2023
ADDITIONS				
Contributions:				
Federal Contributions	\$	\$	\$ 8,374,811.00	\$ 8,374,811.00
Total Contributions	0.00	0.00	8,374,811.00	8,374,811.00
Investment Income:				
From Investing Activities:				
Interest, Dividend and Other			231,793.30	231,793.30
Total Net Investment Income (Loss)	0.00	0.00	231,793.30	231,793.30
Other Additions:				
Federal Revenue			2,909,253.16	2,909,253.16
Transfer In	85,195,988.00			85,195,988.00
Total Other Additions	85,195,988.00	0.00	2,909,253.16	88,105,241.16
Total Additions	85,195,988.00	0.00	11,515,857.46	96,711,845.46
DEDUCTIONS				
Intergovernmental Payments	85,195,988.00		8,394,839.71	93,590,827.71
Total Deductions	85,195,988.00	0.00	8,394,839.71	93,590,827.71
INCREASE (DECREASE) IN NET POSITION	0.00	0.00	3,121,017.75	3,121,017.75
NET POSITION				
Net Position, September 1, 2022	0.00	0.00	1,288,837.91	1,288,837.91
Net Position, August 31, 2023	\$ 0.00	\$ 0.00	\$ 4,409,855.66	\$ 4,409,855.66

* USAS D24 GAAP fund is noted as (XXXX)

** USAS D23 fund is noted as U/F (XXXX)

EXHIBIT J-1

Combining Statement of Fiduciary Net Position - Custodial Funds

August 31, 2023

	Economic Development Custodial Funds (3425)	Total (Exhibit J-1)
	U/F (0874, 1874, 2874, 3874, 4874, 5874, 0882)	
ASSETS		
Cash and Cash Equivalents:		
Cash in State Treasury	<u>\$ 1,637,720,631.96</u>	<u>\$ 1,637,720,631.96</u>
Total Assets	<u>\$ 1,637,720,631.96</u>	<u>\$ 1,637,720,631.96</u>
NET POSITION		
Fiduciary NP Other Purposes	<u>\$ 1,637,720,631.96</u>	<u>\$ 1,637,720,631.96</u>
Total Net Position	<u>\$ 1,637,720,631.96</u>	<u>\$ 1,637,720,631.96</u>

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT J-2

Combining Statement of Changes in Fiduciary Net Position - Custodial Funds

For the Fiscal Year Ended August 31, 2023

	Economic Development Custodial Funds (3425) U/F (0874, 1874, 2874, 3874, 4874, 5874, 0882)	Total (Exhibit J-2)
ADDITIONS		
Investment Income:		
From Investing Activities:		
Interest, Dividend and Other	\$ 4,599,868.11	\$ 4,599,868.11
Total Net Investment Income (Loss)	<u>4,599,868.11</u>	<u>4,599,868.11</u>
Other Additions:		
Other Revenue	13,444,952,887.56	13,444,952,887.56
Total Other Additions	<u>13,444,952,887.56</u>	<u>13,444,952,887.56</u>
Total Additions	<u>13,449,552,755.67</u>	<u>13,449,552,755.67</u>
DEDUCTIONS		
Interest Expense	4,382,465.98	4,382,465.98
Intergovernmental Payments	13,352,288,094.72	13,352,288,094.72
Total Deductions	<u>13,356,670,560.70</u>	<u>13,356,670,560.70</u>
INCREASE (DECREASE) IN NET POSITION	<u>92,882,194.97</u>	<u>92,882,194.97</u>
NET POSITION		
Net Position, September 1, 2022	2,044,776,059.77	2,044,776,059.77
Restatements	<u>(499,937,622.78)</u>	<u>(499,937,622.78)</u>
Net Position, September 1, 2022, as Restated	1,544,838,436.99	1,544,838,436.99
Net Position, August 31, 2023	<u>\$ 1,637,720,631.96</u>	<u>\$ 1,637,720,631.96</u>

* USAS D24 GAAP fund is noted as (XXXX)

** USAS D23 fund is noted as U/F (XXXX)

UNAUDITED
Comptroller – Fiscal (902)

SUPPLEMENTARY SCHEDULES

UNAUDITED
Comptroller – Fiscal (902)

SCHEDULE 1A

Schedule of Federal Financial Assistance

For the Fiscal Year Ended August 31, 2023

Federal Grantor/Pass Through Grantor/Program Title	ALN Number	Pass-Through From		Direct Program Amount	Total Pass- Through & Direct Program
		State Agy. Or Univ. Amount	Non-State Entities Amount		
U.S. Department of the Treasury COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	\$	\$	\$	\$
Pass-Through From: Governor - Fiscal (300)		(758,691,185.75)			(758,691,185.75)
Pass-Through To: Texas Workforce Commission (320)					
Total U.S. Dept of the Treasury		<u>(758,691,185.75)</u>	<u>0.00</u>	<u>0.00</u>	<u>(758,691,185.75)</u>
U.S. Department of Defense Payments to States in Lieu of Real Estate Taxes	12.112			7,101,335.45	7,101,335.45
Total U.S. Dept of Defense		<u>0.00</u>	<u>0.00</u>	<u>7,101,335.45</u>	<u>7,101,335.45</u>
Total Federal Financial Assistance		<u>\$ (758,691,185.75)</u>	<u>\$ 0.00</u>	<u>\$ 7,101,335.45</u>	<u>\$ (751,589,850.30)</u>
NOTE 2 – RECONCILIATION					
Per Combined Balance Sheet – Governmental Funds (Exh II):					
Federal Revenues		\$ (1,273,475.55)			
Pass-Through Revenues		(758,691,185.75)			
Per Combined Statement of Changes in Fiduciary Net Assets - Fiduciary Funds – (Exh VII):					
Federal Revenues		8,374,811.00			
Reconciling Items					
Total Pass-Through and Expenditures Per Federal Schedule		<u>\$ (751,589,850.30)</u>			

UNAUDITED
Comptroller – Fiscal (902)

SCHEDULE 1A (concluded)

Schedule of Federal Financial Assistance

For the Fiscal Year Ended August 31, 2023

Federal Grantor/Pass Through Grantor/Program Title	Pass-Through To		Expenditures Amount	Total Pass- Through & Expenditures
	State Agy. Or Univ. Amount	Non-State Entities Amount		
U.S. Department of the Treasury COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	\$	\$	\$	\$
Pass-Through From: Governor - Fiscal (300)				
Pass-Through To: Texas Workforce Commission (320)	(758,691,185.75)			(758,691,185.75)
Total U.S. Dept of the Treasury	<u>(758,691,185.75)</u>	<u>0.00</u>	<u>0.00</u>	<u>(758,691,185.75)</u>
U.S. Department of Defense Payments to States in Lieu of Real Estate Taxes			7,101,335.45	7,101,335.45
Total U.S. Dept of Defense	<u>0.00</u>	<u>0.00</u>	<u>7,101,335.45</u>	<u>7,101,335.45</u>
Total Federal Financial Assistance	<u>\$ (758,691,185.75)</u>	<u>\$ 0.00</u>	<u>\$ 7,101,335.45</u>	<u>\$ (751,589,850.30)</u>

SCHEDULE 4

Schedule of Modified to Full Accrual Adjustments - Governmental Balance Sheet/Statement of Net Position - Governmental

August 31, 2023

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash in State Treasury	\$ 38,635,589,303.77	\$	\$	\$	\$ 38,635,589,303.77
Cash in Bank (Note 3)	37,774,458.15				37,774,458.15
Legislative Appropriations	(13,422,959.82)				(13,422,959.82)
Short Term Investments (Note 3)	756,479,738.08				756,479,738.08
Receivables:					
Accounts	342,400,000.00				342,400,000.00
Investment Trades	1,280,333.64				1,280,333.64
Interest and Dividends	11,464,177.79				11,464,177.79
Taxes (Note 27)	5,385,629,457.63				5,385,629,457.63
Due From Other Agencies	3,327,649,119.61				3,327,649,119.61
Total Current Assets	<u>48,484,843,628.85</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>48,484,843,628.85</u>
Non-Current Assets:					
Taxes Receivable (Note 27)	77,176,904.23				77,176,904.23
Investments (Note 3)	13,353,170,096.17				13,353,170,096.17
Capital Assets:					
Depreciable					
Furniture and Equipment		276,704.43			276,704.43
Accumulated Depreciation		(276,704.43)			(276,704.43)
Computer Software		3,207,683.87			3,207,683.87
Accumulated Amortization		(3,207,683.87)			(3,207,683.87)
Total Non-Current Assets	<u>13,430,347,000.40</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>13,430,347,000.40</u>
Total Assets	<u>\$ 61,915,190,629.25</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 61,915,190,629.25</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current Liabilities:					
Payables From:					
Accounts	\$ 6,820,631.05	\$	\$	\$	\$ 6,820,631.05
Interest	680,579.43				680,579.43
Investment Trade	749,974.85				749,974.85
Other Intergovernmental	28,530,580.02				28,530,580.02
Taxes Refund Payable	374,030,425.18				374,030,425.18
Other	320,890,164.44				320,890,164.44
Due To Other Agencies	6,482,847,976.98				6,482,847,976.98
Unearned Revenues	438,881,778.67			(468,924,276.97)	(30,042,498.30)
Total Current Liabilities	<u>7,653,432,110.62</u>	<u>0.00</u>	<u>0.00</u>	<u>(468,924,276.97)</u>	<u>7,184,507,833.65</u>
Total Liabilities	<u>7,653,432,110.62</u>	<u>0.00</u>	<u>0.00</u>	<u>(468,924,276.97)</u>	<u>7,184,507,833.65</u>
DEFERRED INFLOWS					
Deferred Inflows of Resources (Note 29)	1,793,515,237.33			(1,035,931,600.39)	757,583,636.94
Total Deferred Inflows	<u>1,793,515,237.33</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,035,931,600.39)</u>	<u>757,583,636.94</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances (Deficits):					
Nonspendable for Prepaid Items	31,695,876.79				
Nonspendable for LT Taxes Receivable	77,176,904.23				
Restricted	1,487,193,664.43				
Committed	4,403,978.81				
Assigned					
Unassigned	<u>50,899,468,733.83</u>				
Total Fund Balances	<u>52,499,939,158.09</u>				
Total Liabilities and Fund Balances	<u>61,946,886,506.04</u>				
GOVERNMENT-WIDE STATEMENT– NET POSITION					
Net Position:					
Net Investments in Capital Assets					
Unrestricted	<u>52,468,243,281.30</u>	<u>0.00</u>	<u>0.00</u>	<u>1,504,855,877.36</u>	<u>53,973,099,158.66</u>
Total Net Position	<u>\$ 52,468,243,281.30</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,504,855,877.36</u>	<u>\$ 53,973,099,158.66</u>

UNAUDITED
Comptroller – Fiscal (902)

SCHEDULE 4

**Schedule of Modified to Full Accrual Adjustments - Governmental
Balance Sheet/Statement of Net Position - Governmental**

August 31, 2023

Account Title	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
REVENUES					
Taxes	\$ 75,426,173,996.18	\$	\$	\$ 21,433,103.91	\$ 75,447,607,100.09
Federal Revenues	(1,273,475.55)				(1,273,475.55)
Federal Pass-Through	(758,691,185.75)				(758,691,185.75)
Licenses, Fees & Permits	1,447,512,460.78				1,447,512,460.78
Interest and Other Investment Income	1,633,249,533.91				1,633,249,533.91
Net Increase (Decrease) in Fair Value (GR)	102,955,718.50				102,955,718.50
Land Income	4,702,729.75				4,702,729.75
Settlement of Claims	597,363,828.97			54,560,659.62	309,524,488.59
Sales of Goods and Services	35,885,539.17				35,885,539.17
Other	926,560,037.89				926,560,037.89
Total Revenues	<u>79,414,439,183.85</u>	<u>0.00</u>	<u>0.00</u>	<u>75,993,763.53</u>	<u>79,148,032,947.38</u>
EXPENDITURES					
Payroll Related Costs	2,175,511,865.10				2,175,511,865.10
Professional Fees and Services	21,902,486.54				21,902,486.54
Repairs and Maintenance	355,418.61				355,418.61
Claims and Judgments	16,337,357.46				16,273,217.87
Federal Grant Pass-Through Expenditures	(758,691,185.75)				(758,691,185.75)
Intergovernmental Payments	626,576,722.15				626,576,722.15
Interest Expense - Other	47,483,843.06				47,483,843.06
Other Expenditures	135,817,380.66				135,817,380.66
Total Expenditures	<u>2,265,293,887.83</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,265,229,748.24</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>77,149,145,296.02</u>	<u>0.00</u>	<u>0.00</u>	<u>75,993,763.53</u>	<u>77,225,139,059.55</u>
OTHER FINANCING SOURCES (USES)					
Transfer In	10,032,393,627.21				10,032,393,627.21
Transfer Out	(35,343,768,086.32)				(35,343,768,086.32)
Legislative Transfer Out	(36,085,701,509.87)				(36,085,701,509.87)
Contributions to permanent foundation principal	(23,196,880.00)				(23,196,880.00)
Insurance Recoveries	33,056.12				33,056.12
Total Other Financing Sources and Uses	<u>(61,420,239,792.86)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(61,420,239,792.86)</u>
Net Change in Fund Balances/Net Assets	<u>15,728,905,503.16</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances, September 1, 2022	36,739,337,778.14				
Fund Balances, August 31, 2023	52,468,243,281.30				
GOVERNMENT-WIDE STATEMENT – NET POSITION					
Net Position/Net Change in Net Position	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>75,993,763.53</u>	<u>75,993,763.53</u>
Net Position, September 1, 2022				1,428,862,113.83	1,428,862,113.83
Net Position, August 31, 2023	<u>\$ 52,468,243,281.30</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,504,855,877.36</u>	<u>\$ 53,973,099,158.66</u>

UNAUDITED
Comptroller – Fiscal (902)

SCHEDULE 5

Schedule of Tax Revenue, Tax Receivable and Deferred Inflow Tax Revenue

For the Fiscal Year Ended August 31, 2023

Tax Type	Tax Revenue		Taxes Receivable	Refunds Payable	Net Taxes Receivable
	Modified Accrual	Full Accrual			
Sales and Use	\$ 42,483,975,467.32	\$ 43,084,337,744.15	\$ 3,363,095,149.00	\$	\$ 3,363,095,149.00
Motor Vehicle & MFG Housing	6,178,754,238.63	6,179,372,127.38	110,684,368.41		110,684,368.41
Motor Fuels ⁽¹⁾	121,922,859.91	121,937,004.82	11,019,320.41		11,019,320.41
Oil & Natural Gas Production	8,982,583,270.23	9,007,099,830.53	1,220,831,674.05	(374,030,425.18)	846,801,248.87
Franchise ⁽²⁾	5,253,758,407.72	5,253,758,407.72			
Insurance	4,080,291,242.75	4,402,043,363.52	420,194,899.46		420,194,899.46
Cigarette & Tobacco	521,638,598.09	521,638,598.09	17,161,451.41		17,161,451.41
Other Taxes:					
Alcoholic Beverage	1,778,094,983.78	1,797,945,841.93	147,442,743.11		147,442,743.11
Utility	591,562,653.24	644,741,489.48	88,748,782.12		88,748,782.12
Hotel and Motel	778,470,164.77	794,109,079.21	83,620,033.35		83,620,033.35
Other	216,200,110.24	216,200,110.24			7,940.54
Total Taxes	\$ 70,987,251,996.68	\$ 72,023,183,597.07	\$ 5,462,798,421.32	\$ (374,030,425.18)	\$ 5,088,775,936.68

(1) Motor fuel tax revenue, taxes receivable and deferred inflows of tax revenue transferred to the Texas Department of Transportation and Texas Education Agency will be reported by those agencies instead of Comptroller-Fiscal.

(2) Franchise taxes receivable will be finalized in January 2023.

Tax Type	Deferred Inflow Tax Revenue
Sales and Use	\$ 600,362,276.83
Motor Vehicle & MFG Housing	617,888.75
Motor Fuels ⁽¹⁾	14,144.91
Oil & Natural Gas Production	24,516,560.30
Franchise	
Insurance	321,752,120.77
Cigarette & Tobacco	
Other Taxes:	
Alcoholic Beverage	19,850,858.15
Utility	53,178,836.24
Hotel and Motel	15,638,914.44
Total Taxes	\$ 1,035,931,600.39

Comptroller Treasury – Fiscal (311)

BASIC FINANCIAL STATEMENTS

UNAUDITED
Comptroller Treasury – Fiscal (311)

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Comptroller Treasury – Fiscal (311)

EXHIBIT I

Combined Balance Sheet/Statement of Net Position – Governmental Funds

August 31, 2023

	General Funds (Ex A-1)	Special Revenue Funds (Ex B-1)	Permanent Funds (Ex E-1)	Governmental Funds Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash in Bank	\$	\$ 149,296.45	\$	\$ 149,296.45
Cash in State Treasury	4,771,907.85			4,771,907.85
Short Term Investments		49,147,659.35	114,298,738.50	163,446,397.85
Receivables From:				
Interest and Dividends		57,846.38	524,146.53	581,992.91
Trade Receivables		146,967.81	1,482,851.62	1,629,819.42
Due From Other Agencies				
Other Assets	825,000.00			
Non-Current Assets:				
Investments		121,939,165.40	851,553,106.06	973,492,271.47
Total Assets	<u>\$ 5,596,907.85</u>	<u>\$ 171,440,935.38</u>	<u>\$ 967,858,842.71</u>	<u>\$ 1,144,071,685.94</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts Payable	\$	\$ 96,754.08	\$ 966,148.73	\$ 1,062,902.80
Trade Payable		5.36	39.67	45.03
Interest Payable		99,772.78	1,006,670.98	1,106,443.76
Due to Other Agencies				
Futures Contracts at Fair Value				
Swaps at Fair Value				
Other Liabilities				
Total Liabilities	<u>0.00</u>	<u>196,532.21</u>	<u>1,972,859.38</u>	<u>2,169,391.60</u>
FUND FINANCIAL STATEMENT				
Fund Balances (Deficits):				
Restricted				
Committed	5,596,907.85	171,244,403.17	965,885,983.33	1,142,727,294.35
Unassigned				
Total Fund Balances	<u>5,596,907.85</u>	<u>171,244,403.17</u>	<u>965,885,983.33</u>	<u>1,142,727,294.35</u>
Total Liabilities and Fund Balances	<u>\$ 5,596,907.85</u>	<u>\$ 171,440,935.38</u>	<u>\$ 967,858,842.71</u>	<u>\$ 1,144,896,685.94</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

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

	General Funds (Ex A-2)	Special Revenue Funds (Ex B-2)	Permanent Funds (Ex E-2)	Governmental Funds Total
REVENUES				
Interest and Other Investment Income	\$	\$ 4,546,383.59	\$ 5,994,880.76	\$ 10,541,264.34
Net Increase (Decrease) in Fair Value		862,999.58	3,654,645.60	4,517,645.18
Other Revenue	<u>5,730,350.98</u>			<u>5,730,350.98</u>
Total Revenues	<u>5,730,350.98</u>	<u>5,409,383.17</u>	<u>9,649,526.35</u>	<u>20,789,260.50</u>
EXPENDITURES				
Professional Fees and Services		192,619.61	1,906,069.91	2,098,689.52
Travel				
Interest				
Information Technology Service				
Purchased Contracted Service				
Rentals and Leases				
Prompt Payment Interest				
Fees and other charges		59,157.10		59,157.10
Other Expenses	<u>5,581,834.13</u>			<u>5,581,834.13</u>
Total Expenditures/Expenses	<u>5,581,834.13</u>	<u>251,776.71</u>	<u>1,906,069.91</u>	<u>7,739,680.75</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>148,516.85</u>	<u>5,157,606.46</u>	<u>7,743,456.44</u>	<u>13,049,579.75</u>
OTHER FINANCING SOURCES (USES)				
Transfers In		18,053,484.17		18,053,484.17
Transfers Out		<u>(23,042,413.96)</u>	<u>(31,704,912.48)</u>	<u>(54,747,326.44)</u>
Total Other Financing Sources and Uses	<u>0.00</u>	<u>(4,988,929.79)</u>	<u>(31,704,912.48)</u>	<u>(36,693,842.27)</u>
Net Change in Fund Balances/Net Assets	<u>148,516.85</u>	<u>168,676.67</u>	<u>(23,961,456.04)</u>	<u>(23,644,262.52)</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances, September 1, 2022, as Restated	5,448,391.00	171,075,726.50	989,847,439.37	1,166,371,556.87
Restatements				
Fund Balances, September 1, 2022, as Restated	<u>5,448,391.00</u>	<u>171,075,726.50</u>	<u>989,847,439.37</u>	<u>1,166,371,556.87</u>
Fund Balances – August 31, 2023	<u>\$ 5,596,907.85</u>	<u>\$ 171,244,403.17</u>	<u>\$ 965,885,983.33</u>	<u>\$ 1,142,727,294.35</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT VI

**Combined Statement of Net Position –
Fiduciary Funds**

August 31, 2023

	Private- Purpose Trust (Exhibit I-1)	Totals
ASSETS		
Cash and Cash Equivalents:		
Cash in Bank	\$	\$
Cash in State Treasury		
Other Short Term Investments	425,588,687.54	425,588,687.54
Investments (Note 3)		
U.S. Government and Agency Obligations		
Corporate Equity	1,312,340.06	1,312,340.06
Corporate Obligations		
Foreign Securities	60,394,697.49	60,394,697.49
Other Investments	2,714,643,867.53	2,714,643,867.53
Repurchase Agreements		
Receivables:		
Interest and Dividends	1,864,267.07	1,864,267.07
Trade Receivables	4,942,719.45	4,942,719.45
Due From Other Fund		
Other Assets		
Total Assets	3,208,746,579.12	3,208,746,579.12
LIABILITIES		
Payables:		
Accounts Payable	3,212,413.03	3,212,413.03
Trade Payable	145.12	145.12
Interest Payable	3,355,488.98	3,355,488.98
Due to Other Agencies		
Obligations/Securities Lending		
Swaps at Fair Value		
Funds Held for Others		
Total Liabilities	6,568,047.13	6,568,047.13
NET ASSETS		
Held in trust for:		
Individuals, Organizations, and		
Other Governments	3,202,178,531.99	3,202,178,531.99
Total Net Assets	\$3,202,178,531.99	\$3,202,178,531.99

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT VII

Combined Statement of Changes in Net Position – Fiduciary Funds

August 31, 2023

	Private Purpose Trust (Exhibit I-2)	Totals
ADDITIONS		
Investment Income:		
From Investing Activities:		
Net appreciation (Depreciation) in		
Fair Value of Investments	\$ 61,393,180.68	\$ 61,393,180.68
Interest and Investment Income	19,822,468.45	19,822,468.45
Total Investing Income (Loss)	81,215,649.12	81,215,649.12
Less Investing Activities Expense		
Net Income from Investing Activities	<u>81,215,649.12</u>	<u>81,215,649.12</u>
From Securities Lending Activities		
Securities Lending Income		
Less Securities Lending Expense:		
Borrower Rebates and Agent Fees		
Net Income from Securities Lending Activities		
Total Net Investment Income (Loss)	<u>81,215,649.12</u>	<u>81,215,649.12</u>
Total Additions	<u>81,215,649.12</u>	<u>81,215,649.12</u>
DEDUCTIONS		
Transfer out	85,195,988.00	85,195,988.00
Professional Fees and Services	6,243,739.25	6,243,739.25
Total Deductions	<u>91,439,727.25</u>	<u>91,439,727.25</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(10,224,078.13)</u>	<u>(10,224,078.13)</u>
NET POSITION		
Net Position September 1, 2022	3,212,402,610.12	3,212,402,610.12
Restatements		
Net Position, September 1, 2022, as Restated	<u>3,212,402,610.12</u>	<u>3,212,402,610.12</u>
Net Position – August 31, 2023	<u><u>\$ 3,202,178,531.99</u></u>	<u><u>\$ 3,202,178,531.99</u></u>

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

GENERAL INTRODUCTION

The Comptroller Treasury–Fiscal is an agency of the state of Texas, and its financial records comply with the state statutes and regulations. This includes compliance with the Comptroller of Public Accounts Reporting Requirements of State Agencies.

Effective September 1, 1996, the constitutional office of the Treasurer was abolished, and the powers, duties, obligations, rights and contracts of the Treasurer were transferred to and assumed by the State Comptroller of Public Accounts.

There are no component units in which the Comptroller Treasury–Fiscal is financially accountable or any organization in which exclusion would create misleading or incomplete 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 be in compliance 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*; 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 and account groups, each of which is considered a separate accounting entity.

GOVERNMENTAL FUND TYPES

General Fund

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

Permanent Funds

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the state’s programs.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than for private-purpose trusts or for major capital projects) that are legally restricted to use for specified purposes.

FIDUCIARY FUND TYPES

Agency Funds

Agency funds are used to account for assets held as an agent for individuals, other government entities, and/or other funds. These funds are custodial in nature and do not involve measurement of results of operations.

Private-Purpose Trust Funds

Agencies use private-purpose trust funds to account for all other trust arrangements whose principal and interest benefit individuals, private organizations, or other governments.

BASIS OF ACCOUNTING

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. All governmental fund types and agency funds are accounted for on the modified basis of accounting. Revenues are recognized when they become both measurable and available. Expenditures are generally recognized when the related fund liability is incurred. Exceptions are unpaid employee compensable leave, and the un-matured debt service (principal and interest) on general long-term debt, long-term capital leases, and long-term claims and judgments, which are not recognized until actual payment is made.

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). Encumbrance accounting is employed for budgetary control purposes.

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

ASSETS, LIABILITIES AND FUND BALANCES/NET ASSETS

ASSETS

Investments

Investments are stated at fair value in all funds in accordance with GASB Statement 31 – Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

Securities Lending Collateral

Securities lent are reported as assets on the balance sheet. The costs of securities lending transactions are reported as expenditures or expenses in the Operating Statement. These costs are reported at gross.

Interest and Dividend Receivables

This includes interest and dividends accrued on investments at year-end that will not be deposited to the Fund until after the fiscal year.

Investment Trade Receivables

This represents investment sales that occurred on or before fiscal year-end for which cash payment will be received after fiscal year-end.

Other Assets

This represents the portion of other assets that are not classified in any other categories of assets. This account appears in our governmental fund type. Securities held in trust for companies, corporations or individuals doing business in the state as a bond investment company.

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.

Notes Payable

State of Texas Tax and Revenue Anticipation Notes are recorded at par. The bond proceeds are accounted for as an “Other Financing Source” in the Tax and Revenue Anticipation Note Fund 577 when received, and expenditures for payment of principal and interest are recorded in the Tax and Revenue Anticipation Note Fund 577 when paid.

Investment Trade Payables

This represents the liability for investment purchases that occurred on or before fiscal year-end for which cash payment will be received after fiscal year-end.

Other Liabilities

This represents unallocated depository interest accrual at fiscal year-end. This account appears in our governmental fund type.

FUND BALANCE/NET POSITION

Fund Balance/Net Position

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

Fund Balance Components

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

Restricted Net Position

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

Unrestricted Net Position

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

INTERFUND ACTIVITIES AND BALANCES

The Treasury has the following types of transactions between funds:

- (1) Transfers: Legally required transfers that are reported when incurred as “Transfers In” by the recipient fund and as “Transfers Out” by the disbursing fund

The composition of the agency’s Interfund activities and balances are presented in Note 12.

NOTE 2: Capital Assets

(Not Applicable)

NOTE 3: Deposits, Investments & Repurchase Agreements

All monies in funds established in the Treasury by the State Constitution or by an act of the Legislature are pooled for investment purposes. All monies of the Trust Company are invested according to Section 404.106 of the Government Code.

INVESTMENT AUTHORITY

Section 404.024 of the Government Code permits the investment of these funds in the following instruments:

1. Fully collateralized time deposits in banks and savings and loan associations domiciled in the state which have been approved by the State Depository Board to receive state deposits;
2. Direct security repurchase agreements;
3. Reverse repurchase agreements;
4. Direct obligations of, or obligations the principal and interest of which are guaranteed by the United States, its’ agencies and instrumentalities;
5. Bankers’ acceptances that: (i) are eligible for purchase by the Federal Reserve System, (ii) do not exceed 270 days to maturity, and (iii) are issued by a bank that has received the highest short-term credit rating by a nationally recognized investment firm;
6. Commercial paper that has received the highest short-term credit rating by a nationally recognized investment rating firm and does not exceed 270 days to maturity; and
7. Contracts written by the Comptroller in which the Comptroller grants the purchaser the right, for a fee, to purchase securities in the Treasury’s marketable securities portfolio at a specified price over a specified period. These contracts are commonly known as covered call options. Uncovered option trading is specifically prohibited.

No more than 20% of Treasury Pool assets may be invested in time deposits at approved state depositories.

Repurchase and reverse repurchase agreements may be entered into by the Comptroller only with state or national banks doing business in Texas or primary dealers approved by the Federal Reserve System.

There were no significant violations of legal provisions during the period.

DEPOSITS OF CASH IN BANK

Custodial Operations

As of August 31, 2023, the carrying amount and the total bank balance of deposits is presented below:

Custodial Operations	
Cash in Bank – Carrying Amount	\$ 489,745,081.84
Total Cash in Bank	<u>\$ 489,745,081.84</u>

The Trust Company’s contract with the Federal Reserve Bank permits the Trust Company to wire transfer funds for the purpose of facilitating investment transactions. Correspondingly, a minimum cash balance is maintained in the account to generate earnings credits sufficient to offset the costs of the services received. As these investment transactions occur, the Federal Reserve Bank requires that the Trust Company maintain a positive cash balance in the account intraday and at the end of the day. The Trust Company met those requirements throughout fiscal 2023.

Collateralization and Risk Categorization – In accordance with state law, all amounts deposited in financial institutions above the amounts insured by the Federal Deposit Insurance Corporation are fully collateralized by the pledging, to the Comptroller, of eligible securities valued at market, excluding accrued interest. Generally, the list of eligible securities includes all U. S. Treasury and most Agency Obligations, including certain mortgage backed securities pledged at 125%, and securities issued by state agencies and political subdivisions within the State. All securities pledged to the Comptroller must be held by a third-party custodian bank doing business in the State through a main office or one or more branches, any Federal Reserve Bank, the Texas Treasury Safekeeping Trust Company, any Federal Home Loan Bank or in the vault of Treasury Operations at the State Comptroller of Public Accounts.

Securities pledged as collateral on August 31, 2023, were categorized as follows:

Political Subdivision Securities	
<u>Moody's Investors Service Ratings</u>	<u>Percent of Collateral Pledged</u>
AAA	12.42%
AA	16.98%
A	5.84%
Subtotal	<u>35.24%</u>

U.S. Government Securities	
<u>Description</u>	<u>Percent of Collateral Pledged</u>
Federal Farm Credit Bank	2.34%
Federal Home Loan Bank Debentures	3.55%
Federal Home Mtg. Corp-Mtg. backed	0.44%
Federal Home Loan Mortgage Corp	0.76%
Federal National Mortgage Assn	0.00%
Federal National Mtg. Assn-Mtg. backed	7.95%
Government National Mortgage Assn	0.95%
Federal Home Loan Bank Letters of Credit	45.26%
U.S. Treasury Bills	0.00%
U.S. Treasury Notes and Bonds	3.51%
Subtotal	<u>64.76%</u>
TOTAL	<u>100.00%</u>

Based on an opinion letter received by the Treasury from the FDIC, it is the policy of the Treasury to collateralize bank deposits based on a collected funds basis.

During fiscal year 2023, no depository holding state funds failed.

All securities pledged to the Trust Company must be held by the Trust Company, a third-party bank that is an approved depository and approved custodian, any Federal Reserve Bank, Federal Home Loan Bank or in the vault of the Treasury. The Trust Company has contracted with financial institutions to collateralize Trust Company deposits in excess of depository insurance.

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State statute permits depository institutions to select the bank that may serve as their third-party custodian for collateral pledged by that institution to the Comptroller. These banks must be approved depositories and approved custodians with capital and surplus of \$5 million or more.

All deposits in financial institutions for Comptroller custodial operations, as of August 31, 2023, were fully secured by FDIC insurance and securities pledged to the Comptroller.

Departmental Operations

As of August 31, 2023, the carrying amount and the total bank balance of deposits is presented below:

Departmental Operations	
Governmental Funds	
Cash in Bank – Carrying Amount	\$ 149,296.45
Total Cash in Bank per AFR	<u>\$ 149,296.45</u>
Governmental Funds Cash in Bank	\$ 149,296.45
Cash in Bank per AFR	<u>\$ 149,296.45</u>
Governmental Funds Cash in Bank	

INVESTMENTS AND REPURCHASE AGREEMENTS

Custodial Operations

As of August 31, 2023, the fair value of investments is as presented below.

Investments for the Treasury Pool, as of August 31, 2023 are as follows:

Fair Value of Investments					
As of 08/31/2023					
Treasury Portfolio	Level 1	Level 2	Level 3	Amortized Cost	Fair Value
Investment Type					
U.S. Government Agencies	\$	\$ 3,092,297,680.09	\$	\$	\$ 3,092,297,680.09
U.S. Government Treasuries		46,611,194,878.52			46,611,194,878.52
Government Mortgage Backed Securities		4,385,770,445.75			4,385,770,445.75
Commercial paper		10,312,955,990.88			10,312,955,990.88
Repurchase Agreements				7,900,000,000.00	7,900,000,000.00
Supranationals/Israel Bonds		2,906,093,315.64			2,906,093,315.64
Corporate Obligations		2,378,944,651.30			2,378,944,651.30
Asset Backed Securities		5,480,184,403.49			5,480,184,403.49
Small Business Administration		4,092,436.80			4,092,436.80
Stock In Texas Trust Company			1,000,000.00		1,000,000.00
Money Market Mutual Funds	6,269,851,696.79				6,269,851,696.79
Total Treasury Pool without Lottery Securities	<u>6,269,851,696.79</u>	<u>75,171,533,802.47</u>	<u>1,000,000.00</u>	<u>7,900,000,000.00</u>	<u>89,342,385,499.26</u>
U. S. Government Agencies - Lottery - Refco		92,815,689.93			92,815,689.93
U. S. Government Agencies - Lottery - Treasury Strips		147,929,089.07			147,929,089.07
Total Investments	<u>\$ 6,269,851,696.79</u>	<u>\$ 75,412,278,581.47</u>	<u>\$ 1,000,000.00</u>	<u>\$ 7,900,000,000.00</u>	<u>\$ 89,583,130,278.26</u>

Credit risk. The risk that an issuer or other counterparty to an investment will not fulfill its obligation. Pursuant to Government Code section 404.024(a) and (b), treasury funds may be invested in fully collateralized repurchase agreements secured by obligations of the U.S., its agencies, or Government Sponsored Enterprises (GSEs), including mortgage-backed securities

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of such agencies and GSEs. The Comptroller may purchase direct obligations of or obligations the principal and interest of which are guaranteed by the U.S.; and direct obligations of or obligations guaranteed by U.S. agencies or GSEs. Mortgage-backed securities are eligible for purchase except those specifically prohibited by section 404.024 (e) of the Government Code. Treasury funds may invest in commercial paper that does not exceed 270 days to maturity and that has received the highest short-term credit rating by a nationally recognized statistical rating organization or “NRSRO.” “Highest short-term credit rating” includes at least one of the following short-term credit ratings, Moody’s (P-1), Standard & Poor’s (A-1), or Fitch, Inc. (F-1). Money market funds must be rated AAAM by a NRSRO and have a weighted average maturity of 60 days or less. Treasury funds may invest in asset backed securities that are rated at least A or its equivalent by a NRSRO and that have a weighted-average maturity of five years or less, as well as corporate debt obligations that are rated at least A or its equivalent by a NRSRO and mature in five years or less from the date on which the obligations were acquired. The Treasury portfolio is rated AA Af by Standard & Poor’s. The following table lists Standard & Poor’s credit rating by investment type for the Treasury Pool securities that are subject to credit risk.

Standard & Poor's							
Fund	Investment Type	AAA	AA	A	A-1	A-2	Unrated
Treasury Portfolio	U.S. Government Agencies	\$	\$ 2,793,014,021	\$	\$ 299,283,659	\$	\$
Treasury Portfolio	Government Mortgage Backed Securities	64,834,218	4,320,936,228				
Treasury Portfolio	Commercial paper				10,235,227,168	77,728,822	
Treasury Portfolio	Repurchase Agreements		7,900,000,000				
Treasury Portfolio	Small Business Administration		4,092,437				
Treasury Portfolio	Supranationals	2,133,752,653	75,000,000		697,340,662		
Treasury Portfolio	Corporate Obligations	44,131,838	2,145,467,687	189,345,127			
Treasury Portfolio	Asset Backed Securities	4,223,824,651					1,256,359,752
Treasury Portfolio	Mutual Funds (2A 7-Like)	6,269,851,697					

Concentration of credit risk. The Comptroller places a 5 percent limit on the amount the Treasury Pool may invest in any single corporate issuer. The Treasury Pool investments did not exceed this limit at year-end.

Interest rate risk. In accordance with its investment policy, the Treasury Pool manages its exposure to interest rate risk by maintaining a weighted-average maturity of no more than two (2) years. The following schedule reflects the average modified duration (a measure of the price sensitivity of a bond to interest rate movements) of the Treasury Pool by investment type and as a whole:

Investment Type	Modified Duration (Years)
U.S. Government Agencies	1.889
U.S. Government Treasuries	0.930
Government Mortgage Backed Securities	10.985
Commercial Paper	0.263
Repurchase Agreements	0.003
Small Business Administration	0.216
Supranationals	3.833
1 Corporate Obligations	3.092
Asset Backed Securities	4.916
Placement of deposits with financial institutions	1.297
Treasury Portfolio Modified Duration	0.025

Reverse Repurchase Agreements. The Treasury Pool may enter into reverse repurchase agreements for up to 35% of the pools assets. The Treasury Pool’s aggregate amount of reverse repurchase agreement obligations at August 31, 2023 was \$3,137,267.76 including accrued interest. The aggregate fair value of the securities underlying those agreements, including accrued interest, was \$3,145,405.94. There was no credit exposure at year-end.

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Departmental Operations

As of August 31, 2023, the fair value of investments is as presented below:

Investments Measured at Net Asset Value				
As of 08/31/2023				
Governmental Funds	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds – Fund of funds	\$ 9,107,626.21	N/A	Daily, Monthly, Quarterly, Annually	1-95 days
Hedge Funds – Direct funds	369,859,875.32	N/A	Quarterly, Semi-annual, Annually	1-90 days
Domestic Alternative Investments	528,389,433.76	270,806,197.51	N/A	N/A
International Alternative Investments	20,702,541.14	12,311,272.40	N/A	N/A
Total Investments	<u>\$ 928,059,476.43</u>	<u>\$ 283,117,469.91</u>		
Fiduciary Funds	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds – Fund of funds	\$ 27,620,508.49	N/A	Daily, Monthly, Quarterly, Annually	1-95 days
Hedge Funds – Direct funds	1,121,057,737.80	N/A	Monthly, Quarterly, Semi-annual, Annually	1-90 days
Domestic Alternative Investments	1,536,550,189.17	785,050,810.48	N/A	N/A
International Alternative Investments	60,394,697.49	36,161,014.34	N/A	N/A
Total Investments	<u>\$ 2,745,623,132.94</u>	<u>\$ 821,211,824.82</u>		

Investments by Fair Value Hierarchy					
As of 08/31/2023					
Governmental Funds	Level 1	Level 2	Level 3	Net Asset Value	Fair Value
Mutual Market Funds	\$ 126,393,028.97	\$	\$	\$	\$ 126,393,028.97
Mutual Funds – Global Fixed Income	9,100,555.41				9,100,555.41
Mutual Funds – Global Equities					
Domestic Fixed Income					
Global Equities	434,226.51				434,226.51
Total Return SWAP - Fixed Income	(427,022.54)		(427,022.54)		(854,045.08)
Total Return SWAP - Equity	1,025,954.02		1,025,954.02		2,051,908.05
Corporate Equities	7,719,259.31	1,869,935.88			9,589,195.19
Corporate Obligations		1,064,311.91			1,064,311.91
International Other Comingled Funds	5,128,242.93	3,553,009.74			8,681,252.68
Other Investments	478,929.66		15,485,392.19		15,964,321.85
Short Term Investments	3,550,635.88				3,550,635.88
Total Investments	<u>\$ 153,403,810.16</u>	<u>\$ 6,487,257.54</u>	<u>\$ 16,084,323.68</u>	<u>\$ 0.00</u>	<u>\$ 175,975,391.38</u>
Fiduciary Funds	Level 1	Level 2	Level 3	Net Asset Value	Fair Value
Mutual Market Funds	\$ 425,588,687.54	\$	\$	\$	\$ 425,588,687.54
Mutual Funds – Global Fixed Income	27,599,065.03				27,599,065.03
Mutual Funds – Global Equities					
Domestic Fixed Income					
Global Equities	1,312,340.06				1,312,340.06
Total Return SWAP - Fixed Income			(1,295,022.37)		(1,295,022.37)
Total Return SWAP - Equity			3,111,389.42		3,111,389.42
Total Investments	<u>\$ 454,500,092.62</u>	<u>\$ 0.00</u>	<u>\$ 1,816,367.05</u>	<u>\$ 0.00</u>	<u>\$ 456,316,459.67</u>

Valuations are intended to be made in a manner that is consistent with the Governmental Accounting Standard Board's ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB 72 generally requires state and local governments to measure investments at fair value with some exceptions. GASB defines an investment as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. The investment designation is made at acquisition and remains for the life of the asset. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share (or its equivalent) of the investment. Investments are categorized based on the fair value hierarchy of inputs summarized below:

- Level 1 Inputs – Quoted (unadjusted) prices in active markets for identical assets or liabilities. Examples of markets in which inputs might be observable include exchange markets, dealer markets, brokered markets, and principal-to-principal markets.
- Level 2 Inputs – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves, implied volatilities, credit spreads; or market-corroborated inputs.
- Level 3 Inputs – Unobservable inputs for the asset or liability. They should be used only when relevant Level 1 and Level 2 inputs are unavailable. A government should develop Level 3 inputs using the best information available under the circumstances, which might include the government's own data. It should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants. A government need not undertake exhaustive efforts to obtain information about market participant assumptions.

Investments in private equity, real estate, and hedge funds are generally limited partner interests in the funds and reported at net asset value ("NAV"). Private Equity and Real Estate Investments; Investments are valued monthly at NAV using the latest account statements from the funds. NAV is adjusted for cash flows that occur after the date of the statements through the month-end date. Account statements are typically issued quarterly. Hedge Funds; Investments are valued monthly at NAV using the current monthly account statements from the funds; If a current monthly account statement is unavailable, the value is calculated by using the estimated monthly return from the fund. Once a statement is received, the value is adjusted to reflect the NAV from the statement adjusted for cash flows that occur after the statement date. Mutual Funds; Investments are valued daily or monthly, as appropriate, at NAV per share. Exchange Traded Funds ("ETF"s); Investments are valued daily using electronic feeds from pricing vendors.

Credit Risk. Corporate obligations must be rated investment grade by at least one NRSRO and not rated below investment grade by any NRSRO. Short-term securities must be rated in the highest rating category by an NRSRO. The average quality rating of the high-yield fixed income portfolio shall be B1/B+ or higher. All high-yield securities when purchased must be rated at least CCC. The following schedule lists Standard & Poor's credit rating by investment type for the Endowment Fund securities that are subject to credit risk. The high-yield securities not rated by Standard & Poor's are rated Ba or B by Moody's. The investments in the short-term investment fund are investments in State Street's Institutional Liquid Reserve fund which is rated AAA by Standard & Poor's.

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Standard & Poor's			
Fund Type	Investment Type	AAA	Unrated
02	Mutual Funds – Global Fixed Income	\$	\$ 820,636.11
02	Investments in Short-Term Investment Fund	12,094,290.16	
19	Mutual Funds – Global Fixed Income		8,279,919.29
19	Investments in Short-Term Investment Fund	114,298,738.50	
20	Mutual Funds – Global Fixed Income		27,599,065.03
20	Investments in Short Term Investment Fund	425,588,687.54	

Concentration Risk. Excluding securities issued or guaranteed by the U.S. Government, its agencies, instrumentalities, and GSE's, no more than 5 percent of the portfolio at the time of purchase, shall be invested in securities of one issuer.

Interest Rate Risk. The endowment funds do not have a formal investment policy that limits investment maturities. The following schedule reflects the average effective duration of the Endowment Funds by investment type. The investments in the securities lending cash collateral pool and the short-term investment fund use a weighted average maturity to reflect the interest rate risk.

Investment Type	Effective Duration (Years)
Mutual Funds – Global Fixed Income	1.95
Investment Type	Weighted Average Maturity (Days)
Investments in Short-Term Investment Fund	25

Foreign Currency Risk. The endowment funds do not have a formal investment policy that limits foreign currencies. The endowment funds exposure to foreign currency risk derives from its position in foreign currency-denominated investment in Alternative Investments.

Fair Market Value As of August 31, 2023			
Fund Type	Foreign Currency	Alternative Investments International	Other Investments
02	Euro	\$ 1,958,656.43	\$ 2,440,541.27
19	Euro	18,743,884.71	-
20	Euro	60,394,697.49	-
	Total	<u>\$ 81,097,238.63</u>	<u>\$ 2,440,541.27</u>

Marketable Securities – All United States Treasury and Agency Securities owned by the Comptroller are held in the Trust Company's book-entry account at the San Antonio Branch of the Federal Reserve Bank of Dallas where they are delivered versus payment. All bankers' acceptances and commercial paper are held by the State's agent in the State's name. A safe-keeping receipt is issued to the State acknowledging delivery.

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Investment in the Trust Company – Section 404.105 of the Government Code authorizes the investment of state funds in the Trust Company. Through an order of the State Depository Board, dated Oct. 31, 1986 the Comptroller has invested \$1,000,000 in the Trust Company. These funds are invested by the Trust Company in obligations authorized by law for the investment of funds held and managed by the Comptroller. Any net earnings attributable to this investment are credited and allocated annually to the Comptroller. The Trust Company’s total contributed capital consists of one share of no-par common stock for \$1,000,000 owned by the Comptroller. One share was authorized and issued.

NOTE 4: Short-Term Debt

Pursuant to Subchapter H of Chapter 404 of the Texas Government Code, the Comptroller is authorized to issue, sell, and deliver Tax and Revenue Anticipation Notes (TRAN) on behalf of the State. The TRAN are valid and binding obligations of the State, payable in accordance with the terms of the Comptroller’s TRAN order. The TRAN are payable from transfers from the General Revenue Fund to a payment account.

For Fiscal Year 2023, the State Comptroller announced that the state did not issue State of Texas Tax and Revenue Anticipation Notes.

NOTE 5: Long-Term Liabilities

(Not Applicable)

NOTE 6: Bonded Indebtedness

(Not Applicable)

NOTE 7: Derivative Instruments

Derivatives are financial instruments whose value is derived, in whole or part, from the value of any one of more underlying securities or assets, or index of securities or assets, such as stocks, bonds, commodities, or currencies. The Endowment funds use derivatives as part of the portfolio hedging and overlays program. The objective of the program is to facilitate risk management and provide efficiency in the implementation of various investment strategies. Permitted applications of the portfolio hedging and overlays program are to implement strategies in a low cost and efficient manner; to hedge and control risks; to alter the Funds’ market (systemic) exposure without trading the underlying cash market securities; to construct portfolios with risk and return characteristics that could not be created with cash market securities; or to facilitate transition trading.

Through the use of derivatives, the risks that are bound together in traditional cash market investments can be separated and managed independently. The primary intent of the Fund’s investment in derivative instruments is to management and implement investment strategies more effectively and at a lower cost than would be possible in the cash market. To achieve these purposes, the Fund used futures and swaps during fiscal year 2023. All the Fund’s derivative instruments are considered investment derivatives and therefore are measured and reported at fair value.

The fair value, changes in fair value, and notional value of the Fund’s derivatives investments, classified by derivative type, are displayed in the following table as of August 31, 2023.

Derivative Instruments					
As of 08/31/2023					
	Changes in Fair Value		Fair Value as of August 31, 2023		Notional Amount
	Classification	Amount	Classification	Amount	
Governmental Activities					
<i>Investment Derivatives</i>					
Total Return Swaps	Investment Revenue	\$ (658,862.39)	Investment	\$ 598,931.48	\$ 178,413,104.95
Futures	Investment Revenue	\$ 0.00		\$ 0.00	\$ 0.00
Fiduciary Activities					
<i>Investment Derivatives</i>					
Total Return Swaps	Investment Revenue	\$ (1,998,118.28)	Investment	\$ 1,816,367.05	\$ 541,069,711.05
Futures	Investment Revenue	\$ 0.00		\$ 0.00	\$ 0.00

NOTE 8: Leases

(Not Applicable)

NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan

(Not Applicable)

NOTE 10: Deferred Compensation (administering agencies only)

(Not Applicable)

NOTE 11: Post-employment Benefits Other Than Pensions

(Not Applicable)

NOTE 12: Interfund Activity and Transactions

As explained in Note 1 on Interfund Activities and Balances, there are numerous transactions between funds and agencies. At year-end, amounts received or paid are reported as:

- Transfers In or Transfers Out
- Due From Other Agencies or Due To Other Agencies

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

August 31, 2023	Transfers In	Transfers Out	Purpose
SPECIAL REVENUE (02)			
Appd Fund 0823, Fund 0823 (Agency 781, Fund 0823)	\$	\$ 1,736,974.62	Distribution
Appd Fund 0824, Fund 0824 (Agency 781, Fund 0824)		1,941,201.62	Distribution
Appd Fund 0825, Fund 0825 (Agency 781, Fund 0825)		1,079,386.59	Distribution
PERMANENT (19)			
Appd Fund 5047, Fund 5047 (Agency 551 Fund 5047)		1,891,386.08	Distribution
Appd Fund 5048, Fund 5048 (Agency 537, Fund 5048)		944,894.40	Distribution
PRIVATE PURPOSE (20)			
Appd Fund 0872, Fund 0872 (Agency 902, Fund 2872)		85,195,988.00	Distribution
Total Transfers	<u>\$ 0.00</u>	<u>\$ 92,789,831.31</u>	

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustments to Fund Balance/Net Position

(Not Applicable)

NOTE 15: Contingencies and Commitments

(Not Applicable)

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

(Not Applicable)

NOTE 18: Management Discussion and Analysis (MD&A)

(Not Applicable)

NOTE 19: The Financial Reporting Entity

(Not Applicable)

NOTE 20: Stewardship, Compliance and Accountability

(Not Applicable)

NOTE 21: N/A to the AFR

(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)

NOTE 27: Service Concession Arrangements

(Not Applicable)

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

(Not Applicable)

NOTE 29: Troubled Debt Restructuring

(Not Applicable)

NOTE 30: Non-Exchange Financial Guarantees

(Not Applicable)

NOTE 31: Tax Abatements

(Not Applicable)

NOTE 32: Government Fund Balances

(Not Applicable)

NOTE 33: Cigarette Tax Recovery Trust Fund

The Cigarette Stamp Tax Recovery Trust Fund (the “Trust Fund”) was created pursuant to Section 154.051 of the Texas Tax Code. On September 1, 1987, the Trust Fund replaced surety/payments bonds as a source of security for the State’s extension of credit to purchasers of cigarette tax stamps. The Trust Fund is maintained outside Treasury. The Trust Fund operates much like a self-insurance pool in that distributors deposit 20% of their desired line credit. The pool of deposits insures the State from loss in the event of default by any distributors. The distributors determine their respective level of participation.

NOTE 34: Texas Treasury Safekeeping Trust Company

The Texas Treasury Safekeeping Trust Company (Texas Trust) was incorporated as a special-purpose trust company as outlined within section 404.102 of the Government Code. The purposes of the Texas Trust are to provide a means for the Comptroller to obtain direct access to services provided by the Federal Reserve System and to enable the Comptroller to manage, disburse, transfer, safe keep, and invest funds and securities more efficiently, economically and in accordance with the applicable governing investment guidelines.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS

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EXHIBIT A-1

Balance Sheet – All General and Consolidated Funds

August 31, 2023

	General Revenue Fund (0001) U/F (1900)	Departmental Suspense Fund (0900) U/F (0900)	Bond and Investment Companies Trust Account Fund (0908) U/F (0908)	Total (Ex 1)
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash in Bank	\$	\$	\$	\$
Cash in State Treasury		4,771,907.85		4,771,907.85
Overnight Repurchase Agreement				
Receivables From:				
Interest				
Trades				
Due From Other Agencies				
Other Assets			825,000.00	825,000.00
Non-Current Assets:				
Investments				
Total Assets	<u>\$ 0.00</u>	<u>\$ 4,771,907.85</u>	<u>\$ 825,000.00</u>	<u>\$ 5,596,907.85</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts Payable	\$	\$	\$	\$
Trades Payable				
Due to Other Agencies				
Other Liabilities				
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances (Deficits):				
Restricted				
Committed		4,771,907.85	825,000.00	5,596,907.85
Unassigned				
Total Fund Balances	<u>0.00</u>	<u>4,771,907.85</u>	<u>825,000.00</u>	<u>5,596,907.85</u>
Total Liabilities and Fund Balances	<u>\$ 0.00</u>	<u>\$ 4,771,907.85</u>	<u>\$ 825,000.00</u>	<u>\$ 5,596,907.85</u>

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EXHIBIT A-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2023

	General Revenue Fund (0001) U/F (1900)	Departmental Suspense Fund (0900) U/F (0900)	Bond and Investment Companies Trust Account Fund (0908) U/F (0908)	Total (Ex II)
REVENUES				
Interest and Other Investment Income	\$	\$	\$	\$
Net Increase (Decrease) in Fair Value				
Other Revenue		5,730,350.98		5,730,350.98
Total Revenues	0.00	5,730,350.98	0.00	5,730,350.98
EXPENDITURES				
Professional Fees and Services				
Travel				
Interest				
Information Technology Service				
Purchased Contracted Service				
Rentals and Leases				
Prompt Payment Interest				
Fees and other charges				
Other Expenses		5,581,834.13		5,581,834.13
Total Expenditures/Expenses	0.00	5,581,834.13	0.00	5,581,834.13
Excess (Deficiency) of Revenues Over Expenditures	0.00	148,516.85	0.00	148,516.85
OTHER FINANCING SOURCES (USES)				
Transfer In				
Transfers Out				
Total Other Financing Sources and Uses	0.00	0.00	0.00	0.00
Net Change in Fund Balances/Net Assets	0.00	148,516.85	0.00	148,516.85
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances, September 1, 2022		4,623,391.00	825,000.00	5,448,391.00
Restatements				
Fund Balances, September 1, 2022, as Restated	0.00	4,623,391.00	825,000.00	5,448,391.00
Fund Balances – August 31, 2023	\$ 0.00	\$ 4,771,907.85	\$ 825,000.00	\$ 5,596,907.85

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT B-1

Combining Balance Sheet – Special Revenue Funds

August 31, 2023

	Permanent Endowment Fund-Baylor College of Medicine (0823) U/F (2823)	Permanent Fund for Higher Education Nursing, Allied Health and Other Health Related Programs (0824) U/F (0824)	Permanent Fund for Minority and Research Educaton Fund (0825) U/F (0825)	Cigarette Stamp Tax Recovery Trust Fund Fund (9999) U/F (3000)	Totals (Ex I)
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash in Bank	\$	\$	\$	\$ 149,296.45	\$ 149,296.45
Cash in State Treasury					
Securities Lending Collateral					
Short Term Investments	3,550,635.88	7,772,711.58	4,321,578.90	33,502,732.99	49,147,659.35
Receivables From:					
Interest and Dividends		34,036.50	18,924.06	4,885.81	57,846.38
Trade Receivables		94,449.40	52,518.40		146,967.81
Due From Other Agencies					
Total Current Assets	<u>3,550,635.88</u>	<u>7,901,197.49</u>	<u>4,393,021.36</u>	<u>33,656,915.25</u>	<u>49,501,769.98</u>
Non-Current Assets:					
Investments	35,299,081.63	55,679,882.38	30,960,201.39		121,939,165.40
Total Noncurrent Assets	<u>35,299,081.63</u>	<u>55,679,882.38</u>	<u>30,960,201.39</u>	<u>0.00</u>	<u>121,939,165.40</u>
Total Assets	<u>\$ 38,849,717.51</u>	<u>\$ 63,581,079.87</u>	<u>\$ 35,353,222.75</u>	<u>\$ 33,656,915.25</u>	<u>\$ 171,440,935.38</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current Liabilities:					
Payables From:					
Accounts Payable	\$	\$ 62,179.55	\$ 34,574.52	\$	\$ 96,754.08
Trade Payable		3.44	1.91		5.36
Interest Payable		64,119.35	35,653.43		99,772.78
Futures Contracts at Fair Value					
Swaps at Fair Value					
Total Current Liabilities	<u>0.00</u>	<u>126,302.34</u>	<u>70,229.87</u>	<u>0.00</u>	<u>196,532.21</u>
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 126,302.34</u>	<u>\$ 70,229.87</u>	<u>\$ 0.00</u>	<u>\$ 196,532.21</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances (Deficits):					
Unreserved/Designated for:					
Restricted	\$	\$	\$	\$	\$
Committed	38,849,717.51	63,454,777.53	35,282,992.88	33,656,915.25	171,244,403.17
Total Fund Balances	<u>38,849,717.51</u>	<u>63,454,777.53</u>	<u>35,282,992.88</u>	<u>33,656,915.25</u>	<u>171,244,403.17</u>
Total Liabilities and Fund Balances	<u>\$ 38,849,717.51</u>	<u>\$ 63,581,079.87</u>	<u>\$ 35,353,222.75</u>	<u>\$ 33,656,915.25</u>	<u>\$ 171,440,935.38</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT B-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Special Revenue Funds

For the Fiscal Year Ended August 31, 2023

	Permanent Endowment Fund-Baylor College of Medicine (0823) U/F (2823)	Permanent Fund for Higher Education Nursing, Allied Health and Other Health Related Programs (0824) U/F (2824)	Permanent Fund for Minority and Research Educaton Fund (0825) U/F (0825)	Cigarette Stamp Tax Recovery Trust Fund Fund (9999) U/F (3000)	Totals (Ex II)
REVENUES					
Interest and Other Investment Income	\$ 2,429,272.65	\$ 401,874.74	\$ 223,436.21	\$ 1,491,799.99	\$ 4,546,383.59
Income from Securities Lending					
Net Increase (Decrease) in Fair Value	(225,480.61)	951,379.93	528,670.99		1,254,570.30
Total Revenues	<u>2,203,792.04</u>	<u>1,353,254.67</u>	<u>752,107.19</u>	<u>1,491,799.99</u>	<u>5,800,953.89</u>
EXPENDITURES					
Professional Fees and Services		123,788.45	68,831.16		192,619.61
Fees and Other Charges				59,157.10	59,157.10
Total Expenditures/Expenses	<u>0.00</u>	<u>123,788.45</u>	<u>68,831.16</u>	<u>59,157.10</u>	<u>251,776.71</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,203,792.04</u>	<u>1,229,466.22</u>	<u>683,276.03</u>	<u>1,432,642.89</u>	<u>5,549,177.18</u>
OTHER FINANCING SOURCES (USES)					
Contributions				18,053,484.17	18,053,484.17
Distributions	(1,736,974.62)	(1,941,080.32)	(1,079,319.16)	(18,285,039.86)	(23,042,413.96)
Total Other Financing Sources and Uses	<u>(1,736,974.62)</u>	<u>(1,941,080.32)</u>	<u>(1,079,319.16)</u>	<u>(231,555.69)</u>	<u>(4,988,929.79)</u>
Net Change in Fund Balances/Net Assets	<u>466,817.42</u>	<u>(711,614.10)</u>	<u>(396,043.13)</u>	<u>1,201,087.20</u>	<u>560,247.39</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances, September 1, 2022 Restatements	38,382,900.09	64,166,391.63	35,679,036.01	32,455,828.05	170,684,155.78
Fund Balances, September 1, 2022, as Restated	<u>38,382,900.09</u>	<u>64,166,391.63</u>	<u>35,679,036.01</u>	<u>32,455,828.05</u>	<u>170,684,155.78</u>
Fund Balances – August 31, 2023	<u>\$ 38,849,717.51</u>	<u>\$ 63,454,777.53</u>	<u>\$ 35,282,992.88</u>	<u>\$ 33,656,915.25</u>	<u>\$ 171,244,403.17</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT E-1

Combining Balance Sheet – Permanent Funds

August 31, 2023

	National University Research Fund (0214) U/F (0214)	Permanent Fund for Rural Health Facility Capital Improvement Fund (5047) U/F (5047)	Permanent Fund for Community Hospital Capital Improvement Fund (5048) U/F (5048)	Totals (Ex I)
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash in Bank	\$	\$	\$	\$
Cash in State Treasury				
Securities Lending Collateral				
Short Term Investments	102,961,111.92	7,576,540.19	3,761,086.39	114,298,738.50
Receivables From:				
Interest and Dividends	474,500.09	33,177.61	16,468.84	524,146.53
Trade Receivables	1,345,073.89	91,991.87	45,785.85	1,482,851.62
Total Current Assets	<u>104,780,685.90</u>	<u>7,701,709.67</u>	<u>3,823,341.08</u>	<u>116,305,736.65</u>
Non-Current Assets:				
Investments	770,226,917.95	54,251,054.61	27,075,133.50	851,553,106.06
Total Noncurrent Assets	<u>770,226,917.95</u>	<u>54,251,054.61</u>	<u>27,075,133.50</u>	<u>851,553,106.06</u>
Total Assets	<u>\$ 875,007,603.85</u>	<u>\$ 61,952,764.28</u>	<u>\$ 30,898,474.58</u>	<u>\$ 967,858,842.71</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts Payable	\$ 875,410.97	\$ 60,570.18	\$ 30,167.58	\$ 966,148.73
Trade Payable	34.65	3.35	1.67	39.67
Interest Payable	913,137.12	62,450.99	31,082.87	1,006,670.98
Futures Contracts at Fair Value				
Swaps at Fair Value				
Total Current Liabilities	<u>1,788,582.74</u>	<u>123,024.52</u>	<u>61,252.12</u>	<u>1,972,859.38</u>
Total Liabilities	<u>1,788,582.74</u>	<u>123,024.52</u>	<u>61,252.12</u>	<u>1,972,859.38</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances (Deficits):				
Unreserved/Designated for:				
Restricted				
Committed	873,219,021.11	61,829,739.76	30,837,222.46	965,885,983.33
Total Fund Balances	<u>873,219,021.11</u>	<u>61,829,739.76</u>	<u>30,837,222.46</u>	<u>965,885,983.33</u>
Total Liabilities and Fund Balances	<u>\$ 875,007,603.85</u>	<u>\$ 61,952,764.28</u>	<u>\$ 30,898,474.58</u>	<u>\$ 967,858,842.71</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT E-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Permanent Funds

For the Fiscal Year Ended August 31, 2023

	National University Research Fund (0214) U/F (0214)	Permanent Fund for Rural Health Facility Capital Improvement Fund (5047) U/F (5047)	Permanent Fund for Community Hospital Capital Improvement Fund (5048) U/F (5048)	Totals (Ex II)
REVENUES				
Interest and Other Investment Income	\$ 5,407,170.77	\$ 391,965.60	\$ 195,744.38	\$ 5,994,880.76
Income from Securities Lending				
Net Increase (Decrease) in Fair Value	<u>2,287,472.72</u>	<u>923,961.79</u>	<u>443,211.09</u>	<u>3,654,645.60</u>
Total Revenues	<u>7,694,643.49</u>	<u>1,315,927.39</u>	<u>638,955.47</u>	<u>9,649,526.35</u>
EXPENDITURES				
Professional Fees and Services	1,725,257.89	120,622.87	60,189.16	1,906,069.91
Borrower Rebate and Agent Fees				
Total Expenditures/Expenses	<u>1,725,257.89</u>	<u>120,622.87</u>	<u>60,189.16</u>	<u>1,906,069.91</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,969,385.61</u>	<u>1,195,304.52</u>	<u>578,766.31</u>	<u>7,743,456.44</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				
Distributions ^(A)	<u>(28,868,632.00)</u>	<u>(1,891,386.08)</u>	<u>(944,894.40)</u>	<u>(31,704,912.48)</u>
Total Other Financing Sources and Uses	<u>(28,868,632.00)</u>	<u>(1,891,386.08)</u>	<u>(944,894.40)</u>	<u>(31,704,912.48)</u>
Net Change in Fund Balances/Net Assets	<u>(22,899,246.39)</u>	<u>(696,081.56)</u>	<u>(366,128.09)</u>	<u>(23,961,456.04)</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances, September 1, 2022 Restatements	896,118,267.50	62,525,821.32	31,203,350.55	989,847,439.37
Fund Balances, September 1, 2022, as Restated	<u>896,118,267.50</u>	<u>62,525,821.32</u>	<u>31,203,350.55</u>	<u>989,847,439.37</u>
Fund Balances – August 31, 2023	<u>\$ 873,219,021.11</u>	<u>\$ 61,829,739.76</u>	<u>\$ 30,837,222.46</u>	<u>\$ 965,885,983.33</u>

Note (A) Fund 0214: The distributions reported here were actually processed under Agency 902-Comptroller-Fiscal in the Uniform Statewide Accounting System (USAS). The distributions are reported here to report the Fund Balance for the fund.

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT I-1

**Combining Statement of Fiduciary Net Position –
Private-Purpose Trust Funds**

August 31, 2023

	Tobacco Settlement Permanent Trust Fund (0872) U/F (0872)	Totals (Ex VI)
ASSETS		
Current Assets:		
Cash and Cash Equivalents:		
Cash in Bank	\$	\$
Securities Lending Collateral		
Short Term Investments (Note 3)		
Other Short Term Investments	425,588,687.54	425,588,687.54
Investments (Note 3)		
U.S. Government and Agency Obligations		
Corporate Equity	1,312,340.06	1,312,340.06
Corporate Obligations		
Foreign Securities	60,394,697.49	60,394,697.49
Other Investments	2,714,643,867.53	2,714,643,867.53
Receivables From:		
Interest and Dividends	1,864,267.07	1,864,267.07
Trade Receivables	4,942,719.45	4,942,719.45
Due From Other Fund		
Total Assets	<u>3,208,746,579.12</u>	<u>3,208,746,579.12</u>
LIABILITIES		
Payables:		
Accounts Payable	3,212,413.03	3,212,413.03
Trade Payable	145.12	145.12
Interest Payable	3,355,488.98	3,355,488.98
Due To Other Agencies		
Obligations/Securities Lending		
Swaps at Fair Value		
Total Liabilities	<u>6,568,047.13</u>	<u>6,568,047.13</u>
NET ASSETS		
Held in Trust for:		
Individuals, Organizations, and Other Governments	<u>3,202,178,531.99</u>	<u>3,202,178,531.99</u>
Total Net Position	<u>\$ 3,202,178,531.99</u>	<u>\$ 3,202,178,531.99</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT I-2

Combining Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Funds

For the Fiscal Year Ended August 31, 2023

	Tobacco Settlement Permanent Trust Fund (0872) U/F (0872)	Total (Ex VII)
ADDITIONS		
Investment Income:		
From Investing Activities:		
Net Appreciation (Depreciation) in		
Fair Value of Investments	\$ 61,393,180.68	\$ 61,393,180.68
Interest and Investment Income	19,822,468.45	19,822,468.45
Total Investing Income (Loss)	81,215,649.12	81,215,649.12
Less Investing Activities Expense		
Net Income from Investing Activities	81,215,649.12	81,215,649.12
From Securities Lending Activities:		
Securities Lending Income		
Less Securities Lending Expense:		
Borrower Rebates and Agent Fees		
Net Income from Securities Lending Activities	0.00	0.00
Total Net Investment Income (Loss)	81,215,649.12	81,215,649.12
Total Additions	81,215,649.12	81,215,649.12
DEDUCTIONS		
Transfers Out	85,195,988.00	85,195,988.00
Professional Fees and Services	6,243,739.25	6,243,739.25
Total Deductions	91,439,727.25	91,439,727.25
INCREASE (DECREASE) IN NET POSITION	(10,224,078.13)	(10,224,078.13)
NET POSITION		
Net Position September 1, 2022	3,212,402,610.12	3,212,402,610.12
Restatements		
Net Position September 1, 2022, as Restated	3,212,402,610.12	3,212,402,610.12
Net Position August 31, 2023	\$ 3,202,178,531.99	\$ 3,202,178,531.99

SUPPLEMENTARY SCHEDULES

UNAUDITED
Comptroller Treasury – Fiscal (311)

UNAUDITED
Comptroller Treasury – Fiscal (311)

SCHEDULE 1

Balance Sheet – Arising from Custodial Operations

August 31, 2023

(With Comparative Totals for August 31, 2022)

	August 31, 2023	August 31, 2022
ASSETS		
Cash		
Cash on Hand		
Cash in Vault	\$ 134,038.71	\$ 117,585.34
Checks Returned by State Depositories	926,545.37	931,727.03
Total Cash Items on Hand	<u>1,060,584.08</u>	<u>1,049,312.37</u>
State Funds and Suspense and Trust		
Accounts in Depositories Banks		
Demand Accounts	28,011,177.25	21,843,163.98
Time Accounts and Bid TX	460,799,000.00	360,771,000.00
Total Cash in State Depositories	<u>488,810,177.25</u>	<u>382,614,163.98</u>
Cash in TTSTC Treasury Fed Acct.	934,904.59	1,092,106.93
Total Cash in State Depositories and TTSTC Treasury Fed Acct.	<u>489,745,081.84</u>	<u>383,706,270.91</u>
Total Cash on Hand and In Banks	490,805,665.92	384,755,583.28
Total Trust Funds on Deposit with U.S. Treasury Unemployment Trust Fund	2,378,693,460.36	2,229,827,498.99
Total Cash	<u>2,869,499,126.28</u>	<u>2,614,583,082.27</u>
Investment In Texas Treasury Safekeeping Trust Company	<u>1,000,000.00</u>	<u>1,000,000.00</u>
Short-Term Investments		
United States Government Securities	39,168,003,476.90	21,611,663,140.62
Commercial Paper	10,312,955,990.88	16,744,604,780.80
Money Market Funds	6,269,851,696.79	9,674,000,000.00
Repurchase Agreements	<u>7,900,000,000.00</u>	<u>2,800,000,000.00</u>
Total Short-Term Investments	<u>63,650,811,164.57</u>	<u>50,830,267,921.42</u>
Long-Term Investments		
United States Government Securities	10,537,242,473.12	8,208,570,121.90
Government Mortgage Backed Securities	3,625,674,302.42	2,382,533,769.03
Asset backed Securities	5,480,184,403.49	5,071,527,762.29
Agency Commercial Mortgage Back Securities	760,096,143.33	638,499,564.30
Corporate Obligations	2,378,944,651.30	2,647,783,634.54
Supranational (includes Israel Bonds)	2,906,093,315.64	3,002,951,687.40
SBA's	4,092,436.80	4,737,985.48
United States Government Securities – Lottery	240,744,779.00	288,333,997.39
Total Long-Term Investments	<u>25,933,072,505.10</u>	<u>22,244,938,522.33</u>
Securities Held in Trust – Both Corporate and Governmental		
State Funds Investment Accounts	15,625,000.00	17,195,000.00
Bonds and Securities Pledged to Guarantee State Depositories' Deposits	1,242,738,343.00	906,214,418.00
Other Securities Pledged under Statutory Requirements	<u>515,987,864.09</u>	<u>542,859,918.64</u>
Total Securities Held in Trust – Both Corporate and Governmental	<u>1,774,351,207.09</u>	<u>1,466,269,336.64</u>
Accounts Receivable		
Interest and Dividend Receivable	<u>128,304,593.68</u>	<u>68,554,813.98</u>
Total Assets – Arising From Custodial Operations	<u>\$ 94,357,038,596.72</u>	<u>\$ 77,225,613,676.64</u>

Concluded on the following page

UNAUDITED
Comptroller Treasury – Fiscal (311)

SCHEDULE 1 (concluded)

Balance Sheet – Arising from Custodial Operations

August 31, 2023

(With Comparative Totals for August 31, 2022)

	August 31, 2023	August 31, 2022
LIABILITIES AND ACCOUNTABILITY		
Liabilities		
Accounts Payable – Warrants Outstanding – State Funds and Suspense and Trust Accounts	\$ 822,562,084.23	\$ 878,579,947.35
Obligations under Reverse Repurchase Agreements	3,137,245.00	5,221,270.00
Pending Purchases		
Options Written, at Fair Value		
Interest Payable	22.76	62.68
Total Liabilities	825,699,351.99	883,801,280.03
Accountability		
Available Cash Balance and Investments:		
State Funds and Suspense and Trust Accounts	89,137,549,798.28	72,357,381,563.59
Fund 0895 Lottery Prize Trust Fund	240,744,779.00	288,333,997.39
Total Available Cash Balances and Investments	89,378,294,577.28	72,645,715,560.98
Trust Account – Unemployment Trust Fund	2,378,693,460.36	2,229,827,498.99
State Fund Investments	15,625,000.00	17,195,000.00
Trust Fund Securities:		
Collateral of Deposits	1,242,738,343.00	906,214,418.00
Pledged under Statutory Requirements	515,987,864.09	542,859,918.64
Total Trust Fund Securities	1,758,726,207.09	1,449,074,336.64
Total Accountability	93,531,339,244.73	76,341,812,396.61
Total Liabilities and Accountability – Arising from Custodial Operations	\$ 94,357,038,596.72	\$ 77,225,613,676.64

UNAUDITED
Comptroller Treasury – Fiscal (311)

SCHEDULE 2

**Comparative Summary of Securities Held
For State Investment Accounts**

For the Fiscal Year Ended August 31, 2023

(With Comparative Memorandum Totals for the Fiscal Year Ended August 31, 2022)

	Percent	2023	2022	Increase- (Decrease)
BY CATEGORY				
Texas Water Development Board Funds				
Texas Water Resource Finance Authority Fund No. 0751		\$	\$	\$
Total Water Resources Funds		<u>0</u>	<u>0</u>	<u>0</u>
Other Funds				
T.P.F.A.G.O. Refunding Bonds (TMVLRP) No. 7065		15,625,000	17,195,000	(1,570,000)
Total Other Funds		<u>15,625,000</u>	<u>17,195,000</u>	<u>(1,570,000)</u>
Total All Funds		<u>\$ 15,625,000</u>	<u>\$ 17,195,000</u>	<u>\$ (1,570,000)</u>
BY TYPE OF SECURITY				
School Districts, Junior College Districts, Cities, Counties and District Bonds	<u>100.00%</u>	\$ 15,625,000	\$ 17,195,000	\$ (1,570,000)
Totals	<u>100.00%</u>	<u>\$ 15,625,000</u>	<u>\$ 17,195,000</u>	<u>\$ (1,570,000)</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

SCHEDULE 3

**Summary of Collateral Securities Pledged by
State Depositories for All Types of Deposits**

For the Fiscal Year Ended August 31, 2023

	<u>PAR Value</u>	<u>Market Value</u>
BY LOCATION		
In Custody Texas Treasury Safekeeping Trust Company:		
Demand and Time Accounts	\$	\$
Total Held by Texas Treasury Safekeeping Trust Company	<u>0</u>	<u>0</u>
In Vaults of Trustee Banks:		
Demand and Time Accounts:		
Clearing Banks	14,060,000	7,982,000
Other Banks	<u>946,528,343</u>	<u>444,779,000</u>
Total in Vaults of Trustee Banks	<u>960,588,343</u>	<u>452,761,000</u>
Letters of Credit held by Texas Comptroller	282,150,000	282,150,000 A
Total Pledged Collateral	<u>\$ 1,242,738,343</u>	<u>\$ 734,911,000 B</u>
BY FUND		
Time Depository Bonds Guaranty Account Fund No. 0910	<u>\$ 1,242,738,343</u>	<u>\$ 734,911,000</u>
Total Pledged Collateral	<u>\$ 1,242,738,343</u>	<u>\$ 734,911,000</u>

Note A: 24 FHLB Letters of Credit from 10 Depositories

Note B: These amounts are exclusive of Federal Deposit Insurance Corporation Coverage

UNAUDITED
Comptroller Treasury – Fiscal (311)

SCHEDULE 4

Summary of Pledges Under Statutory Requirements

For the Fiscal Year Ended August 31, 2023

Agency No.	Trust Fund No.	Agency/Fund Name	Securities Pledged
454	0893	TEXAS DEPARTMENT OF INSURANCE: Texas Worker's Compensation Self Insurance Trust Account	\$ 306,885,691
311	0908	TREASURY OPERATIONS Bond and Investment Companies Account	825,000
454	0921	TEXAS DEPARTMENT OF INSURANCE: Life, Health, Accident and Casualty Insurance Companies Account	136,007,500
320	0936	TEXAS WORKFORCE COMMISSION: Unemployment Compensation Clearance Account	244
405	0940	TEXAS DEPARTMENT OF PUBLIC SAFETY: Motor Vehicle Proof of Responsibility Account	3,506,148
537	5096	DEPARTMENT OF STATE HEALTH SERVICES: GR – Perpetual Care	<u>68,763,280</u>
TOTALS			<u><u>\$ 515,987,864</u></u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

Texas Treasury
Safekeeping Trust Company (930)

BASIC FINANCIAL STATEMENTS

UNAUDITED
Texas Treasury Safekeeping Trust Company (930)

UNAUDITED
Texas Treasury Safekeeping Trust Company (930)

EXHIBIT I

Combined Statement of Net Position – Proprietary Fund

August 31, 2023

	Total Proprietary Funds Fund (1004)(9999) U/F (1004)(1050)
ASSETS	
Current Assets:	
Cash and Cash Equivalents:	
Cash in Bank	\$ 10,083,163.06
Cash in State Treasury	1,221,239.79
Restricted Cash in Bank	347,666.00
Investments in Repurchase Agreements	69,780,425.62
Restricted Investment	619,099.22
Receivables from:	
Management Fees	4,743,580.36
Interest	14,849.06
Other	18,765.00
Prepaid Expenses	1,338,612.89
Total Current Assets	<u>86,167,401.00</u>
Non-Current Assets:	
Capital Assets:	
Depreciable or Amortizable, Net	9,786,939.66
Total Non-Current Assets	<u>9,786,939.66</u>
Total Assets	<u>97,954,340.66</u>
LIABILITIES	
Current Liabilities:	
Payables from:	
Accounts Payable	8,467,269.57
Payroll Payable	4,514,259.70
Interest Payable	179,146.79
Subscription Liability (Note 5)	3,882,681.24
Employees' Compensable Leave (Note 5)	773,207.49
Total Current Liabilities	<u>17,816,564.79</u>
Non-Current Liabilities:	
Subscription Liability (Note 5)	3,996,308.80
Employees' Compensable Leave (Note 5)	559,537.11
Total Non-Current Liabilities	<u>4,555,845.91</u>
Total Liabilities	<u>22,372,410.70</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	9,786,939.66
Unrestricted	65,794,990.30
Total Net Position	<u>\$ 75,581,929.96</u>

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

UNAUDITED
Texas Treasury Safekeeping Trust Company (930)

EXHIBIT II

**Combined Statement of Revenues, Expenses
and Changes in Net Position –
Proprietary Fund**

For the Fiscal Year Ended August 31, 2023

	Total Proprietary Funds Fund (1004)(9999) U/F (1004)(1050)
OPERATING REVENUES	
Operating Revenues – Management Fees	\$ 32,319,394.14
Total Operating Revenues	32,319,394.14
OPERATING EXPENSES	
Salaries and Wages	12,745,420.14
Payroll Related Costs	2,774,658.97
Professional Fees and Services	7,379,141.17
Travel	87,275.24
Materials and Supplies	402,664.97
Communication and Utilities	775,863.90
Repairs and Maintenance	1,017,757.58
Rentals and Leases	11,253.00
Printing and Reproduction	14,657.11
Depreciation and Amortization	3,918,880.28
Other Operating Expenses	933,944.49
Total Operating Expenses	30,061,516.85
Operating Income	2,257,877.29
NONOPERATING REVENUE	
Investment Income	2,693,897.79
Interest Expense	(241,469.04)
Total Nonoperating Revenues	2,452,428.75
Income (loss) before Other Revenues, Expenses, Gains/Losses and Transfers	4,710,306.04
Change in Net Position	4,710,306.04
Net Position, September 1, 2022	71,169,129.35
Restatements (Note 14)	(297,505.43)
Net Position, September 1, 2022, as Restated	70,871,623.92
Total Net Position, August 31, 2023	\$ 75,581,929.96

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

UNAUDITED
Texas Treasury Safekeeping Trust Company (930)

EXHIBIT III

Combined Statement of Cash Flows – Proprietary Fund

For the Fiscal Year Ended August 31, 2023

	Total Proprietary Funds Fund (1004)(9999) U/F (1004), (1050)
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Other Operating Revenues	\$ 34,562,014.26
(Payments to Employees)	(14,430,023.60)
(Payments for Other Operating Expenses)	(3,837,027.40)
Net Cash Provided by Operating Activities	16,294,963.26
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
(Payments for Subscription-Based Information Technology Arrangements)	(3,859,052.70)
Net Cash (Used) by Capital and Related Financing Activities	(3,859,052.70)
CASH FLOWS FROM INVESTING ACTIVITIES	
(Payments to Acquire Investments)	(35,016.86)
Proceeds from Interest and Investment Income	2,442,513.54
Net Cash Provided by Investing Activities	2,407,496.68
Net Increase in Cash and Cash Equivalents	14,843,407.24
Cash and Cash Equivalents – September 1, 2022	66,589,087.23
Cash and Cash Equivalents – August 31, 2023	\$ 81,432,494.47
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 2,257,877.29
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	3,918,880.28
Changes in Assets/Liabilities:	
(Increase) Decrease in Accounts Receivables	2,242,620.12
(Increase) Decrease in Prepaid Expenses	(49,547.94)
Increase (Decrease) in Payables	7,925,133.51
Net Cash Provided by Operating Activities	\$ 16,294,963.26
Displayed As:	
Cash in Bank	\$ 10,083,163.06
Cash in State Treasury	1,221,239.79
Restricted Cash in Bank	347,666.00
Cash Equivalents – Investments in Repurchase Agreements	69,780,425.62
	\$ 81,432,494.47

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

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Texas Treasury Safekeeping Trust Company (930)

EXHIBIT IV

**Combined Statement of Net Position –
Fiduciary Funds**

August 31, 2023

	<u>External Investment Trust Funds (Exhibit A-1)</u>	<u>Private-Purpose Trust Funds (Exhibit B-1)</u>	<u>Custodial Funds (Exhibit C-1)</u>	<u>Totals</u>
ASSETS				
Cash and Cash Equivalents (Note 3)				
Cash in Bank	\$ 5,229,456.73	\$ 193,238.81	\$ 7,730.50	\$ 5,430,426.04
Cash in State Treasury		265,845,637.44		265,845,637.44
Investments (Note 3):				
U.S. Government and Agency Obligations	14,314,752,563.39		224,199,675.52	14,538,952,238.91
Commercial Paper	10,542,063,879.10			10,542,063,879.10
Repurchase Agreements	14,478,429,223.88			14,478,429,223.88
Money Market Mutual Funds	2,855,238,683.22			2,855,238,683.22
Interest and Dividend Receivable	165,967,911.43		1,106,687.44	167,074,598.87
Total Assets	<u>42,361,681,717.75</u>	<u>266,038,876.25</u>	<u>225,314,093.46</u>	<u>42,853,034,687.46</u>
LIABILITIES				
Payables From:				
Accounts Payable		193,238.81		
Dividends Payable	186,023,207.04			186,023,207.04
Other Liabilities	125,240,391.89			125,240,391.89
Total Liabilities	<u>311,263,598.93</u>	<u>193,238.81</u>	<u>0.00</u>	<u>311,456,837.74</u>
NET POSITION				
Held in Trust For				
Pool Participants	42,050,418,118.82		225,314,093.46	42,275,732,212.28
Restricted For				
Other Purposes		265,845,637.44		265,845,637.44
Total Net Position	<u>\$ 42,050,418,118.82</u>	<u>\$ 265,845,637.44</u>	<u>\$ 225,314,093.46</u>	<u>\$ 42,541,577,849.72</u>

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

UNAUDITED
Texas Treasury Safekeeping Trust Company (930)

EXHIBIT V

Combined Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended August 31, 2023

	External Investment Trust Funds (Exhibit A-2)	Private-Purpose Trust Funds (Exhibit B-2)	Custodial Funds (Exhibit C-2)	Totals
ADDITIONS				
Investment Income:				
From Investing Activities:				
Net Increase in Fair Value of Investments	\$ 1,813,674,986.41	\$ 8,691,771.58	\$ 1,971,576.80	\$ 1,971,576.80
Interest and Investment Income	1,813,674,986.41	8,691,771.58	1,714,170.03	1,824,080,928.02
Expenses:				
Management Fees and Expenses	(16,185,870.74)			(16,185,870.74)
Net Income from Investing Activities	<u>1,797,489,115.67</u>	<u>8,691,771.58</u>	<u>3,685,746.83</u>	<u>1,809,866,634.08</u>
Other Additions:				
Settlement of Claims		235,871,001.60		235,871,001.60
Total Other Additions	<u>0.00</u>	<u>235,871,001.60</u>	<u>0.00</u>	<u>235,871,001.60</u>
Total Additions	<u>1,797,489,115.67</u>	<u>244,562,773.18</u>	<u>3,685,746.83</u>	<u>2,045,737,635.68</u>
DEDUCTIONS				
Claims and Judgement Expense		52,088,165.36		52,088,165.36
Withdrawals from Other Governments			9,221,695.80	9,221,695.80
Total Deductions	<u>0.00</u>	<u>52,088,165.36</u>	<u>9,221,695.80</u>	<u>61,309,861.16</u>
Net Increase in Participant Investments	<u>5,789,497,327.93</u>	<u>0.00</u>	<u>0.00</u>	<u>5,789,497,327.93</u>
Net Increase (Decrease) in Net Position	7,586,986,443.60	192,474,607.82	(5,535,948.97)	7,773,925,102.45
Net Position, September 1, 2022	<u>34,463,431,675.22</u>	<u>73,371,029.62</u>	<u>230,850,042.43</u>	<u>34,767,652,747.27</u>
Net Position, August 31, 2023	<u>\$ 42,050,418,118.82</u>	<u>\$ 265,845,637.44</u>	<u>\$ 225,314,093.46</u>	<u>\$ 42,541,577,849.72</u>

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

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Texas Treasury Safekeeping Trust Company (930)

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

GENERAL INTRODUCTION

The Texas Treasury Safekeeping Trust Company (Texas Trust) was created in 1986 by the 69th Legislature to provide a separate legal entity for the State Treasurer. The incorporation of the trust company was necessary to obtain direct access to services provided by the Federal Reserve System. The 77th Legislature amended the Texas Trust statute, and the Texas Trust began operations as a separate state entity on Sept. 1, 2001. The Texas Comptroller of Public Accounts (Comptroller's office) is the single shareholder of the Texas Trust and is charged with managing the Texas Trust. The Texas Trust is one of only two state-owned trust companies with direct access to the Federal Reserve System.

The Texas Trust is authorized to manage, disburse, transfer, safekeep and invest funds and securities provided by statute or belonging to state and local entities and gives the Comptroller's office direct access to services provided by the Federal Reserve System.

This section of the report includes only those funds and accounts from which the Texas Trust's own departmental activities are financed. The Texas Trust's fiscal function (Agency 930) is reported in a separate section of this report.

Due to the significant changes related to Governmental Accounting Standards Board Statement No.34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller's office does not require the accompanying annual financial report to be in compliance with generally accepted accounting principles (GAAP). The financial report will be considered for audit by the State Auditor as part of the audit of the state's *Annual Comprehensive Financial Report*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

There are no component units in which the Texas Trust is financially accountable or any organization in which exclusion would create misleading or incomplete financial statements.

FUND STRUCTURE

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

Proprietary Fund Types

Enterprise Funds

Enterprise funds are used to report any activity for which a fee is charged to external users for services such as investment management and custodial services. The Texas Trust accounts for its daily operations using an enterprise fund. Operating revenues result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

Fiduciary Fund Types

External Investment Trust Funds

Agencies use external investment trust funds to account for the state's external portion of investment pools reported by the sponsoring government. The Texas Government Investment Pools (TexPool and TexPool Prime) are local government

investment pools administered by the Texas Treasury Safekeeping Trust Company – Comptroller’s office. The participants in the Texas Government Investment Pools consist of cities, counties, school districts, institutions of higher education, special districts, and other public entities of Texas.

Private-Purpose Trust Funds

The Texas Trust administers the Opioid Abatement Trust Fund, which was created to receive, manage, and disburse funds obtained under statewide opioid settlement agreements. The Opioid Abatement Trust Fund receives interest and dividends from investments and is maintained by the Texas Trust as a separate and distinct fund held outside the Treasury. All money and securities are held, administered, invested, and disbursed in accordance with the settlement agreements and applicable law.

Custodial Funds

Agencies use custodial funds to account for assets the government holds on behalf of others in a custodial capacity. Custodial funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. The Texas Trust has the Texas Public Finance Authority Bond Escrow, which is used to hold funds for various defeased or refunded bonds.

BASIS OF ACCOUNTING

The Texas Trust financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. All enterprise fund types are accounted for using the accrual basis of accounting. This includes unpaid employee compensable leave. Revenues are recognized when they become both measurable and available. Expenditures are generally recognized when the related fund liability is incurred.

The Texas Trust has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, which specifies that in addition to adopting all applicable GASB pronouncements, the Texas Trust has adopted Statements and Interpretations of the Financial Accounting Standards Board, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued prior to Nov. 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Texas Trust has elected to follow only GASB Standards issued subsequent to Nov. 30, 1989.

ASSETS, LIABILITIES, AND FUND BALANCES/NET POSITION

CURRENT ASSETS

Cash and Cash Equivalents

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

The Texas Trust has agreed to maintain a positive clearing balance within its Federal Reserve account. Earnings on the clearing balance are used to offset fees associated with its use of Federal Reserve services. The Texas Trust Federal Reserve account balance reported in cash on Aug. 31, 2023, was \$9,999,999.96 from the Texas Trusts’ Enterprise Fund.

Restricted Cash

The Texas Trust maintains an account with the Depository Trust Company (DTC). In accordance with the agreement between DTC and the Texas Trust, \$347,666.00 in cash was held at DTC as of Aug. 31, 2023, in order to maintain the account.

Investments

Investments are reported at fair value based upon quoted market prices, with the change in fair value of investments captioned as Net Increase (Decrease) in the Fair Value of Investments, and interest income reported at the relevant stated interest rate.

Restricted Investments

The Texas Trust has a balance of \$619,099.22 in stock with the Depository Trust Company as of Aug. 31, 2023

Receivables

The business-type activities of the Texas Trust include providing investment management and custody services. Management fees charged to customers support these activities. Receivables from management fees as of Aug. 31, 2023, were \$4,743,580.36. The amount due from other agencies as of Aug. 31, 2023, was \$18,765.00. This balance consisted of fees for agency return items and Bloomberg Terminals for the Comptroller's office.

NON-CURRENT ASSETS

Capital Assets

Assets with an initial, individual cost of more than \$5,000 for furniture and equipment and building and building improvements of more than \$100,000 and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or, if any purchased, at appraised fair value as of the date of acquisition. Depreciation is charged to operations over the estimated useful life of each 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. Payables for TexPool investments purchased in external investment trust funds as of Aug. 31, 2023, were \$124,999,999.99.

Employees' Compensable Leave

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 non-current in the statement of net position.

FUND BALANCE/NET POSITION

The difference between fund assets and liabilities is Net Position on the proprietary and fiduciary fund statements. The Fund Balance is the difference between fund assets and liabilities on the enterprise fund statements.

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 Position

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

Unrestricted Net Position

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

NOTE 2: Capital Assets

A summary of changes in general fixed assets and subscription-based information technology arrangements for the year ended Aug. 31, 2023, are presented below:

Business-Type Activities Capital Asset Type	PRIMARY GOVERNMENT		
	Balance Sept. 1, 2022	Additions	Balance Aug. 31, 2023
Depreciable Assets:			
Building and Building Improvements	\$ 2,316,716.92	\$	\$ 2,316,716.92
Furniture and Equipment	1,605,771.05		1,605,771.05
Total Depreciable Assets at Historical Costs	<u>3,922,487.97</u>	<u>0.00</u>	<u>3,922,487.97</u>
Less Accumulated Depreciation For:			
Building and Building Improvements	(893,843.38)	(133,680.00)	(1,027,523.38)
Furniture and Equipment	(1,240,014.18)	(94,916.60)	(1,334,930.78)
Total Accumulated Depreciation	<u>(2,133,857.56)</u>	<u>(228,596.60)</u>	<u>(2,362,454.16)</u>
Depreciable Assets, Net	<u>1,788,630.41</u>	<u>(228,596.60)</u>	<u>1,560,033.81</u>
Intangible Capital Assets - Amortizable:			
Computer Software	2,910,356.42		2,910,356.42
Total Intangible Assets at Historical Cost	<u>2,910,356.42</u>	<u>0.00</u>	<u>2,910,356.42</u>
Less Accumulated Amortization For:			
Computer Software	(2,910,356.42)		(2,910,356.42)
Total Accumulated Amortization	<u>(2,910,356.42)</u>	<u>0.00</u>	<u>(2,910,356.42)</u>
Amortizable Assets, Net	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Intangible Right to Use Assets - Amortizable:			
Subscriptions		11,917,189.53	11,917,189.53
Total Amortizable Intangible Right to Use Assets	<u>0.00</u>	<u>11,917,189.53</u>	<u>11,917,189.53</u>
Less Accumulated Amortization For:			
Subscriptions		(3,690,283.68)	(3,690,283.68)
Total Accumulated Amortization Intangible Right to Use Assets	<u>0.00</u>	<u>(3,690,283.68)</u>	<u>(3,690,283.68)</u>
Amortizable Right to Use Assets, Net	<u>0.00</u>	<u>8,226,905.85</u>	<u>8,226,905.85</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,788,630.41</u>	<u>\$ 7,998,309.25</u>	<u>\$ 9,786,939.66</u>

NOTE 3: Deposits, Investments & Repurchase Agreements

All monies in funds established in the Texas Trust by the State Constitution or by an act of the Legislature are pooled for investment purposes. All monies of the Trust Company are invested according to Section 404.106 of the Government Code.

1. Investment Authority

A. Section 404.024 of the Government Code permits the investment of these funds in the following instruments:

1. time deposits in state depositories;
2. direct security repurchase agreements;
3. reverse security repurchase agreements;
4. direct obligations of or obligations the principal and interest of which are guaranteed by the United States, its' agencies and instrumentalities;
5. bankers' acceptances that: (i) are eligible for purchase by the Federal Reserve System, (ii) do not exceed 270 days to maturity, and (iii) are issued by a bank that has received the highest short-term credit rating by a nationally recognized statistical rating organization;

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6. commercial paper that has received the highest short-term credit rating by a nationally recognized statistical rating organization and does not exceed 270 days to maturity;
 7. contracts written by the Comptroller's office in which the Comptroller's office grants the purchaser the right, for a fee, to purchase securities in the Texas Trust's marketable securities portfolio at a specified price over a specified period. These contracts are commonly known as covered call options. Uncovered option trading is specifically prohibited;
 8. direct obligations of or obligations guaranteed by the Inter-American Development Bank, the International Bank for Reconstruction and Development (the World Bank), the African Development Bank, the Asian Development Bank, and the International Finance Corporation that have received the highest long-term rating categories for debt obligations by a nationally recognized statistical rating organization;
 9. bonds issued, assumed, or guaranteed by the State of Israel;
 10. obligations of a state or an agency, county, city, or other political subdivision of a state;
 11. mutual funds secured by obligations that are described in (2) through (6) above or by obligations consistent with Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated by the Securities and Exchange Commission;
 12. foreign currency for the sole purpose of facilitating investment by state agencies that have the authority to invest in foreign securities;
 13. asset-backed securities, as defined by the Securities and Exchange Commission in Rule 2a-7 (17 C.F.R. Section 270.2a-7), that are rated at least A or its equivalent by a nationally recognized statistical rating organization and that have a weighted-average maturity of five years or less; and
 14. corporate debt obligations that are rated at least A or its equivalent by a nationally recognized statistical rating organization and mature in five years or less from the date on which the obligations were "acquired," as defined by the Securities and Exchange Commission in Rule 2a-7.
- B. No more than 5 percent of the treasury's total investments will be invested in the aggregate value of derivative investments.
- C. Repurchase and reverse repurchase agreements may be entered into by the Comptroller's office only with state or national banks doing business in Texas or primary dealers approved by the Federal Reserve System.
2. There were no significant violations of legal provisions during the period.
 3. Deposits of cash in bank.

- A. **Collateralization and Risk Categorization** – In accordance with state law, all amounts deposited in financial institutions above the amounts insured by the Federal Deposit Insurance Corporation are fully collateralized by the pledging, to the Texas Trust, of securities valued at market, excluding accrued interest. Generally, the list of eligible securities includes all U.S. Government and most Agency Obligations, including certain mortgage-backed securities issued by state agencies and political subdivisions within the State. All securities pledged to the Texas Trust must be held by any Federal Reserve Bank or one of its branches or the Texas Trust.

Securities pledged as collateral on Aug. 31, 2023, were categorized under the Political Subdivision Securities or U.S. Government Securities as U.S. Treasury Bills or U.S. Treasury Notes and Bonds.

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As of Aug. 31, 2023, the balance of cash in bank and carrying amount of cash is presented below:

Bank Balance	
Business-Type Activities	
Proprietary Funds	\$ 11,058,410.34
Total Business-Type Activities	<u>11,058,410.34</u>
Fiduciary Funds	
TexPool and TexPool Prime	5,229,456.73
Texas Public Finance Authority	<u>7,730.50</u>
Total Fiduciary Funds	<u>5,237,187.23</u>
Total Bank Balance	<u><u>\$ 16,295,597.57</u></u>
Cash in Bank Carry Amount	
Business-Type Activities	
Proprietary Funds Cash in Bank	\$ 10,083,163.06
Proprietary Funds Current Assets Restricted Cash in Bank	<u>347,666.00</u>
Total Business-Type Activities	<u>10,430,829.06</u>
Fiduciary Funds	
TexPool and TexPool Prime	5,229,456.73
Texas Public Finance Authority	7,730.50
Opioid Abatement Trust Fund	<u>193,238.81</u>
Total Fiduciary Funds	<u>5,430,426.04</u>
Total Cash in Bank Carry Amount	<u><u>\$ 15,861,255.10</u></u>

The Trust Company's contract with the Federal Reserve Bank permits the Trust Company to wire transfer funds for the purpose of facilitating investment transactions. Correspondingly, a minimum cash balance is maintained in the account to generate earnings credits sufficient to partially offset the costs of the services received. As these investment transactions occur, the Federal Reserve Bank requires that the Trust Company maintain a positive cash balance in the account intraday and at the end of the day.

4. Investments

As of Aug. 31, 2023, the carrying and fair value of investments are presented below. All securities are insured or registered by the Texas Trust or its agent in the Texas Trust's name. Therefore, there is no custodial credit risk.

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Carrying Value and Fair Value As of 08/31/2023		
	<u>Carrying Value</u>	<u>Fair Value</u>
Business-Type Activities		
Repurchase Agreements	\$ 69,780,425.62	\$ 69,780,425.62
Equity Securities	619,099.22	619,099.22
Total Business-Type Activities	<u>70,399,524.84</u>	<u>70,399,524.84</u>
Fiduciary Funds		
TexPool & TexPool Prime		
U.S. Government Treasuries	3,388,621,552.28	3,389,235,898.16
U.S. Government Agencies	10,926,131,011.11	10,920,912,044.47
Commercial Paper	10,542,063,879.10	10,542,185,920.40
Repurchase Agreements	14,478,429,223.88	14,478,429,223.88
Money Market Mutual Funds	2,855,238,683.22	2,855,028,255.05
Total TexPool & TexPool Prime	<u>42,190,484,349.59</u>	<u>42,185,791,341.96</u>
Texas Public Finance Authority		
U.S. Government Treasuries	111,219,455.98	111,219,455.98
U.S. Government Treasury Strips	824,589.19	824,589.19
U.S. Government Agencies	112,155,630.35	112,155,630.35
Total TPFA Escrow	<u>224,199,675.52</u>	<u>224,199,675.52</u>
Total Fiduciary Funds	42,414,684,025.11	42,409,991,017.48
Total Investments	<u>\$ 42,485,083,549.95</u>	<u>\$ 42,480,390,542.32</u>

Business-type activities, TexPool and TexPool Prime, TPFA Escrow categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. They have the following recurring fair value measurements as of Aug. 31, 2023, and 2022:

Business-Type Activities			Fair Value Measurements Using		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2023					
Investment Type	Carrying Value	Fair Value			
Repurchase Agreements	69,780,425.62				
Equity Securities		619,099.22		619,099.22	
Total Investments	<u>69,780,425.62</u>	<u>619,099.22</u>	<u>-</u>	<u>619,099.22</u>	<u>-</u>
2022					
Investment Type	Carrying Value	Fair Value			
Repurchase Agreements	55,162,928.52				
Equity Securities		584,082.36		584,082.36	
Total Investments	<u>55,162,928.52</u>	<u>584,082.36</u>	<u>-</u>	<u>584,082.36</u>	<u>-</u>

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Fiduciary Funds				Fair Value Measurements Using		
TexPool				Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2023						
Investment Type	Principal Value	Carrying Value	Fair Value			
U.S. Government Treasuries	3,399,590,000.00	3,388,621,552.28	3,389,235,898.16	-	3,389,235,898.16	-
U.S. Government Agencies	10,927,750,000.00	10,926,131,011.11	10,920,912,044.47	-	10,920,912,044.47	-
Repurchase Agreements	13,020,069,223.88	13,020,069,223.88	13,020,069,223.88	-	13,020,069,223.88	-
Money Market Mutual Funds	2,025,085,200.00	2,025,085,200.00	2,025,085,200.00	2,025,085,200.00	-	-
Total Investments	29,372,494,423.88	29,359,906,987.27	29,355,302,366.51	2,025,085,200.00	27,330,217,166.51	-

Fiduciary Funds				Fair Value Measurements Using		
2022				Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment Type	Principal Value	Carrying Value	Fair Value			
U.S. Government Treasuries	3,765,275,000.00	3,753,132,796.48	3,746,195,101.98	-	3,746,195,101.98	-
U.S. Government Agencies	10,535,550,000.00	10,532,413,985.26	10,525,123,473.81	-	10,525,123,473.81	-
Repurchase Agreements	8,490,125,884.42	8,490,125,884.42	8,490,125,884.42	-	8,490,125,884.42	-
Money Market Mutual Funds	1,627,085,200.00	1,627,074,000.00	1,627,085,200.00	1,627,085,200.00	-	-
Total Investments	24,418,036,084.42	24,402,746,666.16	24,388,529,660.21	1,627,085,200.00	22,761,444,460.21	-

Fiduciary Funds				Fair Value Measurements Using		
TexPool Prime				Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2023						
Investment Type	Principal Value	Carrying Value	Fair Value			
U.S. Government Treasuries						
Commercial Paper	10,601,555,000.00	10,542,063,879.10	10,542,185,920.40	-	10,542,185,920.40	-
Repurchase Agreements	1,458,360,000.00	1,458,360,000.00	1,458,360,000.00	-	1,458,360,000.00	-
Money Market Mutual Funds	829,943,055.05	830,153,483.22	829,943,055.05	829,943,055.05	-	-
Total Investments	12,889,858,055.05	12,830,577,362.32	12,830,488,975.45	829,943,055.05	12,000,545,920.40	-

Fiduciary Funds				Fair Value Measurements Using		
2022				Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment Type	Principal Value	Carrying Value	Fair Value			
U.S. Government Treasuries	117,500,000.00	117,506,222.35	117,601,333.18	-	117,601,333.18	-
Commercial Paper	8,898,710,000.00	8,891,406,089.42	8,888,884,861.85	-	8,888,884,861.85	-
Repurchase Agreements	295,289,000.00	295,289,000.00	295,289,000.00	-	295,289,000.00	-
Money Market Mutual Funds	829,943,055.05	830,153,483.22	829,943,055.05	829,943,055.05	-	-
Total Investments	10,141,442,055.05	10,134,354,794.99	10,131,718,250.08	829,943,055.05	9,301,775,195.03	-

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Texas Public Finance Authority			Fair Value Measurements Using		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2023					
Investment Type	Carrying Value	Fair Value			
U.S. Government Treasuries	111,219,455.98	111,219,455.98		111,219,455.98	
U.S. Government Treasury Strips	824,589.19	824,589.19		824,589.19	
U.S. Government Agencies	112,155,630.35	112,155,630.35		112,155,630.35	
Total Investments	<u>224,199,675.52</u>	<u>224,199,675.52</u>	-	<u>224,199,675.52</u>	-
2022					
Investment Type	Carrying Value	Fair Value			
U.S. Government Treasuries	116,846,040.48	116,846,040.48		116,846,040.48	
U.S. Government Treasury Strips	1,637,631.35	1,637,631.35		1,637,631.35	
U.S. Government Agencies	111,201,156.99	111,201,156.99		111,201,156.99	
Total Investments	<u>229,684,828.82</u>	<u>229,684,828.82</u>	-	<u>229,684,828.82</u>	-

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants. Debt securities and repurchase agreements classified as Level 2 of the fair value hierarchy are valued using other observable significant inputs, including but not limited to, quoted prices for similar securities, interest rates and a fixed-income pricing model. Money market mutual funds classified as Level 1 of the fair value hierarchy are valued using a published net asset value per share.

The following table lists Standard & Poor's credit rating by investment type that are subject to credit risk:

Standard & Poor's					
Fund Type	Fund	Investment Type	AA	A-1	Not Rated
05	1004	Repurchase Agreements	\$ 69,780,425.62		
18	3181	U.S. Government Agencies		\$ 10,926,131,011.11	
18	3181	Commercial Paper		10,542,063,879.10	
18	3181	Repurchase Agreements		14,478,429,223.88	
18	3181	Money Market Mutual Funds		2,025,085,200.00	\$ 830,153,483.22
22	4000	U.S. Government Treasuries	111,219,455.98		
22	4000	U.S. Government Treasury Strips	824,589.19		
22	4000	U.S. Government Agencies	112,155,630.35		

TEXPOOL

Credit risk: The TexPool portfolio is designed and managed to ensure that it maintains its AAAM rating (or the equivalent) by a nationally recognized statistical rating organization (NRSRO). As of Aug. 31, 2023, and 2022, TexPool investments in U.S. government securities and the underlying securities of the Repurchase Agreements were rated A-1+ by Standard & Poor's, P1 by Moody's, and F-1+ by Fitch. Money market mutual funds were rated A-1+ by Standard & Poor's, P1 by Moody's, and F-1+ by Fitch as of Aug. 31, 2023, and 2022.

Concentration of credit risk: Up to 100 percent of TexPool assets may be invested in government obligations of the United States, its agencies, or instrumentalities. However, no more than 60 percent of the portfolio may be invested in variable rate notes. Up to 100 percent of TexPool assets may be invested in direct repurchase agreements. TexPool may enter into reverse repurchase agreements for up to one third (1/3) of the value of the TexPool assets. No more than 10 percent of the TexPool assets may be invested in a single money market fund. The money market mutual fund must be rated AAA or its equivalent by at least one NRSRO. TexPool's investment policy has no limit on the amount it may invest in any single Governmental Sponsored Enterprise (GSE). As of Aug. 31, 2023, TexPool had more than 5 percent of the pool's investments in the following GSEs: 28.1 percent with the Federal Home Loan

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Bank and 8.8 percent with the Federal Farm Credit Bank. As of Aug. 31, 2022, TexPool had more than 5 percent of the pool’s investments in the following GSEs: 28.8 percent with the Federal Home Loan Bank and 8.6% with the Federal Farm Credit Bank.

Interest rate risk: The weighted-average maturity of the portfolio is limited to 60 days calculated using the reset date for variable rate notes (VRNs) and 90 days or fewer using the final maturity date for VRNs, with the maximum maturity for any individual security in the portfolio not exceeding 397 days for fixed rate securities and 24 months for VRNs. TexPool’s weighted average maturity in fiscal year 2023 was 23 days.

TEXPOOL PRIME

Credit risk: The TexPool Prime portfolio is designed and managed to ensure that it maintains its AAAm rating (or the equivalent) by a nationally recognized statistical rating organization (NRSRO). As of Aug. 31, 2023, and 2022, TexPool Prime investments in U.S. government securities, commercial paper and the underlying securities of Repurchase Agreements were rated A-1 by Standard & Poor’s, P-1 by Moody’s Investors Service and F-1 by Fitch ratings. As of Aug. 31, 2023, and 2022, money market mutual funds were rated at least A-1 by Standard & Poor’s or A by Moody’s.

Concentration of credit risk Up to 100 percent of TexPool Prime assets may be invested in government obligations of the United States, its agencies, or instrumentalities. However, no more than 60 percent of the portfolio may be invested in variable rate notes. Up to 100 percent of TexPool Prime assets may be invested in direct repurchase agreements. The term of a reverse repurchase agreements may not exceed 90 days after the date of delivery. Up to 75 percent of TexPool Prime assets may be invested in commercial paper. No more than 25 percent of TexPool Prime assets may be invested in a single industry or business sector, provided that this limitation does not apply to securities issued or guaranteed by companies in the financial services industry. No more than 5 percent of TexPool Prime assets at the time of purchase may be invested in a single corporate entity. Up to 15 percent of the TexPool Prime assets may be invested in money market mutual funds that do not seek to maintain a stable net asset value per share. However, TexPool Prime may not acquire shares of a money market mutual fund that represent more than 10 percent of and outstanding shares of that fund at the time of purchase.

As of August 31, 2023, TexPool Prime had more than 5.0% of the pool’s investments in the following: 6.5% with Federated Prime. As of August 31, 2022, TexPool Prime had 8.2% investments in Federated Prime.

Interest rate risk. The weighted average maturity of the portfolio is limited to 60 days calculated using the reset date for variable rate notes (VRNs) and 90 days or fewer using the final maturity date for VRNs, with the maximum maturity for any individual security in the portfolio not exceeding 397 days for fixed rate securities and 24 months for VRNs. TexPool Prime’s weighted average maturity in fiscal year 2023 was 32 days.

The following schedule reflects the weighted average maturity by investment type and as a whole for TexPool and TexPool Prime.

Investment Type	Weighted Average Maturity (Days)	
	TexPool	TexPool Prime
U.S. Government Treasuries	25	N/A
U.S. Government Agencies	51	N/A
Commercial Paper	N/A	32
Repurchase Agreements	3	1
Money Market Mutual Funds	1	1
Weighted Average Maturity	23	32

NOTE 4: Short-Term Debt

(Not Applicable)

NOTE 5: Summary of Long-Term Liabilities

Changes in Long-Term Liabilities

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

Business-Type Activities	Balance Sept. 1, 2022	Additions	Reductions	Balance Aug. 31, 2023	Amounts Due Within One Year	Amounts Due Thereafter
Right to Use Subscription Obligations	\$	\$ 11,917,189.53	\$ 4,038,199.49	\$ 7,878,990.04	\$ 3,882,681.24	\$ 3,996,308.80
Employees' Compensable Leave	1,236,271.27	1,067,328.71	970,855.38	1,332,744.60	773,207.49	559,537.11
Total Business-Type Activities	<u>\$ 1,236,271.27</u>	<u>\$ 12,984,518.24</u>	<u>\$ 5,009,054.87</u>	<u>\$ 9,211,734.64</u>	<u>\$ 4,655,888.73</u>	<u>\$ 4,555,845.91</u>

Subscription-Based Information Technology Arrangements (SBITA)

A contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract's term limits in an exchange or exchange-like transaction.

Subscription Liability

The present value of all payments expected to be made during the subscription term of a SBITA.

Employees' Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from state employment, provided the employee has had continuous employment with the state for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental and/or expendable trust fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Position. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

NOTE 6: Bonded Indebtness

(Not Applicable)

NOTE 7: Derivatives

(Not Applicable)

NOTE 8: Subscription-Based Information Technology Arrangements

In fiscal 2023, the Texas Trust entered agreements with Bloomberg and SimCorp Dimension for information technology subscriptions with total lease payments of \$4,100,521.74. The table below reports the subscription agreements with a future commitment of \$8,201,043.48.

Business-Type Activities			
Future Subscription Payments			
Year Ended Aug. 31, 2023			
Year	Principal	Interest	Total
2024	\$ 3,882,681.24	\$ 217,840.50	\$ 4,100,521.74
2025	3,996,308.80	104,212.94	4,100,521.74
Total	<u>\$ 7,878,990.04</u>	<u>\$ 322,053.44</u>	<u>\$ 8,201,043.48</u>

NOTE 9: Defined Benefit Pension and Contribution Plans

(Not Applicable)

NOTE 10: Deferred Compensation

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the TEX. GOV'T. CODE ANN., sec 609.001. Two plans are available for employees' deferred compensation plan. Both plans are administered by the Employees Retirement System of Texas.

The state's 457 plan complies with the Internal Revenue Code Sec. 457. Deductions purchased investments and earnings attributed to the 457 plan are the property of the state subject only to the claims of the state's general creditors. Participant's rights under the plan are equal to those of the general creditors of the state in an amount equal to the fair market value of the 457 account for each participant.

The state has no liability under the 457 plan, and it is unlikely that plan assets will be used to satisfy the claims of general creditors in the future. The state also administers the 'TexaSaver' created in accordance with Internal Revenue Code Sec. 401(k). However, the assets of this plan do not belong to the state nor does the state have a liability related to this plan.

NOTE 11: Postemployment Health Care and Life Insurance Benefits

(Not Applicable)

NOTE 12: Interfund Activity and Transactions

(Not Applicable)

NOTE 13: Continuance Subject To Review

(Not Applicable)

NOTE 14: Adjustments to Fund Balances and Net Position

During fiscal 2023, certain accounting changes and adjustments were made that required the restatement of net position. The restatements are presented below.

	<u>Proprietary Fund</u>
Net Position September 1, 2023	\$71,169,129.35
Restatements	<u>(297,505.43)</u>
Net Position September 1, 2023 as Restated	<u><u>\$70,871,623.92</u></u>

The \$(297,505.43) proprietary fund restatement is required to properly record the prior year incentive compensation.

NOTE 15: Contingencies and Commitments

(Not Applicable)

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

The agency 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 agency assumes substantially all risks associated with tort and liability claims due to the performance of its duties.

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 include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There were no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years. There were no changes in the balances of the agency's claims liabilities during fiscal 2023. There were no changes in the balances of the agency's claims liabilities during fiscal years 2023 or 2022.

NOTE 18: Management Discussions and Analysis

The following events occurred at our agency:

The Texas Treasury Safekeeping Trust Company (Texas Trust) was created in 1986 by the 69th Legislature to provide a separate legal entity for the State Treasurer. The incorporation of the trust company was necessary to obtain direct access to services provided by the Federal Reserve System, namely wire and custody services, and resulted in cost savings to the state of Texas. Texas Trust is one of only two state-owned trust companies with direct access to the Federal Reserve System.

NOTE 19: The Financial Reporting Entity

(Not Applicable)

NOTE 20: Stewardship, Compliance and Accountability

(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)

NOTE 27: Service Concession Arrangements

(Not Applicable)

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

(Not Applicable)

NOTE 29: Troubled Debt Restructuring

(Not Applicable)

NOTE 30: Non-Exchange Financial Guarantees

(Not Applicable)

NOTE 31: Tax Abatements

(Not Applicable)

NOTE 32: Governmental Fund Balances

(Not Applicable)

NOTE 33: Related parties

The Texas Trust has entered into a services agreement with the Comptroller's office. The agreement provides for specified rates based on hours of utilization. As of August 31, 2023, the Texas Trust paid the Comptroller's office \$57,033.34 for services provided. On August 31, 2023, the Texas Trust accrued \$16,933.61 for services provided by the Comptroller's office and this amount is included in accounts payable.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS

UNAUDITED
Texas Treasury Safekeeping Trust Company (930)

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Texas Treasury Safekeeping Trust Company (930)

EXHIBIT A-1

**Combining Statement of Fiduciary Net Position –
External Investment Trust Funds**

August 31, 2023

	Texas Treasury Safekeeping Trust Company TEXPOOL (9999) U/F (6050)	Texas Treasury Safekeeping Trust Company TEXPOOL Prime (9999) U/F (7050)	Totals (Ex IV)
ASSETS			
Cash In Bank	\$ 5,228,692.52	\$ 764.21	\$ 5,229,456.73
Investments			
U.S. Government and Agency Obligations	14,314,752,563.39		14,314,752,563.39
Commercial Paper		10,542,063,879.10	10,542,063,879.10
Repurchase Agreements	13,020,069,223.88	1,458,360,000.00	14,478,429,223.88
Money Market Mutual Funds	2,025,085,200.00	830,153,483.22	2,855,238,683.22
Interest Receivable	137,735,674.30	28,232,237.13	165,967,911.43
Total Assets	<u>29,502,871,354.09</u>	<u>12,858,810,363.66</u>	<u>42,361,681,717.75</u>
LIABILITIES			
Payables From:			
Dividends Payable	131,780,051.07	54,243,155.97	186,023,207.04
Other Liabilities	125,223,379.60	17,012.29	125,240,391.89
Total Liabilities	<u>257,003,430.67</u>	<u>54,260,168.26</u>	<u>311,263,598.93</u>
NET POSITION			
Held in Trust For			
Pool Participants	29,245,867,923.42	12,804,550,195.40	42,050,418,118.82
Total Net Position	<u>\$ 29,245,867,923.42</u>	<u>\$ 12,804,550,195.40</u>	<u>\$ 42,050,418,118.82</u>

UNAUDITED
Texas Treasury Safekeeping Trust Company (930)

EXHIBIT A-2

Combining Statement of Changes in Fiduciary Net Position – External Investment Trust Funds

For the Fiscal Year Ended August 31, 2023

	Texas Treasury Safekeeping Trust Company TEXPOOL (9999) U/F (6050)	Texas Treasury Safekeeping Trust Company TEXPOOL Prime (9999) U/F (7050)	Totals (Ex V)
ADDITIONS			
Investment Income:			
From Investing Activities:			
Interest and Investment Income	\$ 1,288,121,217.21	\$ 525,553,769.20	\$ 1,813,674,986.41
Expenses:			
Management Fees and Expenses	(10,811,452.05)	(5,374,418.69)	(16,185,870.74)
Net Income from Investing Activities	<u>1,277,309,765.16</u>	<u>520,179,350.51</u>	<u>1,797,489,115.67</u>
Total Additions	<u>1,277,309,765.16</u>	<u>520,179,350.51</u>	<u>1,797,489,115.67</u>
Net Increase in Participant Investments	3,626,628,302.26	2,162,869,025.67	5,789,497,327.93
Net Increase in Net Position	4,903,938,067.42	2,683,048,376.18	7,586,986,443.60
Net Position, September 1, 2022	<u>24,341,929,856.00</u>	<u>10,121,501,819.22</u>	<u>34,463,431,675.22</u>
Net Position, August 31, 2023	<u>\$ 29,245,867,923.42</u>	<u>\$ 12,804,550,195.40</u>	<u>\$ 42,050,418,118.82</u>

EXHIBIT B-1

**Combining Statement of
 Fiduciary Net Position –
 Private-Purpose Trust Funds**

August 31, 2023

	Opioid Abatement Trust Fund (1202)
	<u>U/F (1202), (1221), (1225)</u>
ASSETS	
Cash in Bank	\$ 193,238.81
Cash in State Treasury	265,845,637.44
Total Assets	<u>266,038,876.25</u>
LIABILITIES	
Payables From:	
Accounts Payable	193,238.81
Total Liabilities	<u>193,238.81</u>
NET POSITION	
Restricted For	
Other Purposes	265,845,637.44
Total Net Position	<u>\$ 265,845,637.44</u>

EXHIBIT B-2

Combining Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Funds

For the Fiscal Year Ended August 31, 2023

	Opioid Abatement Trust Fund (1202) U/F (1202), (1221), (1225)
ADDITIONS	
Investment Income:	
From Investing Activities:	
Interest and Investment Income	\$ 8,691,771.58
Net Income from Investing Activities	<u>8,691,771.58</u>
Other Additions:	
Settlement of Claims	235,871,001.60
Total Other Additions	<u>235,871,001.60</u>
Total Additions	244,562,773.18
DEDUCTIONS	
Claims and Judgement Expense	52,088,165.36
Total Deductions	<u>52,088,165.36</u>
Net Increase in Net Position	192,474,607.82
Net Position, September 1, 2022	<u>73,371,029.62</u>
Net Position, August 31, 2023	<u>\$ 265,845,637.44</u>

EXHIBIT C-1

**Combining Statement of
 Fiduciary Net Position –
 Custodial Funds**

August 31, 2023

	Texas Public Finance Authority (9999) U/F (4000)
ASSETS	
Cash in Bank	\$ 7,730.50
Investments	
U.S. Government and Agency Obligations	224,199,675.52
Interest and Dividend Receivable	1,106,687.44
Total Assets	225,314,093.46
NET POSITION	
Held in Trust For	
Pool Participants	225,314,093.46
Total Net Position	\$ 225,314,093.46

EXHIBIT C-2

Combining Statement of Changes in Fiduciary Net Position – Custodial Funds

For the Fiscal Year Ended August 31, 2023

	Texas Public Finance Authority (9999) U/F (4000)
ADDITIONS	
Investment Income:	
From Investing Activities:	
Net Increase in Fair Value of Investments	\$ 1,971,576.80
Interest and Investment Income	1,714,170.03
Net Income from Investing	3,685,746.83
Total Additions	3,685,746.83
DEDUCTIONS	
Withdrawals from Other Governments	9,221,695.80
Total Deductions	9,221,695.80
Net (Decrease) in Net Position	(5,535,948.97)
Net Position, September 1, 2022	230,850,042.43
Net Position, August 31, 2023	\$ 225,314,093.46

Comptroller State Energy
Conservation Office (907)

BASIC FINANCIAL STATEMENTS

UNAUDITED
Comptroller State Energy Conservation Office (907)

UNAUDITED
Comptroller State Energy Conservation Office (907)

EXHIBIT I

Combined Balance Sheet/Statement of Net Position – Governmental Funds

For the Fiscal Year Ended August 31, 2023

	General Funds (Exh A-1)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Position
ASSETS						
Current Assets:						
Cash:						
Cash in State Treasury	\$ 81,244,745.83	\$ 81,244,745.83	\$	\$	\$	\$ 81,244,745.83
Legislative Appropriations	65,112,670.49	65,112,670.49				65,112,670.49
Receivables From:						
Federal	489,977.52	489,977.52				489,977.52
Interfund Receivables (Note 12)	2,222,571.99	2,222,571.99				2,222,571.99
Due from Other Agencies	21,240.74	21,240.74				21,240.74
Loans and Contracts	15,888,009.33	15,888,009.33				15,888,009.33
Total Current Assets	<u>164,979,215.90</u>	<u>164,979,215.90</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>164,979,215.90</u>
Non-Current Assets:						
Interfund Receivables (Note 12)	7,124,831.15	7,124,831.15				7,124,831.15
Loans and Contracts	66,067,908.00	66,067,908.00				66,067,908.00
Total Non-Current Assets	<u>73,192,739.15</u>	<u>73,192,739.15</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>73,192,739.15</u>
Total Assets	<u>\$ 238,171,955.05</u>	<u>\$ 238,171,955.05</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 238,171,955.05</u>
LIABILITIES						
Current Liabilities:						
Payables from:						
Accounts	\$ 12,913.25	\$ 12,913.25	\$	\$	\$	\$ 12,913.25
Payroll	86,829.18	86,829.18				86,829.18
Interfund Payable	864.10	864.10				864.10
Due to Other Agencies	368,115.33	368,115.33				368,115.33
Employees Compensable Leave (Note 5)				77,790.56		77,790.56
Total Current Liabilities	<u>468,721.86</u>	<u>468,721.86</u>	<u>0.00</u>	<u>77,790.56</u>	<u>0.00</u>	<u>546,512.42</u>
Non-Current Liabilities:						
Employees Compensable Leave (Note 5)				56,576.56		56,576.56
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>56,576.56</u>	<u>0.00</u>	<u>56,576.56</u>
Total Liabilities	<u>468,721.86</u>	<u>468,721.86</u>	<u>0.00</u>	<u>134,367.12</u>	<u>0.00</u>	<u>603,088.98</u>
FUND FINANCIAL STATEMENT						
Fund Balances (Deficits):						
Nonspendable (Note 32)	24,992,981.03	24,992,981.03				24,992,981.03
Committed	140,971,739.78	140,971,739.78				140,971,739.78
Unassigned	71,738,512.38	71,738,512.38				71,738,512.38
Total Fund Balances	<u>237,703,233.19</u>	<u>237,703,233.19</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>237,703,233.19</u>
Total Liabilities and Fund Balances	<u>\$ 238,171,955.05</u>	<u>\$ 238,171,955.05</u>				
GOVERNMENT-WIDE STATEMENT OF NET POSITION						
Net Position:	238,171,955.05					
Restricted for:						
Employee Benefits (Note 5)				(134,367.12)		(134,367.12)
Total Net Position			<u>\$ 0.00</u>	<u>\$ (134,367.12)</u>	<u>\$ 0.00</u>	<u>\$ 237,568,866.07</u>

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

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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

	General Funds (Exh A-2)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
REVENUES						
Legislative Appropriations:						
Original Appropriations (GR)	\$ 397,335.00	\$ 397,335.00	\$	\$	\$	\$ 397,335.00
Additional Appropriations (GR)	47,853.62	47,853.62				47,853.62
Federal Revenue (Schedule 1A)	7,299,074.99	7,299,074.99				7,299,074.99
Interest and Investment Income	6,707,125.83	6,707,125.83				6,707,125.83
Total Revenues	<u>14,451,389.44</u>	<u>14,451,389.44</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>14,451,389.44</u>
EXPENDITURES						
Salaries and Wages	902,327.42	902,327.42		4,421.14		906,748.56
Payroll Related Costs	250,541.77	250,541.77				250,541.77
Professional Fees and Services	1,643,258.94	1,643,258.94				1,643,258.94
Travel	27,457.68	27,457.68				27,457.68
Materials and Supplies	1,401.53	1,401.53				1,401.53
Repairs and Maintenance	175.61	175.61				175.61
Rentals & Leases	6,284.29	6,284.29				6,284.29
Federal Grant Pass-Through Expenditures (Schedule 1A)	1,831,604.91	1,831,604.91				1,831,604.91
State Grant Pass-Through Expenditures	283,639.17	283,639.17				283,639.17
Intergovernmental Payments	3,620,872.86	3,620,872.86				3,620,872.86
Public Assistance Payments	25,000.00	25,000.00				25,000.00
Other Expenditures	28,432.29	28,432.29				28,432.29
Total Expenditures/Expenses	<u>8,620,996.47</u>	<u>8,620,996.47</u>	<u>0.00</u>	<u>4,421.14</u>	<u>0.00</u>	<u>8,625,417.61</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,830,392.97</u>	<u>5,830,392.97</u>	<u>0.00</u>	<u>(4,421.14)</u>	<u>0.00</u>	<u>5,825,971.83</u>
OTHER FINANCING SOURCES (USES)						
Transfers-In	140,800.66	140,800.66				140,800.66
Transfers-Out	(140,800.66)	(140,800.66)				(140,800.66)
Total Other Financing Sources and Uses	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Change in Fund Balances/Net Position	<u>5,830,392.97</u>	<u>5,830,392.97</u>	<u>0.00</u>	<u>(4,421.14)</u>	<u>0.00</u>	<u>5,825,971.83</u>
FUND FINANCIAL STATEMENT – FUND BALANCES						
Fund Balances – Beginning	231,872,840.22	231,872,840.22				231,872,840.22
Fund Balances, September 1, 2022, as Restated	231,872,840.22	231,872,840.22	0.00	0.00	0.00	231,872,840.22
Fund Balances – August 31, 2023	<u>\$ 237,703,233.19</u>	<u>\$ 237,703,233.19</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 237,703,233.19</u>
GOVERNMENT-WIDE STATEMENT OF NET POSITION						
Change in Net Position		\$ 237,703,233.19	\$	\$ (4,421.14)	\$	\$ 237,698,812.05
Net Position – Beginning				(129,945.98)		(129,945.98)
Net Position, September 1, 2022, as Restated			0.00	(129,945.98)	0.00	(129,945.98)
Net Position – August 31, 2022		<u>\$ 237,703,233.19</u>	<u>\$ 0.00</u>	<u>\$ (134,367.12)</u>	<u>\$ 0.00</u>	<u>\$ 237,568,866.07</u>

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

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

ENTITY

The State Energy Conservation Office (SECO) 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 function of the State Energy Conservation Office is to promote and provide for the efficient use of energy, while protecting human health and safety, and the environment. SECO administers and delivers a variety of energy efficient and renewable programs that significantly impact energy cost and consumption in the institutional, industrial, transportation and residential sectors.

Due to the significant changes related to Governmental Accounting Standards Board Statement (GASB) 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*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

There are no component units in which the State Energy Conservation Office is financially accountable for in which exclusion would create misleading or incomplete financial statements.

FUND STRUCTURE

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

GOVERNMENTAL FUND TYPES AND GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

General Revenue Funds

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

Long-Term Liabilities Adjustment Fund Type

The Long-Term Liabilities Adjustment Fund (Fund 9997) is used to convert governmental fund types’ debt from modified accrual to full accrual.

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 basis, revenues are recognized in the period that they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end.

The state of Texas considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for fund financial statements prepared on the modified accrual basis. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Governmental adjustment fund types that will build the government-wide financial statements are accounted for using the full accrual basis of accounting. The following activities are recognized in these fund types:

- Unpaid employee compensable leave
- Capital Assets

BUDGET AND BUDGETARY ACCOUNTING

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

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

ASSETS, LIABILITIES AND FUND BALANCES/NET POSITION

ASSETS

Cash and Cash Equivalents

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

Federal Receivables-Current

This represents federal grant reimbursements including indirect costs that have been earned but not received.

Loans and Contracts

LoanSTAR Program

The State Energy Conservation Office offers loans from the oil overcharge LoanSTAR fund for energy related cost reduction projects. These low interest loans are made to state agencies and public institutions and are paid back with the funds saved from the reduction of energy costs.

Federally Funded Loan Programs

State Energy Program (SEP - CFDA 81.041)

The State Energy Conservation Office receives an annual grant from the U.S. Department of Energy (DOE) to provide funds for the State Energy Program (SEP). A portion of these funds are authorized by DOE to be used as low interest loans that enable municipalities to maximize their energy efficiency through building retrofits. The loans are paid back with funds saved from the reduction of energy costs. Furthermore, the State Energy Conservation Office chose to continue the administration of the American Recovery and Reinvestment Act (ARRA) revolving loan program made available through DOE in 2009. The program still offers low interest loans intended to assist governmental entities in financing their energy related cost reduction efforts. No dollars have been transferred from the now discontinued ARRA award to the annual SEP award and all monitoring will follow the same guidelines as the SEP annual grant.

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.

Employees' Compensable Leave

Employees' compensable leave balances represent the liability that become "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net position. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

FUND BALANCE/NET POSITION

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

Fund Balance Components

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

- Nonspendable fund balance includes amounts not available to be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- 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.
- Unassigned fund balance includes the residual classification for the general fund. The net resources of the general fund in excess of non-spendable, restricted, committed and assigned fund balances (a surplus fund balance) are classified as unassigned fund balance.

INTERFUND ACTIVITIES AND TRANSACTIONS

The agency has the following types of transactions between funds/agencies:

- Due To Other Agencies
- Transfers In
- Transfers Out
- Interfund Receivables and Interfund Payables

The composition of the agency's interfund receivables and interfund payables are presented in Note 12.

NOTE 2: Capital Assets

(Not Applicable)

NOTE 3: Deposits, Investments and Repurchase Agreements

(Not Applicable)

NOTE 4: Short-Term Debt

(Not Applicable)

NOTE 5: Long-Term Liabilities

Changes In Long-Term Liabilities

The following changes occurred in liabilities during the year ending Aug. 31, 2023:

Governmental Activities	Balance Sept. 1, 2022	Additions	Reductions	Balance Aug. 31, 2023	Amounts Due Within One Year	Amounts Due Thereafter
Compensable Leave	\$ 129,945.98	\$ 112,246.46	\$ 107,825.32	\$ 134,367.12	\$ 77,790.56	\$ 56,576.56
Total Governmental	<u>\$ 129,945.98</u>	<u>\$ 112,246.46</u>	<u>\$ 107,825.32</u>	<u>\$ 134,367.12</u>	<u>\$ 77,790.56</u>	<u>\$ 56,576.56</u>

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 compensation was paid.

NOTE 6: Bonded Indebtedness

(Not Applicable)

NOTE 7: Derivatives

(Not Applicable)

NOTE 8: Leases

(Not Applicable)

NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan

(Not Applicable)

NOTE 10: Deferred Compensation

(Not Applicable)

NOTE 11: Postemployment Benefits Other Than Pensions

(Not Applicable)

NOTE 12: Interfund Activity and Transactions

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

Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter, the balance is classified as "current." Balances for repayment due in two (or more) years are classified as "non-

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current.” The State Energy Conservation Office’s LoanSTAR Revolving Loan programs are reported in interfund receivables and payables. The LoanSTAR Revolving loan balances are provided below.

Individual balances and activity as of Aug. 31, 2023 are as follows:

	Current Interfund Receivable	Current Interfund Payable	Purpose
Current Portion			
Appd Fund 5005, D23 Fund 0515			
Agency 401, Texas Military Department	\$ 48,097.36	\$	Loan Star Loans
Agency 696, Texas Department of Criminal Justice	35,665.24		Loan Star Loans
Agency 696, Texas Department of Criminal Justice	617,355.52		Loan Star Loans
Agency 711, Texas A&M University	244,516.97		Loan Star Loans
Agency 714, UT at Arlington	56,662.40		Loan Star Loans
Agency 714, UT at Arlington	40,490.92		Loan Star Loans
Total Interfund Receivable/Payable Loans	<u>\$ 1,042,788.41</u>	<u>\$ 0.00</u>	
Agy 907 Accrued Expenditure transfer from Fund 0001 to 0515	\$	\$ 864.10	Accrued Expenditure Transfer
Total Interfund Receivable/Payable	<u>\$ 1,042,788.41</u>	<u>\$ 864.10</u>	
	Non-Current Interfund Receivable	Non-Current Interfund Payable	Purpose
Non-Current Portion			
Appd Fund 5005, D23 Fund 0515			
Agency 401, Texas Military Department	\$ 100,813.40	\$	Loan Star Loans
Agency 696, Texas Department of Criminal Justice			Loan Star Loans
Agency 696, Texas Department of Criminal Justice	3,278,467.94		Loan Star Loans
Agency 711, Texas A&M University			Loan Star Loans
Agency 714, UT at Arlington	145,626.61		Loan Star Loans
Agency 714, UT at Arlington	189,644.29		Loan Star Loans
Total Interfund Receivable/Payable	<u>\$ 3,714,552.24</u>	<u>\$ 0.00</u>	
	Current Interfund Receivable	Current Interfund Payable	Purpose
Current Portion			
Appd Fund 0001, D23 Fund 0230			
Agency 711, Texas A&M University	\$ 585,390.88	\$	Federal Lone Star Loans
Agency 711, Texas A&M University	593,528.56		Federal Lone Star Loans
Total Interfund Receivable/Payable	<u>\$ 1,178,919.44</u>	<u>\$ 0.00</u>	
	Non-Current Interfund Receivable	Non-Current Interfund Payable	Purpose
Non-Current Portion			
Appd Fund 0001, D23 Fund 0230			
Agency 711, Texas A&M University	\$ 1,692,531.33	\$	Federal Lone Star Loans
Agency 711, Texas A&M University	1,717,747.58		Federal Lone Star Loans
Total Interfund Receivable/Payable	<u>\$ 3,410,278.91</u>	<u>\$ 0.00</u>	
	Current Interfund Receivable	Current Interfund Payable	Purpose
Current Portion			
Appd Fund 0001, D23 Fund 0510			
Agy 907 Accrued Expenditure transfer from Fund 0001 to 0515	\$ 864.10	\$	Accrued Expenditure Transfer
Total Interfund Receivable/Payable	<u>\$ 864.10</u>	<u>\$ 0.00</u>	

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustments to Fund Balances and Net Position

(Not Applicable)

NOTE 15: Contingencies and Commitments

(Not Applicable)

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

(Not Applicable)

NOTE 18: Management's Discussion and Analysis

(Not Applicable)

NOTE 19: The Financial Reporting Entity

(Not Applicable)

NOTE 20: Stewardship, Compliance and Accountability

(Not Applicable)

NOTE 21: Not Applicable to the AFR

(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)

NOTE 27: Service Concession Arrangements

(Not Applicable)

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

(Not Applicable)

NOTE 29: Trouble Debt Restructuring

(Not Applicable)

NOTE 30: Non-Exchange Financial Guarantees

(Not Applicable)

NOTE 31: Tax Abatements

(Not Applicable)

NOTE 32: Governmental Fund Balances

GASB 54 establishes financial reporting standards for fund balances.

The State Energy Conservation Office has the following restrictions/covenants causing fund balances to be committed and restricted as of Aug. 31, 2023:

GAAP Fund	Fund	AFR 54 Class	AMOUNT	Citation	Comments
1	0229/0230	Nonspendable	\$24,992,981.03	Federal CFDA 81.041	The Nonspendable amounts are federal loans. The Department of Energy has allowed the State Energy Conservation Office to use a portion of the State Energy Program Formula Grant funds for loans and approved to continue the American Recovery and Reinvestment Act (ARRA) revolving loan program. These low interest loans allow municipalities to maximize their energy efficiency through building retrofits. The loans are paid back with funds saved from the reduction of energy costs.

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS

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EXHIBIT A-1

Combining Balance Sheet – All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2023

	General Revenue Fund (0001) U/F (0001),(0224), (0226),(0227) (0229), (0230), (0231), (0232) (0510), (0512), (1999), (2000), (2370)	General Revenue Dedicated-Oil Overcharge Fund (5005) UF (0505), (0515), (0525), (0535) (0545),(2005),(5999)	Total (Exh I)
ASSETS			
Current Assets:			
Cash			
Cash in State Treasury	\$	\$ 81,244,745.83	\$ 81,244,745.83
Legislative Appropriations	65,112,670.49		65,112,670.49
Receivables From:			
Federal	489,977.52		489,977.52
Interfund Receivables (Note 12)	1,179,783.54	1,042,788.45	2,222,571.99
Due from Other Agencies	21,240.74		21,240.74
Loans and Contracts	<u>5,292,428.26</u>	<u>10,595,581.07</u>	<u>15,888,009.33</u>
Total Current Assets	<u>72,096,100.55</u>	<u>92,883,115.35</u>	<u>164,979,215.90</u>
Non-Current Assets:			
Interfund Receivables (Note 12)	3,410,278.91	3,714,552.24	7,124,831.15
Loans and Contracts	21,582,702.12	44,485,205.88	66,067,908.00
Total Noncurrent Assets	<u>24,992,981.03</u>	<u>48,199,758.12</u>	<u>73,192,739.15</u>
Total Assets	<u>\$ 97,089,081.58</u>	<u>\$ 141,082,873.47</u>	<u>\$ 238,171,955.05</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts	\$	\$ 12,913.25	\$ 12,913.25
Payroll	68,478.22	18,350.96	86,829.18
Interfund Payables		864.10	864.10
Due To Other Agencies	289,109.95	79,005.38	368,115.33
Unearned Revenues			
Total Current Liabilities	<u>357,588.17</u>	<u>111,133.69</u>	<u>468,721.86</u>
Non-Current Liabilities:			
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>357,588.17</u>	<u>111,133.69</u>	<u>468,721.86</u>
Fund Balances (Deficits):			
Nonspendable	24,992,981.03		24,992,981.03
Committed		140,971,739.78	140,971,739.78
Unassigned	71,738,512.38		71,738,512.38
Total Fund Balances	<u>96,731,493.41</u>	<u>140,971,739.78</u>	<u>237,703,233.19</u>
Total Liabilities and Fund Balances	<u>\$ 97,089,081.58</u>	<u>\$ 141,082,873.47</u>	<u>\$ 238,171,955.05</u>

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

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EXHIBIT A-2

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2023

	General Revenue Fund (0001) U/F (0001),(0224), (0226),(0227) (0229),(0230), (0231),(0232) (0510),(0512),(1999), (2000), (2370)	General Revenue Dedicated-Oil Overcharge Fund (5005) UF (0505), (0515), (0525), (0535) (0545),(2005),(5999)	Total (Exh II)
REVENUES			
Legislative Appropriations:			
Original Appropriations	\$ 397,335.00	\$	\$ 397,335.00
Additional Appropriations	47,853.62		47,853.62
Federal Revenue (Schedule 1A)	7,299,074.99		7,299,074.99
Interest and Investment Income	2,556,428.27	4,150,697.56	6,707,125.83
Other			
Total Revenues	<u>10,300,691.88</u>	<u>4,150,697.56</u>	<u>14,451,389.44</u>
EXPENDITURES			
Salaries and Wages	831,203.02	71,124.40	902,327.42
Payroll Related Costs	167,757.57	82,784.20	250,541.77
Professional Fees and Services	1,426,756.80	216,502.14	1,643,258.94
Travel	27,457.68		27,457.68
Materials and Supplies	1,293.75	107.78	1,401.53
Repairs and Maintenance	162.11	13.50	175.61
Rentals & Leases	5,537.97	746.32	6,284.29
Federal Grant Pass-Through Expenditures (Schedule 1A)	1,831,604.91		1,831,604.91
State Grant Pass-Through Expenditure		283,639.17	283,639.17
Intergovernmental Payments	3,620,872.86		3,620,872.86
Public Assistance Payments	10,000.00	15,000.00	25,000.00
Other Expenditures	27,806.31	625.98	28,432.29
Total Expenditures/Expenses	<u>7,950,452.98</u>	<u>670,543.49</u>	<u>8,620,996.47</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,350,238.90</u>	<u>3,480,154.07</u>	<u>5,830,392.97</u>
OTHER FINANCING SOURCES (USES)			
Transfers-In		140,800.66	140,800.66
Transfers-Out		(140,800.66)	(140,800.66)
Total Other Financing Sources and Uses	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Change in Fund Balances	<u>2,350,238.90</u>	<u>3,480,154.07</u>	<u>5,830,392.97</u>
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances, September 1, 2022	94,381,254.51	137,491,585.71	231,872,840.22
Restatements			
Fund Balances, September 1, 2022, as Restated	<u>94,381,254.51</u>	<u>137,491,585.71</u>	<u>231,872,840.22</u>
Fund Balances – August 31, 2023	<u>\$ 96,731,493.41</u>	<u>\$ 140,971,739.78</u>	<u>\$ 237,703,233.19</u>

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

SUPPLEMENTARY SCHEDULES

UNAUDITED
Comptroller State Energy Conservation Office (907)

SCHEDULE 1A
Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended August 31, 2023

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	NSE Name Identifying Number	Agy Univ No.	Pass-through From		Direct Program Amount	Total PT From and Direct Program Amount
				Agencies or Universities Amount	Non-State Entities Amount		
U.S. DEPARTMENT OF ENERGY							
Direct Programs:							
State Energy Program	81.041			\$	\$	\$ 4,887,108.03	\$ 4,887,108.03
State Energy Program	81.041					80,899.00	80,899.00
<i>Pass-Through To:</i> <i>Texas Facilities Commission</i>							
State Energy Program	81.041					174,919.08	174,919.08
<i>Pass-Through To:</i> <i>University of Houston</i>							
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	81.106					51,239.59	51,239.59
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	81.106					272,731.42	272,731.42
<i>Pass-Through To:</i> <i>Department of State Health Services</i>							
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	81.106					123,840.13	123,840.13
<i>Pass-Through To:</i> <i>Texas Division of Emergency Management</i>							
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,	81.214					529,122.46	529,122.46
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,	81.214					257,926.73	257,926.73
<i>Pass-Through To:</i> <i>Department of State Health Services</i>							
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,	81.214					264,540.94	264,540.94
<i>Pass-Through To:</i> <i>Texas Division of Emergency Management</i>							
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,	81.214					200,234.63	200,234.63
<i>Pass-Through To:</i> <i>Texas Commission on Environmental Quality</i>							
Totals – U.S. Department of Energy						6,842,562.01	6,842,562.01
RESEARCH AND DEVELOPMENT CLUSTER							
U.S. DEPARTMENT OF ENERGY							
Direct Programs:							
State Energy Program	81.041					224,281.31	224,281.31
<i>Pass-Through To:</i> <i>Texas A&M Engineering Experiment Station</i>							
State Energy Program	81.041					232,231.67	232,231.67
<i>Pass-Through To:</i> <i>University of Texas at Austin</i>							
						456,512.98	456,512.98
Total Expenditures of Federal Awards				\$	\$	7,299,074.99	7,299,074.99

Concluded on the following page

UNAUDITED
Comptroller State Energy Conservation Office (907)

SCHEDULE 1A (concluded)

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended August 31, 2023

Federal Grantor/ Pass-through Grantor/ Program Title	Agy Univ No.	Pass-through To		Expenditures Amount	Total PT To and Expenditures Amount
		Agencies or Universities Amount	Non-State Entities Amount		
U.S. DEPARTMENT OF ENERGY					
Direct Programs:					
State Energy Program		\$	\$	\$ 4,887,108.03	\$ 4,887,108.03
State Energy Program					80,899.00
<i>Pass-Through To:</i>					
<i>Texas Facilities Commission</i>	303	80,899.00			
State Energy Program					174,919.08
<i>Pass-Through To:</i>					
<i>University of Houston</i>	730	174,919.08			
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions				51,239.59	51,239.59
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions					272,731.42
<i>Pass-Through To:</i>					
<i>Department of State Health Services</i>	537	272,731.42			
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions					123,840.13
<i>Pass-Through To:</i>					
<i>Texas Division of Emergency Management</i>	575	123,840.13			
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,				529,122.46	529,122.46
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,					257,926.73
<i>Pass-Through To:</i>					
<i>Department of State Health Services</i>	537	257,926.73			
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,					264,540.94
<i>Pass-Through To:</i>					
<i>Texas Division of Emergency Management</i>	575	264,540.94			
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,					200,234.63
<i>Pass-Through To:</i>					
<i>Texas Commission on Environmental Quality</i>	582	200,234.63			
Totals – U.S. Department of Energy		<u>1,375,091.93</u>		<u>5,467,470.08</u>	<u>6,842,562.01</u>
RESEARCH AND DEVELOPMENT CLUSTER					
U.S. DEPARTMENT OF ENERGY					
Direct Programs:					
State Energy Program					224,281.31
<i>Pass-Through To:</i>					
<i>Texas A&M Engineering Experiment Station</i>	712	224,281.31			
State Energy Program					232,231.67
<i>Pass-Through To:</i>					
<i>University of Texas at Austin</i>	721	232,231.67			
		<u>456,512.98</u>	<u>0.00</u>	<u>0.00</u>	<u>456,512.98</u>
Total Expenditures of Federal Awards		<u>\$ 1,831,604.91</u>	<u>\$ 0.00</u>	<u>\$ 5,467,470.08</u>	<u>\$ 7,299,074.99</u>

UNAUDITED
Comptroller State Energy Conservation Office (907)

Comptroller – Texas
Bullion Depository (908)

BASIC FINANCIAL STATEMENTS

UNAUDITED
Comptroller – Texas Bullion Depository (908)

UNAUDITED
Comptroller – Texas Bullion Depository (908)

EXHIBIT I

**Combined Balance Sheet –
Governmental Funds**

For the Fiscal Year Ended August 31, 2023

	General Funds	Capital Asset Adjustments	Long-Term Liabilities Adjustments	Statement of Net Position
ASSETS				
Current Assets:				
Legislative Appropriations	\$ 685,547.19	\$	\$	\$ 685,547.19
Accounts Receivable	(371,412.56)			(371,412.56)
Total Current Assets	<u>314,134.63</u>	<u>0.00</u>	<u>0.00</u>	<u>314,134.63</u>
Total Non-Current Assets	0.00	0.00	0.00	0.00
Total Assets	<u>\$ 314,134.63</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 314,134.63</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Accounts Payable	\$ (187,759.41)	\$	\$	\$ (187,759.41)
Total Current Liabilities	<u>(187,759.41)</u>	<u>0.00</u>	<u>0.00</u>	<u>(187,759.41)</u>
Total Liabilities	<u>(187,759.41)</u>	<u>0.00</u>	<u>0.00</u>	<u>(187,759.41)</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances (Deficits):				
Nonspendable	\$	\$	\$	\$
Restricted				
Committed				
Unassigned	501,894.04			501,894.04
Total Fund Balances	<u>501,894.04</u>	<u>0.00</u>	<u>0.00</u>	<u>501,894.04</u>
Total Liabilities and Fund Balances	<u>\$ 314,134.63</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 314,134.63</u>
GOVERNMENT-WIDE STATEMENT – NET POSITION				
Net Position:				
Net Investment in Capital Assets				
Unrestricted				
Total Net Position	<u>\$ 501,894.04</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 501,894.04</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

UNAUDITED
Comptroller – Texas Bullion Depository (908)

EXHIBIT II

Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

For the Fiscal Year Ended August 31, 2023

	General Funds	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
REVENUES				
Legislative Appropriations:				
Original Appropriations	\$	\$	\$	\$
Licenses, Fees & Permits	788,850.73			788,850.73
Total Revenues	<u>788,850.73</u>	<u>0.00</u>	<u>0.00</u>	<u>788,850.73</u>
EXPENDITURES				
Professional Fees and Services	754,655.05			754,655.05
Total Expenditures	<u>754,655.05</u>	<u>0.00</u>	<u>0.00</u>	<u>754,655.05</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>34,195.68</u>	<u>0.00</u>	<u>0.00</u>	<u>34,195.68</u>
OTHER FINANCING SOURCES (USES)				
Transfer In				
Transfer Out				
Legislative Transfer Out				
Appropriations Lapsed				
Insurance Recoveries				
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Change in Fund Balances	<u>34,195.68</u>	<u>0.00</u>	<u>0.00</u>	<u>34,195.68</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances, September 1, 2022	467,698.36			467,698.36
Restatements (Note 14)				
Fund Balances, September 1, 2022, as Restated	<u>467,698.36</u>	<u>0.00</u>	<u>0.00</u>	<u>467,698.36</u>
Fund Balances, August 31, 2023	<u>\$ 501,894.04</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 501,894.04</u>
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES				
Fund Balances, September 1, 2022	\$ 467,698.36	\$	\$	\$ 467,698.36
Restatements				
Fund Balances, September 1, 2022, as Restated	<u>467,698.36</u>	<u>0.00</u>	<u>0.00</u>	<u>467,698.36</u>
Fund Balances, August 31, 2023	<u>\$ 501,894.04</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 501,894.04</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

ENTITY

The Comptroller – Texas Bullion Depository (Depository) is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Comptroller of Public Accounts Reporting Requirements for Annual Financial Reports of State Agencies.

The Depository is established to serve as the custodian, guardian, and administrator of certain bullion and specie that may be transferred or otherwise acquired by the state of Texas, a state agency, a political subdivision, or another entity of the state. The Depository does not own the assets on deposit and does not report them on its financial statements.

There are no component units in which the Depository is financially accountable or any organization in which exclusion would create misleading or incomplete financial statements.

Due to the significant changes related to Governmental Accounting Standards Board (GASB) Statement 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 be in compliance with generally accepted accounting principles (GAAP). 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*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

GOVERNMENTAL FUND TYPES AND GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

General Fund

General Revenue Fund 0001 – To receive those revenues directed to be deposited to the General Revenue Fund and those revenues for which a specific fund has not been designated; such revenues to be used as the Constitution prescribes and the Legislature directs.

BASIS OF ACCOUNTING

The basis of accounting determines when revenues and expenditures are recognized in the accounts reported in the financial statements. Governmental fund types are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Expenditures are generally recognized when the related fund liability is incurred. Exceptions are unpaid employee compensable leave, and the unmatured debt service (principal and interest) on general long-term debt, long-term capital leases, and long-term claims and judgments, which are not recognized until actual payment is made.

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). Unobligated 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

Legislative Appropriations

Amounts shown as legislative appropriations represent cash balances in the General Fund at Aug. 31, 2023. The cash balances of these funds are reported by a different agency at the statewide level.

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.

Fund Balance/Net Position

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

Restricted Fund Balance

This fund balance is reported as restricted when constraints placed on the use of resources are either (a. externally imposed by laws and regulations of other governments or (b. imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the state's highest level of decision-making authority (the Legislature) are reported as committed fund balance.

Unassigned Fund Balance

This is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and has not been restricted, committed or assigned for specific purposes within the general fund. The general fund is the only fund that can report a positive unassigned fund balance.

INTERFUND TRANSACTIONS AND BALANCES

Interfund transactions refers to interactions with legally separate entities such as other state agencies and is restricted to external events. 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 statements.

The Depository did not have any interfund transactions or balances during fiscal year 2023.

NOTE 2: Capital Assets

(Not Applicable)

NOTE 3: Deposits, Investments and Repurchase Agreements

(Not Applicable)

NOTE 4: Short-Term Debt

(Not Applicable)

NOTE 5: Summary of Long-Term Liabilities

(Not Applicable)

NOTE 6: Bonded Indebtedness

(Not Applicable)

NOTE 7: Derivatives

(Not Applicable)

NOTE 8: Leases

(Not Applicable)

NOTE 9: Pension Plans

(Not Applicable)

NOTE 10: Deferred Compensation

(Not Applicable)

NOTE 11: Postemployment Health Care and Life Insurance Benefits

(Not Applicable)

NOTE 12: Interfund Activity and Transactions

(Not applicable)

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustments to Fund Balances and Net Position

(Not Applicable)

NOTE 15: Contingent Liabilities

(Not Applicable)

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

(Not Applicable)

NOTE 18: Management Discussion and Analysis

The Depository was a new agency effective for fiscal year 2018. None of the amounts reported in the financial statements are material to the Comptroller’s Office or the state of Texas.

NOTE 19: The Financial Reporting Entity

There were no significant related party transactions in the Depository in fiscal 2023.

NOTE 20: Stewardship, Compliance and Accountability

This section of the report reflects the activities of the Comptroller–Texas Bullion Depository function (Agency 908) in the General Revenue Fund (0001). The entire activity of the State’s General Revenue Fund will be reflected in the fiscal 2023 *State of Texas Annual Comprehensive Financial Report*.

NOTE 21: Tobacco Settlement

(Not Applicable)

NOTE 22: Donor-Restricted Endowments

(Not Applicable)

NOTE 23: Extraordinary and Special Items

(Not Applicable)

NOTE 24: Disaggregation of Receivables and Payables

See Note 1 for disaggregation of Other Payables.

NOTE 25: Termination Benefits

(Not Applicable)

NOTE 26: Segment Information

(Not Applicable)

NOTE 27: Taxes Receivables/Payables

(Not Applicable)

NOTE 28: Contested Taxes

(Not Applicable)

NOTE 29: Deferred Inflow of Resources

(Not Applicable)

NOTE 30: Unclaimed Property

(Not Applicable)

NOTE 31: Fund Balances

(Not Applicable)

Comptroller – Funds Management (903)

BASIC FINANCIAL STATEMENTS

UNAUDITED
Comptroller – Funds Management (903)

UNAUDITED
Comptroller – Funds Management (903)

EXHIBIT I

**Combined Balance Sheet/Statement of Net Position –
Governmental Funds**

August 31, 2023

	Combined Balance Sheet – Governmental Funds	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Position
ASSETS					
Current Assets:					
Legislative Appropriations	\$	\$	\$	\$	\$
Accounts Receivable					
Total Current Assets	0.00	0.00	0.00	0.00	0.00
Total Non-Current Assets	0.00	0.00	0.00	0.00	0.00
Total Assets	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Payables From:					
Accounts Payable	\$	\$	\$	\$	\$
Total Current Liabilities	0.00	0.00	0.00	0.00	0.00
Total Liabilities	0.00	0.00	0.00	0.00	0.00
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances (Deficits):					
Nonspendable					
Restricted					
Committed					
Unassigned					
Total Fund Balances	0.00				
Total Liabilities and Fund Balance	\$ 0.00				
GOVERNMENT-WIDE STATEMENT – NET POSITION					
Net Position:					
Net Investment in Capital Assets					
Unrestricted					
Total Net Position		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

UNAUDITED
Comptroller – Funds Management (903)

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

	Combined Statement of Revenues, Expenditures, and Changes to Fund Balances – Governmental Funds	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
OTHER FINANCING SOURCES (USES)					
Transfer In	\$ 951,589,572.03	\$	\$	\$	\$ 951,589,572.03
Transfer Out	(951,589,572.03)				(951,589,572.03)
Legislative Transfer Out					
Insurance Recoveries					
Total Other Financing Sources and Uses	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Change in Fund Balances/Net Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances, September 1, 2022					
Restatements					
Fund Balances, September 1, 2022, as Restated	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Fund Balances, August 31, 2023	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
GOVERNMENT-WIDE STATEMENT – NET POSITION					
Net Position/Net Change in Net Position	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Net Position, September 1, 2022					
Restatements					
Net Position, September 1, 2022, as Restated	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Position, August 31, 2023	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

ENTITY

The Comptroller – Funds Management Agency (Agency) is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Comptroller of Public Accounts Reporting Requirements for Annual Financial Reports of State Agencies.

The Agency is used by the Comptroller’s Office, for accounting purposes only, to transfer surplus cash between funds in the State Treasury. No expenditures are made from this fund.

There are no component units in which the Agency is financially accountable or any organization in which exclusion would create misleading or incomplete financial statements.

Due to the significant changes related to Governmental Accounting Standards Board (GASB) Statement 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 be in compliance with generally accepted accounting principles (GAAP). 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*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

GOVERNMENTAL FUND TYPES AND GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

General Fund

General Revenue Fund 0001 – To receive those revenues directed to be deposited to the General Revenue Fund and those revenues for which a specific fund has not been designated; such revenues to be used as the Constitution prescribes and the Legislature directs.

GR Workforce Commission Federal Account 5026 – This account is created in General Revenue to record all transactions related to federal funds received by the Texas Workforce Commission.

BASIS OF ACCOUNTING

The basis of accounting determines when revenues and expenditures are recognized in the accounts reported in the financial statements. Governmental fund types are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Expenditures are generally recognized when the related fund liability is incurred. Exceptions are unpaid employee compensable leave, and the unmatured debt service (principal and interest) on general long-term debt, long-term capital leases, and long-term claims and judgments, which are not recognized until actual payment is made.

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). Unobligated 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

Legislative Appropriations

Amounts shown as legislative appropriations represent cash balances in the General Fund at Aug. 31, 2023. The cash balances of these funds are reported by a different agency at the statewide level.

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.

Fund Balance/Net Position

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

Restricted Fund Balance

This fund balance is reported as restricted when constraints placed on the use of resources are either (a. externally imposed by laws and regulations of other governments or (b. imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the state's highest level of decision-making authority (the Legislature) are reported as committed fund balance.

Unassigned Fund Balance

This is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and has not been restricted, committed or assigned for specific purposes within the general fund. The general fund is the only fund that can report a positive unassigned fund balance.

INTERFUND TRANSACTIONS AND BALANCES

Interfund transactions refers to interactions with legally separate entities such as other state agencies and is restricted to external events. 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 statements.

The Agency has transfers between the General Revenue Fund and the GR Workforce Commission Federal Account during fiscal year 2023.

NOTE 2: Capital Assets

(Not Applicable)

NOTE 3: Deposits, Investments and Repurchase Agreements

(Not Applicable)

NOTE 4: Short-Term Debt

(Not Applicable)

NOTE 5: Summary of Long Term Liabilities

(Not Applicable)

NOTE 6: Bonded Indebtedness

(Not Applicable)

NOTE 7: Derivatives

(Not Applicable)

NOTE 8: Leases

(Not Applicable)

NOTE 9: Pension Plans

(Not Applicable)

NOTE 10: Deferred Compensation

(Not Applicable)

NOTE 11: Postemployment Health Care and Life Insurance Benefits

(Not Applicable)

NOTE 12: Interfund Activity and Transactions

(Not applicable)

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustments to Fund Balances and Net Position

(Not Applicable)

NOTE 15: Contingent Liabilities

(Not Applicable)

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

(Not Applicable)

NOTE 18: Management Discussion and Analysis

(Not Applicable)

NOTE 19: The Financial Reporting Entity

There were no significant related party transactions in fiscal 2023.

NOTE 20: Stewardship, Compliance and Accountability

This section of the report reflects the activities of the Comptroller–Funds Management function (Agency 903) in the General Revenue Fund (0001). The entire activity of the State’s General Revenue Fund will be reflected in the fiscal 2023 *State of Texas Annual Comprehensive Financial Report*.

NOTE 21: Tobacco Settlement

(Not Applicable)

NOTE 22: Donor-Restricted Endowments

(Not Applicable)

NOTE 23: Extraordinary and Special Items

(Not Applicable)

NOTE 24: Disaggregation of Receivables and Payables

See Note 1 for disaggregation of Other Payables.

NOTE 25: Termination Benefits

(Not Applicable)

NOTE 26: Segment Information

(Not Applicable)

NOTE 27: Taxes Receivables/Payables

(Not Applicable)

NOTE 28: Contested Taxes

(Not Applicable)

NOTE 29: Deferred Inflow of Resources

(Not Applicable)

NOTE 30: Unclaimed Property

(Not Applicable)

NOTE 31: Fund Balances

(Not Applicable)

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS

UNAUDITED
Comptroller – Funds Management (903)

UNAUDITED
Comptroller – Funds Management (903)

EXHIBIT A-1

Combining Balance Sheet – All General and Consolidated Funds

August 31, 2023

	General Revenue Fund (0001) U/F (0001, 9000)	GR Account – Workforce Commission Federal (5026) U/F (5026)	Total
ASSETS			
Current Assets:			
Legislative Appropriations	\$	\$	\$
Accounts Receivable			
Total Current Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Non-Current Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Assets	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Accounts Payable	\$	\$	\$
Total Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND FINANCIAL STATEMENT –			
FUND BALANCES			
Fund Balances (Deficits):			
Nonspendable			
Restricted			
Committed			
Unassigned			
Total Fund Balances	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities and Fund Balances	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

UNAUDITED
Comptroller – Funds Management (903)

EXHIBIT A-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2023

	Consolidated Funds		Total
	General Revenue Fund (0001) U/F (0001, 9000)	GR Account – Workforce Commission Federal (5026) U/F (5026)	
OTHER FINANCING SOURCES (USES)			
Transfer In	\$ 317,196,524.01	\$ 634,393,048.02	\$ 951,589,572.03
Transfer Out	(317,196,524.01)	(634,393,048.02)	(951,589,572.03)
Legislative Transfer Out			
Insurance Recoveries			
Total Other Financing Sources (Uses)	0.00	0.00	0.00
Net Change in Fund Balances	0.00	0.00	0.00
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances, September 1, 2022			
Restatements (Note 14)			
Fund Balances, September 1, 2022, as Restated	0.00	0.00	0.00
Fund Balances, August 31, 2023	\$ 0.00	\$ 0.00	\$ 0.00

Texas Broadband Development Office (909)

BASIC FINANCIAL STATEMENTS

UNAUDITED
Texas Broadband Development Office (909)

UNAUDITED
Texas Broadband Development Office (909)

EXHIBIT I

Combined Balance Sheet/Statement of Net Position – Governmental Funds

August 31, 2023

	Governmental Fund Type General Funds	Governmental Fund Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Position
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash in State Treasury	\$ 857,813.43	\$ 857,813.43	\$	\$	\$ 857,813.43
Legislative Appropriations	2,445,521.44	2,445,521.44			2,445,521.44
Total Current Assets	<u>3,303,334.87</u>	<u>3,303,334.87</u>	<u>0.00</u>	<u>0.00</u>	<u>3,303,334.87</u>
Non-Current Assets					
Right to Use Assets					
Subscription Asset			1,081,056.67		1,081,056.67
Subscription Asset Amortization			(463,310.00)		(463,310.00)
Total Non-Current Assets			<u>617,746.67</u>		<u>617,746.67</u>
Total Assets	<u>\$ 3,303,334.87</u>	<u>\$ 3,303,334.87</u>	<u>\$ 617,746.67</u>	<u>\$ 0.00</u>	<u>\$ 3,921,081.54</u>
LIABILITIES					
Current Liabilities:					
Payables From:					
Accounts Payable	\$ 243,768.56	\$ 243,768.56	\$	\$	\$ 243,768.56
Payroll Payable	66,545.62	66,545.62			66,545.62
Interest Payable				18,312.95	18,312.95
Unearned Revenues	634,039.89	634,039.89			1,268,079.78
Employees' Compensable Leave (Note 5)				20,900.63	20,900.63
Subscription Liability				351,213.75	351,213.75
Total Current Liabilities	<u>944,354.07</u>	<u>944,354.07</u>	<u>0.00</u>	<u>390,427.33</u>	<u>1,968,821.29</u>
Non-Current Liabilities:					
Employees' Compensable Leave (Note 5)				14,014.78	14,014.78
Subscription Liability				360,862.82	351,213.75
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>374,877.60</u>	<u>365,228.53</u>
Total Liabilities	<u>944,354.07</u>	<u>944,354.07</u>	<u>0.00</u>	<u>765,304.93</u>	<u>2,334,049.82</u>
FUND FINANCIAL STATEMENT					
Fund Balances (Deficits):					
Unassigned	2,358,980.80	2,358,980.80			2,358,980.80
Total Fund Balances	<u>2,358,980.80</u>	<u>2,358,980.80</u>	<u>0.00</u>	<u>0.00</u>	<u>2,358,980.80</u>
Total Liabilities and Fund Balances	<u>\$ 3,303,334.87</u>	<u>\$ 3,303,334.87</u>			
GOVERNMENT-WIDE STATEMENT OF NET POSITION					
Net Position					
Invested in Capital Assets, Net of Related Debt			617,746.67	(730,389.52)	(112,642.85)
Restricted for:					
Employee Benefits				(34,915.41)	(34,915.41)
Total Net Position			<u>\$ 0.00</u>	<u>\$ (765,304.93)</u>	<u>\$ 2,211,422.54</u>

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

UNAUDITED
Texas Broadband Development Office (909)

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 Type General Funds	Governmental Fund Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
REVENUES					
Legislative Appropriations:					
Original Appropriations	\$	\$	\$	\$	\$
Additional Appropriations	111,784.87	111,784.87			111,784.87
Federal Revenue	4,949,665.55	4,949,665.55			4,949,665.55
Interest, Dividend & Other Income	3,773.54	3,773.54			3,773.54
Total Revenues	<u>5,065,223.96</u>	<u>5,065,223.96</u>	<u>0.00</u>	<u>0.00</u>	<u>5,065,223.96</u>
EXPENDITURES					
Salaries and Wages	456,423.11	456,423.11		(11,867.68)	444,555.43
Payroll-Related Costs	113,860.99	113,860.99			113,860.99
Professional Fees and Services	5,967,055.50	5,967,055.50			5,967,055.50
Travel	8,866.37	8,866.37			8,866.37
Materials and Supplies	492.50	492.50			492.50
Communication and Utilities	532.96	532.96			532.96
Rentals and Leases	468.90	468.90			468.90
Other Expenditures	12,472.78	12,472.78			12,472.78
Interest-Other				18,312.95	18,312.95
Debt Service Principal-Leases/SBITA	368,980.10	368,980.10		(368,980.10)	
Increase In Obligation-Leases/SBITA				1,081,056.67	1,081,056.67
Capital Outlay (Note 2)	1,081,056.67	1,081,056.67	(1,081,056.67)		
Depreciation and Amortization Expense (Note 2)			463,310.00		463,310.00
Total Expenditures/Expenses	<u>8,010,209.88</u>	<u>8,010,209.88</u>	<u>(617,746.67)</u>	<u>718,521.84</u>	<u>8,110,985.05</u>
Excess (Deficiency) of Revenues over (under)					
Expenditures	<u>(2,944,985.92)</u>	<u>(2,944,985.92)</u>	<u>617,746.67</u>	<u>(718,521.84)</u>	<u>(3,045,761.09)</u>
OTHER FINANCING SOURCES (USES)					
Transfers-In	3,020,081.51	3,020,081.51			3,020,081.51
Transfers-Out	(3,020,081.51)	(3,020,081.51)			(3,020,081.51)
Increase In Obligation-Leases/SBITA	1,081,056.67	1,081,056.67			1,081,056.67
Total Other Financing Sources and Uses	<u>1,081,056.67</u>	<u>1,081,056.67</u>	<u>0.00</u>	<u>0.00</u>	<u>1,081,056.67</u>
Net Change in Fund Balances/Net Position	<u>(1,863,929.25)</u>	<u>(1,863,929.25)</u>	<u>617,746.67</u>	<u>(718,521.84)</u>	<u>(1,964,704.42)</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances – Beginning September 1, 2022	4,222,910.05	4,222,910.05			4,222,910.05
Restatements (Note 14)					
Fund Balances, September 1, 2022, as Restated	<u>4,222,910.05</u>	<u>4,222,910.05</u>	<u>0.00</u>	<u>0.00</u>	<u>4,222,910.05</u>
Fund Balances – August 31, 2023	<u>\$ 2,358,980.80</u>	<u>\$ 2,358,980.80</u>	<u>\$ 617,746.67</u>	<u>\$ (718,521.84)</u>	<u>\$ 2,258,205.63</u>
GOVERNMENT-WIDE STATEMENT OF NET POSITION					
Net Position/Net Change in Net Position		<u>\$ 2,358,980.80</u>	<u>\$ 617,746.67</u>	<u>\$ (718,521.84)</u>	<u>\$ 2,258,205.63</u>
Net Position-September 1, 2022				(46,783.09)	(46,783.09)
Restatements (Note 14)					
Net Position, September 1, 2022, as Restated			<u>0.00</u>	<u>(46,783.09)</u>	<u>(46,783.09)</u>
Net Position, August 31, 2023		<u>\$ 2,358,980.80</u>	<u>\$ 617,746.67</u>	<u>\$ (765,304.93)</u>	<u>\$ 2,211,422.54</u>

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

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

ENTITY

The Texas Broadband Development Office (BDO) is an agency of the state of Texas.

The Texas Broadband Development Office's financial records comply with state statutes and regulations. This includes compliance with the Comptroller of Public Accounts' Reporting Requirements for Annual Financial Reports of State Agencies.

The Texas Broadband Development Office (BDO), operated by the Texas Comptroller of Public Accounts, awards grants, low-interest loans and other financial incentives to internet service providers who expand access to broadband service in underserved areas. The Texas Broadband Development Office also provides a variety of tools and resources supporting the expansion of broadband access across Texas.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) *Statement 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's *Annual Comprehensive Financial Report*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

There are no component units in which the Comptroller of Public Accounts is financially accountable or any organization in which exclusion would create misleading or incomplete financial statements.

FUND STRUCTURE

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

GOVERNMENTAL FUND TYPES AND GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

General Revenue Fund

The General Revenue Fund (Fund 0001) is the principal operating fund used to account for most of the state's general activities. It accounts for all financial resources except those required to be accounted for in another fund.

Long-Term Liabilities Adjustment Fund Type

The Long-Term Liabilities Adjustment Fund (Fund 9997) is used to convert governmental fund types' debt from modified accrual to full accrual.

BASIS OF ACCOUNTING

The basis of accounting determines when revenues and expenditures 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 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 60 days after fiscal year-end to be available and recognizes them as revenues of the current year for fund financial statements prepared on the modified accrual basis. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Governmental adjustment fund types that build the government-wide financial statements are accounted for using the full accrual basis of accounting. The activity that is recognized in these fund types is as follows: capital assets, accumulated depreciation/amortization and unpaid employee compensable leave.

BUDGET AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the Legislature and approved by the Governor (the General Appropriations Act). Encumbrance accounting is employed for budgetary control purposes.

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated, unless the agency has authority to retain unexpended balances for use in future periods.

ASSETS, LIABILITIES AND FUND BALANCES/NET POSITION

ASSETS

Cash and Cash Equivalents

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

Current Receivables – Accounts Receivable

This account appears in governmental fund types and includes year-end revenue accruals.

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.

Employees' Compensable Leave Balances

Employees' compensable leave balances represent the liability that becomes due upon the occurrence of relevant events such as resignations, retirements and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net position. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

FUND BALANCE/NET POSITION

Fund balance is the difference between fund assets and liabilities on the governmental fund statements. Net position is the difference between fund assets and liabilities on the government-wide fund statements.

Fund Balance Components

The fund balance amounts for governmental funds are classified as non-spendable, and 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. The non-spendable fund balance for this purpose represents the amount of supplies, postage and prepaid assets held to be used in the next fiscal year.

UNAUDITED
Texas Broadband Development Office (909)

- 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. This represents funds that can be carried forward for future operations.

INTERFUND ACTIVITIES 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.

The Comptroller's office has the following types of transactions between funds/agencies:

- Due From Other Agencies
- Transfers In
- Transfers Out
- Interfund Receivables and Interfund Payables

The composition of the agency's interfund receivable and payable activities and balances is presented in Note 12.

NOTE 2: Capital Assets

A summary of changes in capitals assets for the year ended Aug. 31, 2023, is presented below:

	GOVERNMENTAL ACTIVITIES							Balance Aug. 31, 2023
	Balance Sept. 1, 2022	Adjust ments	Completed CIP	Increase Interagency Transfers	Decrease Interagency Transfers	Additions	Deletions	
Intangible Right to Use Assets - Governmental Activities								
Amortizable Assets-IRTU								
Subscriptions	\$	\$	\$	\$	\$	\$ 1,081,056.67	\$	\$ 1,081,056.67
Total Amortizable Assets-IRTU	0.00	0.00	0.00	0.00	0.00	1,081,056.67	0.00	1,081,056.67
Accumulated Amortization-IRTU								
Subscriptions						(463,310.00)		(463,310.00)
Total Accumulated Amortization	0.00	0.00	0.00	0.00	0.00	(463,310.00)	0.00	(463,310.00)
Total Governmental Activities, RTU Asstes, Net	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 617,746.67</u>	<u>\$ 0.00</u>	<u>\$ 617,746.67</u>

NOTE 3: Deposits, Investments and Repurchase Agreements

(Not Applicable)

NOTE 4: Short-Term Debt

(Not Applicable)

NOTE 5: Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended Aug. 31, 2023, the following changes occurred in liabilities reported in the general long-term liability account group:

Governmental Activities	Balance Sept. 1, 2022	Additions	Reductions	Balance Aug. 31, 2023	Amounts Due Within One Year	Amounts Due Thereafter
Right to Use Subscription Obligations	\$	\$ 1,081,056.67	\$ (368,980.10)	\$ 712,076.57	\$ 351,213.75	\$ 360,862.82
Employees' Compensable Leave	46,783.09	41,502.99	(53,370.67)	34,915.41	20,900.63	14,014.78
Total Governmental Activities	<u>\$ 46,783.09</u>	<u>\$ 1,122,559.66</u>	<u>\$ (422,350.77)</u>	<u>\$ 746,991.98</u>	<u>\$ 372,114.38</u>	<u>\$ 374,877.60</u>

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 at least six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the statement of net position. No liability is recorded for non-vesting employees accumulating rights to receive sick pay benefits. This obligation is paid from the same funding source from which the employee's salary or wage compensation was paid.

NOTE 6: Bonded Indebtedness

(Not Applicable)

NOTE 7: Derivatives

(Not Applicable)

NOTE 8: Leases

Subscription-Based Information Technology Arrangements (SBITAs)

Included in the expenditures reported in the financial statements are the following amounts paid for subscription-based information technology arrangements (SBITAs):

SBITAs	
Fund Type 01	Amount
General – Subscription Paid	\$ 1,081,056.67
General – Variable Payments	
Total	<u>\$ 1,081,056.67</u>

Future minimum payments for SBITAs having an initial term in excess of one year are as follows:

Future Subscription Payments						
Year Ended Aug. 31, 2023						
Year	Primary Government			Business-Type Activities		
	Governmental Activities		Total Future Min. Lease Payments	Business-Type Activities		Total Future Min. Lease Payments
	Principal	Interest		Principle	Interest	
2024	\$ 351,213.75	\$ 19,619.25	\$ 370,833.00	\$ 0.00	\$ 0.00	\$ 0.00
2025	360,862.82	9,970.18	370,833.00	0.00	0.00	0.00
2026	0.00	0.00	0.00	0.00	0.00	0.00
2027	0.00	0.00	0.00	0.00	0.00	0.00
2028	0.00	0.00	0.00	0.00	0.00	0.00
2029 thru 2033	0.00	0.00	0.00	0.00	0.00	0.00
Totals	<u>\$ 712,076.57</u>	<u>\$ 29,589.43</u>	<u>\$ 741,666.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan

(Not Applicable)

NOTE 10: Deferred Compensation

(Not Applicable)

NOTE 11: Postemployment Benefits Other Than Pensions

(Not Applicable)

NOTE 12: Interfund Activity and Transactions

(Not Applicable)

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustments to Fund Balances and Net Position

(Not Applicable)

NOTE 15: Contingencies and Commitments

(Not Applicable)

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

(Not Applicable)

NOTE 18: Management's Discussion and Analysis

The Texas Broadband Development Office is a new agency effective for fiscal year 2022.

NOTE 19: The Financial Reporting Entity

(Not Applicable)

NOTE 20: Stewardship, Compliance and Accountability

(Not Applicable)

NOTE 21: Not Applicable to the AFR

(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)

NOTE 27: Service Concession Arrangements

(Not Applicable)

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

(Not Applicable)

NOTE 29: Troubled Debt Restructuring

(Not Applicable)

NOTE 30: Non-Exchange Financial Guarantees

(Not Applicable)

NOTE 31: Tax Abatements

(Not Applicable)

NOTE 32: Governmental Fund Balances

GASB 54 established financial reporting standards for fund balances. For governmental funds, if an agency uses a classification other than the default or assigned, the agency needs to cite the specific provision, federal requirement or court order causing the restriction or commitment.

The Texas Broadband Development Office is not reporting a classification other than default or assigned as of Aug. 31, 2023.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS

UNAUDITED
Texas Broadband Development Office (909)

UNAUDITED
Texas Broadband Development Office (909)

EXHIBIT A-1

Combined Balance Sheet/Statement of Net Position – Governmental Funds

August 31, 2023

	Governmental Fund Type General Funds (0001) U/F (0001, 5187, 5188, 5189, 5190)	Broadband Development Fund (0325) U/F (0325)	Total (Exhibit I)
ASSETS			
Current Assets:			
Cash and Cash Equivalents:			
Cash in State Treasury	\$ 857,813.43	\$	\$ 857,813.43
Legislative Appropriations	2,445,521.44		2,445,521.44
Total Current Assets	3,303,334.87	0.00	3,303,334.87
Total Assets	<u>\$ 3,303,334.87</u>	<u>\$ 0.00</u>	<u>\$ 3,303,334.87</u>
LIABILITIES			
Current Liabilities:			
Payables From:			
Accounts Payable	\$ 243,768.56	\$	\$ 243,768.56
Payroll Payable	66,545.62		66,545.62
Unearned Revenues	634,039.89		634,039.89
Total Current Liabilities	944,354.07	0.00	944,354.07
Total Liabilities	<u>944,354.07</u>	<u>0.00</u>	<u>944,354.07</u>
FUND FINANCIAL STATEMENT			
Fund Balances (Deficits):			
Unassigned	2,358,980.80		2,358,980.80
Total Fund Balances	2,358,980.80	0.00	2,358,980.80
Total Liabilities and Fund Balances	<u>\$ 3,303,334.87</u>	<u>\$ 0.00</u>	<u>\$ 3,303,334.87</u>

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

UNAUDITED
Texas Broadband Development Office (909)

EXHIBIT A-2

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 Type General Funds (0001) U/F (0001, 5187, 5188, 5189, 5190)	Broadband Development Fund (0325) U/F (0325)	Total (Exhibit I)
REVENUES			
Legislative Appropriations:			
Original Appropriations	\$	\$	\$
Additional Appropriations	111,784.87		111,784.87
Federal Revenue	1,929,584.04	3,020,081.51	4,949,665.55
Interest, Dividend & Other Income	3,773.54		3,773.54
Total Revenues	<u>2,045,142.45</u>	<u>3,020,081.51</u>	<u>5,065,223.96</u>
EXPENDITURES			
Salaries and Wages	456,423.11		456,423.11
Payroll-Related Costs	113,860.99		113,860.99
Professional Fees and Services	5,967,055.50		5,967,055.50
Travel	8,866.37		8,866.37
Materials and Supplies	492.50		492.50
Communication and Utilities	532.96		532.96
Rentals and Leases	468.90		468.90
Other Expenditures	12,472.78		12,472.78
Debt Service-Principal-Leases/SBITA	368,980.10		368,980.10
Capital Outlay	1,081,056.67		1,081,056.67
Total Expenditures/Expenses	<u>8,010,209.88</u>	<u>0.00</u>	<u>8,010,209.88</u>
Excess (Deficiency) of Revenues over (under)			
Expenditures	<u>(5,965,067.43)</u>	<u>3,020,081.51</u>	<u>(2,944,985.92)</u>
OTHER FINANCING SOURCES (USES)			
Transfers-In	3,020,081.51		3,020,081.51
Transfers-Out		(3,020,081.51)	(3,020,081.51)
Increase in Obligations - Leases/SBITA	1,081,056.67		1,081,056.67
Total Other Financing Sources and Uses	<u>4,101,138.18</u>	<u>(3,020,081.51)</u>	<u>1,081,056.67</u>
Net Change in Fund Balances/Net Position	<u>(1,863,929.25)</u>	<u>0.00</u>	<u>(1,863,929.25)</u>
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances – Beginning September 1, 2022	4,222,910.05		4,222,910.05
Restatements (Note 14)			
Fund Balances, September 1, 2022, as Restated	4,222,910.05	0.00	4,222,910.05
Fund Balances – August 31, 2023	<u>\$ 2,358,980.80</u>	<u>\$ 0.00</u>	<u>\$ 2,358,980.80</u>

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

SUPPLEMENTARY SCHEDULES

UNAUDITED
Texas Broadband Development Office (909)

SCHEDULE 1A

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended August 31, 2023

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	NSE Name Identifying Number	Agy Univ No.	Pass-through From		Direct Program Amount	Total PT From and Direct Program Amount
				Agencies or Universities Amount	Non-State Entities Amount		
U.S. DEPARTMENT OF TREASURY							
Direct Programs:							
Covid-19-Coronavirus State and Local Fiscal Recovery Funds	21.027			\$	\$	\$ 3,009,500.87	\$ 3,009,500.87
Totals – U.S. Department of Treasury				0.00	0.00	3,009,500.87	3,009,500.87
U.S. DEPARTMENT OF COMMERCE							
Direct Programs:							
Broadband Equity, Access, and Deployment Program	11.035					1,940,164.68	1,940,164.68
Totals – U.S. Department of Commerce				0.00	0.00	1,940,164.68	1,940,164.68
Total Expenditures of Federal Awards				\$	\$	\$ 4,949,665.55	\$ 4,949,665.55

Concluded on the following page

UNAUDITED
Texas Broadband Development Office (909)

SCHEDULE 1A (concluded)

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended August 31, 2023

Federal Grantor/ Pass-through Grantor/ Program Title	Agy Univ No.	Pass-through To		Expenditures Amount	Total PT To and Expenditures Amount
		Agencies or Universities Amount	Non-State Entities Amount		
U.S. DEPARTMENT OF TREASURY					
Direct Programs:					
Covid-19-Coronavirus State and Local Fiscal Recovery Funds		\$	\$	\$ 3,009,500.87	\$ 3,009,500.87
Totals – U.S. Department of Treasury		0.00	0.00	3,009,500.87	3,009,500.87
U.S. DEPARTMENT OF COMMERCE					
Direct Programs:					
Broadband Equity, Access, and Deployment Program				1,940,164.68	1,940,164.68
Totals – U.S. Department of Commerce		0.00	0.00	1,940,164.68	1,940,164.68
Total Expenditures of Federal Awards		<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 4,949,665.55</u>	<u>\$ 4,949,665.55</u>

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P.O. Box 13528
Austin, Texas 78711-3528