



Glenn Hegar Texas Comptroller of Public Accounts

# ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2018





November 20, 2018

The Honorable Greg Abbott, Governor  
Lisa Collier, CPA, CIDA, First Assistant State Auditor  
Legislative Budget Board

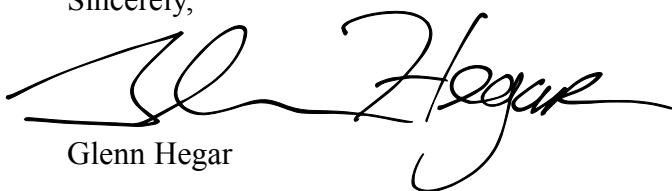
Ladies and Gentlemen:

We are pleased to submit the *Annual Financial Report* of the Comptroller of Public Accounts, the Comptroller's Judiciary Section, the Comptroller Treasury, the Texas Safekeeping Trust Company and the State Energy Conservation Office for the year ended Aug. 31, 2018, 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 *Comprehensive Annual Financial Report (CAFR)*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Shari Curtis, manager of our Budget and Internal Accounting Division, at [shari.curtis@cpa.texas.gov](mailto:shari.curtis@cpa.texas.gov) or 512-463-4771.

Sincerely,



Glenn Hegar

cc: Shari Curtis



The spreadsheets in this publication are available  
in accessible data form (Excel) for the sections below.

---

For Agency 304, pages 1-22

<https://comptroller.texas.gov/transparency/reports/annual-financial/2018/agency-304.xlsx>

For Agency 241, pages 23-42

<https://comptroller.texas.gov/transparency/reports/annual-financial/2018/agency-241.xlsx>

For Agency 902, pages 43-86

<https://comptroller.texas.gov/transparency/reports/annual-financial/2018/agency-902.xlsx>

For Agency 311, pages 87-126

<https://comptroller.texas.gov/transparency/reports/annual-financial/2018/agency-311.xlsx>

For Agency 930, pages 127-152

<https://comptroller.texas.gov/transparency/reports/annual-financial/2018/agency-930.xlsx>

For Agency 907, pages 153-172

<https://comptroller.texas.gov/transparency/reports/annual-financial/2018/agency-907.xlsx>

For Agency 908, pages 173-180

<https://comptroller.texas.gov/transparency/reports/annual-financial/2018/agency-908.xlsx>

For Agency 903, pages 181-192

<https://comptroller.texas.gov/transparency/reports/annual-financial/2018/agency-903.xlsx>

# 2018 Annual Financial Report

## Table of Contents

Transmittal Letter .....	i
<b>COMPTROLLER OF PUBLIC ACCOUNTS (304)</b>	
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>EXHIBITS</b>	
I Combined Balance Sheet/Statement of Net Position – Governmental Funds .....	3
II Combined Statement of Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities – Governmental Funds .....	4
Notes to the Financial Statements .....	5
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS</b>	
A-1 Combining Balance Sheet-All General and Consolidated Funds .....	15
A-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities – All General and Consolidated Funds .....	16
J-1 Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	17
<b>SUPPLEMENTARY SCHEDULES</b>	
1A Schedule of Expenditures of Federal Awards .....	20
<b>COMPTROLLER’S JUDICIARY SECTION (241)</b>	
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>EXHIBITS</b>	
I Combined Balance Sheet/Statement of Net Position – Governmental Funds .....	25
II Combined Statement of Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities – Governmental Funds .....	26
Notes to the Financial Statements .....	27
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS</b>	
A-1 Combining Balance Sheet – Special Revenue Funds .....	35
A-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds .....	36
J-1 Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	37
<b>SUPPLEMENTARY SCHEDULES</b>	
1A Schedule of Expenditures of Federal Awards .....	40
1B Schedule of State Grant Pass-Throughs From/To State Agencies .....	42
<b>COMPTROLLER – FISCAL (902)</b>	
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>EXHIBITS</b>	
I Combined Balance Sheet – Governmental Funds .....	45
II Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	46
VI Combined Statement of Fiduciary Net Position – Fiduciary Funds .....	47
VII Combined Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	48
Notes to the Financial Statements .....	49

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

A-1 Combining Balance Sheet – All General and Consolidated Funds . . . . . 64

A-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances –  
All General and Consolidated Funds . . . . . 67

B-1 Combining Balance Sheet – Special Revenue Funds . . . . . 70

B-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances –  
Special Revenue Funds . . . . . 71

C-1 Combining Balance Sheet – Permanent Funds . . . . . 72

C-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances –  
Permanent Funds . . . . . 73

I-1 Combining Statement of Fiduciary Net Position – Private-Purpose Trust Funds. . . . . 74

I-2 Combining Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Funds . . . . . 75

J-1 Combining Statement of Changes in Assets and Liabilities – Agency Funds . . . . . 76

**SUPPLEMENTARY SCHEDULES**

1A Schedule of Federal Financial Assistance . . . . . 82

4 Schedule of Modified to Full Accrual Adjustments – Governmental Funds Balance Sheet/  
Statement of Net Position – Governmental Funds . . . . . 84

4 Schedule of Modified to Full Accrual Adjustments – Governmental Funds Statement of Revenues,  
Expenditures and Changes in Fund Balances/Statement of Activities – Governmental Funds . . . . . 85

5 Schedule of Tax Revenue, Tax Receivable and Deferred Inflow Tax Revenue . . . . . 86

**COMPTROLLER TREASURY – FISCAL (311)**

**BASIC FINANCIAL STATEMENTS**

**EXHIBITS**

I Combined Balance Sheet/Statement of Net Position – Governmental Funds . . . . . 89

II Combined Statement of Revenues, Expenditures and Changes in Fund Balances/  
Statement of Activities – Governmental Funds . . . . . 90

VI Combined Statement of Fiduciary Net Position – Fiduciary Funds . . . . . 91

VII Combined Statement of Changes in Net Position – Fiduciary Funds . . . . . 92

Notes to the Financial Statements . . . . . 93

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

A-1 Balance Sheet – All General and Consolidated Funds . . . . . 111

A-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances –  
All General and Consolidated Funds . . . . . 112

E-1 Combining Balance Sheet – Permanent Funds . . . . . 113

E-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Permanent Funds . . . . . 114

I-1 Combining Statement of Fiduciary Net Position – Private-Purpose Trust Funds. . . . . 115

I-2 Combining Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Funds . . . . . 116

J-1 Combining Statement of Changes in Assets and Liabilities – Agency Funds . . . . . 117

**SUPPLEMENTARY SCHEDULES**

1 Balance Sheet – Arising from Custodial Operations. . . . . 121

2 Comparative Summary of Securities Held for State Investment Accounts . . . . . 123

3 Summary of Collateral Securities Pledged by State Depositories for All Types of Deposits . . . . . 124

4 Summary of Pledges Under Statutory Requirements . . . . . 125

## **TEXAS TREASURY SAFEKEEPING TRUST COMPANY (930)**

### **BASIC FINANCIAL STATEMENTS**

#### **EXHIBITS**

III	Combined Statement of Net Position – Proprietary Fund . . . . .	129
IV	Combined Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund . . . . .	130
V	Combined Statement of Cash Flows – Proprietary Fund . . . . .	131
VI	Combined Statement of Net Position – Fiduciary Funds . . . . .	132
VII	Combined Statement of Changes in Fiduciary Net Position . . . . .	133
	Notes to the Financial Statements . . . . .	135

### **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

H-1	Combining Statement of Fiduciary Net Position – External Investment Trust Funds . . . . .	149
H-2	Combining Statement of Changes in Fiduciary Net Position – External Investment Trust Funds . . . . .	150
J-1	Combining Statement of Changes in Assets and Liabilities – Agency Funds . . . . .	151

## **COMPTROLLER STATE ENERGY CONSERVATION OFFICE (907)**

### **BASIC FINANCIAL STATEMENTS**

#### **EXHIBITS**

I	Combined Balance Sheet/Statement of Net Position – Governmental Funds . . . . .	155
II	Combined Statement of Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities – Governmental Funds . . . . .	156
	Notes to the Financial Statements . . . . .	157

### **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

A-1	Combining Balance Sheet – All General and Consolidated Funds . . . . .	167
A-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All General and Consolidated Funds . . . . .	168

### **SUPPLEMENTARY SCHEDULES**

1A	Schedule of Expenditures of Federal Awards . . . . .	170
J-1	Combining Statement of Changes in Assets and Liabilities – Agency Funds . . . . .	172

## **COMPTROLLER – TEXAS BULLION DEPOSITORY (908)**

### **BASIC FINANCIAL STATEMENTS**

#### **EXHIBITS**

I	Combined Balance Sheet/Statement of Net Position – Governmental Funds . . . . .	175
II	Combined Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities – Governmental Funds . . . . .	176
	Notes to the Financial Statements . . . . .	177

## **COMPTROLLER – FUNDS MANAGEMENT (903)**

### **BASIC FINANCIAL STATEMENTS**

#### **EXHIBITS**

I	Combined Balance Sheet/Statement of Net Position – Governmental Funds . . . . .	183
II	Combined Statement of Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities – Governmental Funds . . . . .	184
	Notes to the Financial Statements . . . . .	185
A-1	Combining Balance Sheet – All General and Consolidated Funds . . . . .	191
A-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All General and Consolidated Funds . . . . .	192





# Comptroller of Public Accounts (304)

---

## **BASIC FINANCIAL STATEMENTS**

UNAUDITED  
*Comptroller of Public Accounts (304)*

UNAUDITED  
Comptroller of Public Accounts (304)

EXHIBIT I

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

August 31, 2018

	Governmental Fund Type General Funds (Exhibit A-1)	Governmental Fund Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Position
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents:					
Cash on Hand	\$ 4,800.00	\$ 4,800.00	\$	\$	\$ 4,800.00
Cash in Bank (Note 3)	35,000.00	35,000.00			35,000.00
Legislative Appropriations	89,461,931.32	89,461,931.32			89,461,931.32
Receivables From:					
Accounts Receivable	20,155.89	20,155.89			20,155.89
Interfund Receivable (Note 12)	44,693.98	44,693.98			44,693.98
Due From Other Agencies	7,058.00	7,058.00			7,058.00
Consumable Inventories	588,122.27	588,122.27			588,122.27
<b>Total Current Assets</b>	<u>90,161,761.46</u>	<u>90,161,761.46</u>	<u>0.00</u>	<u>0.00</u>	<u>90,161,761.46</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			1,870,474.77		1,870,474.77
Depreciable Assets:					
Furniture and Equipment			6,760,055.06		6,760,055.06
Less Accumulated Depreciation			(5,219,600.94)		(5,219,600.94)
Vehicles, Boats, and Aircraft			290,345.99		290,345.99
Less Accumulated Depreciation			(198,493.65)		(198,493.65)
Amortizable Assets - Intangible:					
Computer Software			53,444,390.05		53,444,390.05
Less Accumulated Amortization:			(45,569,716.14)		(45,569,716.14)
<b>Total Non-Current Assets</b>	<u>0.00</u>	<u>0.00</u>	<u>11,380,705.14</u>	<u>0.00</u>	<u>11,380,705.14</u>
<b>Total Assets</b>	<u>\$ 90,161,761.46</u>	<u>\$ 90,161,761.46</u>	<u>\$ 11,380,705.14</u>	<u>\$ 0.00</u>	<u>\$ 101,542,466.60</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Payables From:					
Accounts Payable	\$ 5,399,823.35	\$ 5,399,823.35	\$	\$	\$ 5,399,823.35
Payroll Payable	20,684,412.35	20,684,412.35			20,684,412.35
Interfund Payable (Note 12)	44,693.98	44,693.98			44,693.98
Employees' Compensable Leave (Note 5)				12,017,051.74	12,017,051.74
<b>Total Current Liabilities</b>	<u>26,128,929.68</u>	<u>26,128,929.68</u>	<u>0.00</u>	<u>12,017,051.74</u>	<u>38,145,981.42</u>
Non-Current Liabilities:					
Employees' Compensable Leave (Note 5)				6,978,621.95	6,978,621.95
<b>Total Non-Current Liabilities</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>6,978,621.95</u>	<u>6,978,621.95</u>
<b>Total Liabilities</b>	<u>26,128,929.68</u>	<u>26,128,929.68</u>	<u>0.00</u>	<u>18,995,673.69</u>	<u>45,124,603.37</u>
<b>FUND FINANCIAL STATEMENT</b>					
Fund Balances (Deficits):					
Nonspendable – Inventory	588,122.27	588,122.27			588,122.27
Unassigned	63,444,709.51	63,444,709.51			63,444,709.51
<b>Total Fund Balances</b>	<u>64,032,831.78</u>	<u>64,032,831.78</u>	<u>0.00</u>	<u>0.00</u>	<u>64,032,831.78</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 90,161,761.46</u>	<u>\$ 90,161,761.46</u>			
<b>GOVERNMENT-WIDE STATEMENT OF NET POSITION</b>					
Net Position					
Invested in Capital Assets, Net of Related Debt			11,380,705.14		11,380,705.14
Restricted for:					
Employee Benefits				(18,995,673.69)	(18,995,673.69)
<b>Total Net Position</b>			<u>\$ 11,380,705.14</u>	<u>\$ (18,995,673.69)</u>	<u>\$ 56,417,863.23</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, 2018

	Governmental Fund Type General Funds (Exhibit A-2)	Governmental Fund Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
<b>REVENUES</b>					
Legislative Appropriations:					
Original Appropriations	\$ 288,612,594.00	\$ 288,612,594.00	\$	\$	\$ 288,612,594.00
Additional Appropriations	53,552,418.18	53,552,418.18			53,552,418.18
Federal Revenue	204.06	204.06			204.06
Licenses, Fees and Permits	12,021,767.60	12,021,767.60			12,021,767.60
Sales of Goods and Services	2,639,909.66	2,639,909.66			2,639,909.66
Other	600,480.00	600,480.00			600,480.00
Total Revenues	<u>357,427,373.50</u>	<u>357,427,373.50</u>	<u>0.00</u>	<u>0.00</u>	<u>357,427,373.50</u>
<b>EXPENDITURES</b>					
Salaries and Wages	194,227,996.82	194,227,996.82		(498,049.14)	193,729,947.68
Payroll-Related Costs	56,283,783.75	56,283,783.75			56,283,783.75
Professional Fees and Services	50,716,697.59	50,716,697.59			50,716,697.59
Travel	5,346,263.80	5,346,263.80			5,346,263.80
Materials and Supplies	7,253,357.92	7,253,357.92			7,253,357.92
Communication and Utilities	4,145,781.33	4,145,781.33			4,145,781.33
Repairs and Maintenance	16,578,303.05	16,578,303.05			16,578,303.05
Rentals and Leases	15,420,931.21	15,420,931.21			15,420,931.21
Printing and Reproduction	661,029.93	661,029.93			661,029.93
Other Expenditures	4,230,672.23	4,230,672.23			4,230,672.23
Capital Outlay (Note 2)	2,225,373.94	2,225,373.94	(2,225,373.94)		
Depreciation and Amortization Expense (Note 2)			5,515,203.00		5,515,203.00
Total Expenditures/Expenses	<u>357,090,191.57</u>	<u>357,090,191.57</u>	<u>3,289,829.06</u>	<u>(498,049.14)</u>	<u>359,881,971.49</u>
Excess (Deficiency) of Revenues over Expenditures	<u>337,181.93</u>	<u>337,181.93</u>	<u>(3,289,829.06)</u>	<u>498,049.14</u>	<u>(2,454,597.99)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	132,058.00	132,058.00			132,058.00
Transfers Out	(997,698.35)	(997,698.35)			(997,698.35)
Lapsed Committed Revenue Appropriations	(316.49)	(316.49)			(316.49)
Sale of Capital Assets	1,962.00	1,962.00			1,962.00
Gain/(Loss) on Sale of Capital Assets			(92,224.40)		(92,224.40)
Total Other Financing Sources and Uses	<u>(863,994.84)</u>	<u>(863,994.84)</u>	<u>(92,224.40)</u>	<u>0.00</u>	<u>(956,219.24)</u>
Net Change in Fund Balances/Net Position	<u>(526,812.91)</u>	<u>(526,812.91)</u>	<u>(3,382,053.46)</u>	<u>498,049.14</u>	<u>(3,410,817.23)</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>					
Fund Balances – Beginning September 1, 2017	64,559,644.69	64,559,644.69			64,559,644.69
Restatements (Note 14)					
Fund Balances, September 1, 2017 as Restated	64,559,644.69	64,559,644.69	0.00	0.00	64,559,644.69
Fund Balances – August 31, 2018	<u>\$ 64,032,831.78</u>	<u>\$ 64,032,831.78</u>	<u>\$ (3,382,053.46)</u>	<u>\$ 498,049.14</u>	<u>\$ 61,148,827.46</u>
<b>GOVERNMENT-WIDE STATEMENT OF NET POSITION</b>					
Net Position/Net Change in Net Position	<u>\$ 64,032,831.78</u>	<u>\$ (3,382,053.46)</u>	<u>\$ 498,049.14</u>	<u>\$ 61,148,827.46</u>	
Net Position-September 1, 2017			14,762,758.60	(19,493,722.83)	(4,730,964.23)
Restatements (Note 14)					
Net Position, September 1, 2017, as Restated			<u>14,762,758.60</u>	<u>(19,493,722.83)</u>	<u>(4,730,964.23)</u>
Net Position as of August 31, 2018	<u>\$ 64,032,831.78</u>	<u>\$ 11,380,705.14</u>	<u>\$ (18,995,673.69)</u>	<u>\$ 56,417,863.23</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 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 *Comprehensive Annual 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.

##### **General Revenue-Dedicated Sexual Assault Program Fund**

The General Revenue - Dedicated (Fund 5010) was created to receive community parole supervision and probation fees collected under Art. 42.12 19(e) Code of Criminal Procedures and the 508.189 Government Code, and is administered by the Texas Office of Attorney General to finance Ch. 420 grant programs. In the fiscal 2018-2019 biennium, funds were appropriated to the Comptroller of Public Accounts for the purpose of increasing compliance and enforcement of the collection of admission fees to certain sexually-oriented businesses, pursuant to Section 102.052, of the Business and Commerce Code.

##### **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.

## **FIDUCIARY FUND TYPES**

### ***Agency Funds***

Agency funds are used to report resources held by the agency on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. They are as follows: Unappropriated General Revenue (Fund 1000), Direct Deposit Correction Account (Fund 0980), Departmental Suspense (Fund 0900), Statewide Procurement Division (SPD) Postage (Fund 0999) and Child Support Employee Deductions (Fund 8070). SPD Postage (Fund 0999) consists of funds held for other state agencies for prepaid 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.

## 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 nonspendable, committed and 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. 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.
- Committed fund balance includes 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. The committed amounts cannot be used for any other purpose unless the Legislature removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

UNAUDITED  
Comptroller of Public Accounts (304)

- 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, 2018, is presented below:

	GOVERNMENTAL ACTIVITIES							
	Balance Sept. 1, 2017	Adjust ments	Completed CIP	Increase Interagency Transfers	Decrease Interagency Transfers	Additions	Deletions	Balance Aug. 31, 2018
<b>GOVERNMENTAL ACTIVITIES</b>								
<b>Non-depreciable or Non-amortizable Assets</b>								
Other Tangible Capital Assets	\$ 3,250.00							\$ 3,250.00
Construction in Progress						1,870,474.77		1,870,474.77
Total Non-depreciable or Non-amortizable Assets	<u>3,250.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,870,474.77</u>	<u>0.00</u>	<u>1,873,724.77</u>
<b>Depreciable Assets</b>								
Furniture and Equipment	6,652,403.03					333,800.41	(226,148.38)	6,760,055.06
Vehicles, Boats and Aircraft	288,352.23					21,098.76	(19,105.00)	290,345.99
Total Depreciable Assets at Historical Cost	<u>6,940,755.26</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>354,899.17</u>	<u>(245,253.38)</u>	<u>7,050,401.05</u>
Less Accumulated Depreciation for:								
Furniture and Equipment	(4,542,301.70)					(900,473.22)	223,173.98	(5,219,600.94)
Vehicles, Boats and Aircraft	(198,816.95)					(18,781.70)	19,105.00	(198,493.65)
Total Accumulated Depreciation	<u>(4,741,118.65)</u>					<u>(919,254.92)</u>	<u>242,278.98</u>	<u>(5,418,094.59)</u>
Depreciable Assets, Net	<u>2,199,636.61</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(564,355.75)</u>	<u>(2,974.40)</u>	<u>1,632,306.46</u>
<b>Intangible Capital Assets – Amortizable</b>								
Computer Software	53,555,385.05						(110,995.00)	53,444,390.05
Total Intangible Assets at Historical Cost	<u>53,555,385.05</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(110,995.00)</u>	<u>53,444,390.05</u>
Less Accumulated Amortization for:								
Computer Software	(40,995,513.06)					(4,595,948.08)	21,745.00	(45,569,716.14)
Total Accumulated Amortization	<u>(40,995,513.06)</u>					<u>(4,595,948.08)</u>	<u>21,745.00</u>	<u>(45,569,716.14)</u>
Amortizable Assets, Net	<u>12,559,871.99</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(4,595,948.08)</u>	<u>(89,250.00)</u>	<u>7,874,673.91</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 14,762,758.60</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ (3,289,829.06)</u>	<u>\$ (92,224.40)</u>	<u>\$ 11,380,705.14</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, 2018, 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, 2018, the following changes occurred in liabilities reported in the general long-term liability account group:

Governmental Activities	Balance Sept. 1, 2017	Additions	Reductions	Balance Aug. 31, 2018	Amounts Due Within One Year	Thereafter
Employees' Compensable Leave	\$ 19,493,722.83	\$ 20,274,540.37	\$ (20,772,589.51)	\$ 18,995,673.69	\$ 12,017,051.74	\$ 6,978,621.95
Total Governmental Activities	<u>\$ 19,493,722.83</u>	<u>\$ 20,274,540.37</u>	<u>\$ (20,772,589.51)</u>	<u>\$ 18,995,673.69</u>	<u>\$ 12,017,051.74</u>	<u>\$ 6,978,621.95</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: Derivative Instruments

(Not Applicable)

**NOTE 8: Leases**

**Operating Leases**

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

<b>Operating Leases</b>	
<b>Fund Type 01</b>	<b>Amount</b>
General – Rent Paid	\$ 4,154,194.50
General – Operating Leases	7,943,155.16
Total	<u>\$12,097,349.66</u>

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

<b>Year Ended Aug. 31, 2018</b>	
2019	\$11,216,814.72
2020	8,770,870.03
2021	7,696,691.01
2022	4,551,811.28
2023	1,912,213.77
2024 thru 2028	2,114,015.63
Total Minimum Future Lease Rental Payments	<u>\$36,262,416.44</u>

**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 Receivables and Payables**

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, 2018, is as follows:

	<b>Interfund Receivable</b>	<b>Interfund Payable</b>	<b>Source</b>
<b>GENERAL REVENUE (01)</b>			
Agency 304, GR D23 Fund 0001	\$ 27,338.00	\$	Consumable Supplies
Agency 304, GR D23 Fund 3027		27,338.00	Consumable Supplies
Agency 304, GR D23 Fund 0001	7,058.00		Travel Expenditures
Agency 304, GR D23 Fund 5010		7,058.00	Travel Expenditures
Agency 304, GR D23 Fund 0001		0.01	Expenditure Correction-OASI
Agency 304, GR D23 Fund 2000	0.01		Expenditure Correction-OASI
Agency 304, GR D23 Fund 0001		7,965.63	Revenue Refund correction
Agency 304, GR D23 Fund 3027	7,965.63		Revenue Refund correction
Agency 304, GR D23 Fund 2000	2,332.35		Benefit reimbursement
Agency 304, GR D23 Fund 3027		2,332.35	Benefit reimbursement
Total Interfund Payable/Receivable (Exh I)	<u>\$ 44,693.99</u>	<u>\$ 44,693.99</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**

The Comptroller of Public Accounts is exposed to civil claims resulting from the performance of its duties. It is agency policy to periodically assess potential risks 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.

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 had no claim and judgement liability activity during fiscal 2018:

Fiscal Year	Beginning Balance	Increases	Decreases	Ending Balance
2018	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2017	\$ 0.00	\$ 10,000.00	\$ (10,000.00)	\$ 0.00

**NOTE 18: Management’s Discussion and Analysis**

No material accounting events occurred at the Comptroller of Public Accounts for fiscal year 2018.

**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) 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: 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, 2018.

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS



UNAUDITED  
Comptroller of Public Accounts (304)

EXHIBIT A-1

## Combining Balance Sheet – All General and Consolidated Funds

August 31, 2018

	General Revenue (0001) U/F (0001)	Sexual Assault Program Fund (5010) U/F (5010)	Total (Exhibit 1)
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents:			
Cash on Hand	\$ 4,800.00		\$ 4,800.00
Cash in Bank (Note 3)	35,000.00		35,000.00
Legislative Appropriations	89,461,931.32		89,461,931.32
Receivables From:			
Accounts Receivable	20,155.89		20,155.89
Interfund Receivable (Note 12)	44,693.98		44,693.98
Due From Other Agencies		7,058.00	7,058.00
Consumable Inventories	588,122.27		588,122.27
Total Current Assets	<u>90,154,703.46</u>	<u>7,058.00</u>	<u>90,161,761.46</u>
Total Assets	<u>\$90,154,703.46</u>	<u>\$ 7,058.00</u>	<u>\$90,161,761.46</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Payables From:			
Accounts Payable	\$ 5,399,823.35	\$	\$ 5,399,823.35
Payroll Payable	20,684,412.35		20,684,412.35
Interfund Payable (Note 12)	37,635.98	7,058.00	44,693.98
Total Current Liabilities	<u>26,121,871.68</u>	<u>7,058.00</u>	<u>26,128,929.68</u>
Total Liabilities	<u>26,121,871.68</u>	<u>7,058.00</u>	<u>26,128,929.68</u>
<b>FUND FINANCIAL STATEMENT</b>			
Fund Balances (Deficits):			
Nonspendable – Inventory	588,122.27		588,122.27
Unassigned	63,444,709.51		63,444,709.51
Total Fund Balances	<u>64,032,831.78</u>	<u>0.00</u>	<u>64,032,831.78</u>
Total Liabilities and Fund Balances	<u>\$90,154,703.46</u>	<u>\$ 7,058.00</u>	<u>\$90,161,761.46</u>

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

UNAUDITED  
Comptroller of Public Accounts (304)

EXHIBIT A-2

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

For the Fiscal Year Ended August 31, 2018

	General Revenue (0001) U/F (0001)	Sexual Assault Program Fund (5010) U/F (5010)	Total (Exhibit 2)
<b>REVENUES</b>			
Legislative Appropriations:			
Original Appropriations	\$ 288,612,594.00	\$	\$ 288,612,594.00
Additional Appropriations	53,552,418.18		53,552,418.18
Federal Revenue	204.06		204.06
Licenses, Fees and Permits	12,021,767.60		12,021,767.60
Sales of Goods and Services	2,639,909.66		2,639,909.66
Other	600,480.00		600,480.00
Total Revenues	<u>357,427,373.50</u>	<u>0.00</u>	<u>357,427,373.50</u>
<b>EXPENDITURES</b>			
Salaries and Wages	194,227,996.82		194,227,996.82
Payroll-Related Costs	56,283,783.75		56,283,783.75
Professional Fees and Services	50,716,697.59		50,716,697.59
Travel	5,448,853.80	(102,590.00)	5,346,263.80
Materials and Supplies	7,253,357.92		7,253,357.92
Communication and Utilities	4,145,781.33		4,145,781.33
Repairs and Maintenance	16,578,303.05		16,578,303.05
Rentals and Leases	15,420,931.21		15,420,931.21
Printing and Reproduction	661,029.93		661,029.93
Other Expenditures	4,230,672.23		4,230,672.23
Capital Outlay (Note 2)	2,225,373.94		2,225,373.94
Total Expenditures/Expenses	<u>357,192,781.57</u>	<u>(102,590.00)</u>	<u>357,090,191.57</u>
Excess (Deficiency) of Revenues over Expenditures	<u>234,591.93</u>	<u>102,590.00</u>	<u>337,181.93</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In		132,058.00	132,058.00
Transfers Out	(638,050.35)	(359,648.00)	(997,698.35)
Lapsed Committed Revenue Appropriations	(316.49)		(316.49)
Sale of Capital Assets	1,962.00		1,962.00
Total Other Financing Sources and Uses	<u>(636,404.84)</u>	<u>(227,590.00)</u>	<u>(863,994.84)</u>
Net Change in Fund Balances/Net Position	<u>(401,812.91)</u>	<u>(125,000.00)</u>	<u>(526,812.91)</u>
<b>FUND FINANCIAL STATEMENT –</b>			
<b>FUND BALANCES</b>			
Fund Balances – Beginning September 1, 2017	64,434,644.69	125,000.00	64,559,644.69
Restatements (Note 14)			
Fund Balances, September 1, 2017 as Restated	<u>64,434,644.69</u>	<u>125,000.00</u>	<u>64,559,644.69</u>
Fund Balances – August 31, 2018	<u>\$ 64,032,831.78</u>	<u>\$ 0.00</u>	<u>\$ 64,032,831.78</u>

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



UNAUDITED  
Comptroller of Public Accounts (304)

EXHIBIT J-1

## Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2018

	Beginning Balance Sept. 1, 2017	Additions	Deductions	Ending Balance Aug. 31, 2018
<b>UNAPPROPRIATED RECEIPTS</b>				
<b>General Revenue Fund (0001) U/F (1000)</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 0.00	\$ 17,228,133.43	\$ 17,228,133.43	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 17,228,133.43</u>	<u>\$ 17,228,133.43</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Current				
Accounts Payable	\$ 0.00	\$ 8,397.08	\$ 8,397.08	\$ 0.00
Funds Held for Others	0.00	17,228,133.43	17,228,133.43	0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 17,236,530.51</u>	<u>\$ 17,236,530.51</u>	<u>\$ 0.00</u>
<b>Suspense Fund (0900) U/F (9015) (9016)</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 0.00	\$ 12,553.53	\$ 12,553.53	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 12,553.53</u>	<u>\$ 12,553.53</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ 0.00	\$ 12,553.53	\$ 12,553.53	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 12,553.53</u>	<u>\$ 12,553.53</u>	<u>\$ 0.00</u>
<b>Direct Deposit Correction (0980) U/F (0980) (9014)</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 0.00	\$ 12,447.67	\$ 12,447.67	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 12,447.67</u>	<u>\$ 12,447.67</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ 0.00	\$ 12,447.67	\$ 12,447.67	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 12,447.67</u>	<u>\$ 12,447.67</u>	<u>\$ 0.00</u>
<b>SPD Postage Fund (9999) U/F (0999)</b>				
<b>ASSETS</b>				
Current				
Other Current Assets	\$ 514,588.33	\$ 0.00	\$ 93,862.91	\$ 420,725.42
Total Assets	<u>\$ 514,588.33</u>	<u>\$ 0.00</u>	<u>\$ 93,862.91</u>	<u>\$ 420,725.42</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ 514,588.33	\$ 0.00	\$ 93,862.91	\$ 420,725.42
Total Liabilities	<u>\$ 514,588.33</u>	<u>\$ 0.00</u>	<u>\$ 93,862.91</u>	<u>\$ 420,725.42</u>

*Concluded on the following page*

UNAUDITED  
Comptroller of Public Accounts (304)

EXHIBIT J-1 (concluded)

## Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2018

	Beginning Balance Sept. 1, 2017	Additions	Deductions	Ending Balance Aug. 31, 2018
<b>Child Support Employ Deduct – Offset Acct Fund (0807) U/F (8070)</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 39,125.39	\$ 509,973.27	\$ 510,168.79	\$ 38,929.87
Total Assets	<u>\$ 39,125.39</u>	<u>\$ 509,973.27</u>	<u>\$ 510,168.79</u>	<u>\$ 38,929.87</u>
<b>LIABILITIES</b>				
Current				
Accounts Payable	\$ 0.00	\$ 468,603.40	\$ 468,603.40	\$ 0.00
Funds Held for Others	39,125.39	509,973.27	510,168.79	38,929.87
Total Liabilities	<u>\$ 39,125.39</u>	<u>\$ 978,576.67</u>	<u>\$ 978,772.19</u>	<u>\$ 38,929.87</u>
<b>Totals – All Agency Funds</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 39,125.39	\$ 17,763,107.90	\$ 17,763,303.42	\$ 38,929.87
Other Current Assets	514,588.33	0.00	93,862.91	420,725.42
Total Assets	<u>\$ 553,713.72</u>	<u>\$ 17,763,107.90</u>	<u>\$ 17,857,166.33</u>	<u>\$ 459,655.29</u>
<b>LIABILITIES</b>				
Current				
Accounts Payable	\$ 0.00	\$ 477,000.48	\$ 477,000.48	\$ 0.00
Funds Held for Others	553,713.72	17,763,107.90	17,857,166.33	459,655.29
Total Liabilities	<u>\$ 553,713.72</u>	<u>\$ 18,240,108.38</u>	<u>\$ 18,334,166.81</u>	<u>\$ 459,655.29</u>

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

SUPPLEMENTARY SCHEDULES

UNAUDITED  
Comptroller of Public Accounts (304)

SCHEDULE 1A

**Schedule of Expenditures of Federal Awards**

For the Fiscal Year Ended August 31, 2018

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	NSE Name Identifying Number	Agy Univ No.	Pass-through From		Direct Program Amount	Total Pass-Through From and Direct Program Amount
				Agencies or Universities Amount	Non-State Entities Amount		
<b>U.S. DEPARTMENT OF JUSTICE</b>							
<b>Direct Programs:</b>							
Equitable Sharing Program	16.922			\$	\$	\$ 204.06	\$ 204.06
Totals – U.S. Department of Justice (Exhibit II)				<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 204.06</u>	<u>\$ 204.06</u>

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

*Concluded on the following page*

UNAUDITED  
**Comptroller of Public Accounts (304)**

SCHEDULE 1A (concluded)

**Schedule of Expenditures of Federal Awards**

For the Fiscal Year Ended August 31, 2018

Federal Grantor/ Pass-through Grantor/ Program Title	Agy Univ No.	Pass-through To		Expenditures Amount	Total Pass-Through To and Expenditures Amount
		Agencies or Universities Amount	Non-State Entities Amount		
<b>U.S. DEPARTMENT OF JUSTICE</b>					
<b>Direct Programs:</b>					
Equitable Sharing Program		\$	\$	\$ 204.06	\$ 204.06
Totals – U.S. Department of Justice (Exhibit II)		<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 204.06</u>	<u>\$ 204.06</u>

The accompany 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, 2018

	General Funds	Special Revenue Funds (Exh A-1)	Governmental Funds Total
<b>ASSETS</b>			
Current Assets:			
Cash			
Cash In State Treasury	\$	\$ 15,298,728.19	\$ 15,298,728.19
Legislative Appropriations	29,341,041.86		29,341,041.86
Due From Other Agencies	408,042.24		408,042.24
Total Current Assets	29,749,084.10	15,298,728.19	45,047,812.29
Total Assets	\$29,749,084.10	\$ 15,298,728.19	\$45,047,812.29
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts Payable	\$ 185,201.03	\$	\$ 185,201.03
Payroll	9,438,168.96		9,438,168.96
Due To Other Agencies		281,434.18	281,434.18
Total Current Liabilities	9,623,369.99	281,434.18	9,904,804.17
Total Liabilities	9,623,369.99	281,434.18	9,904,804.17
<b>FUND FINANCIAL STATEMENT</b>			
Fund Balances (Deficits):			
Committed		15,017,294.01	15,017,294.01
Unassigned	20,125,714.11		20,125,714.11
Total Fund Balances	20,125,714.11	15,017,294.01	35,143,008.12
Total Liabilities and Fund Balances	\$29,749,084.10	\$ 15,298,728.19	\$45,047,812.29

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, 2018

	General Funds	Special Revenue Funds (Exh A-2)	Governmental Funds Total
<b>REVENUES</b>			
Legislative Appropriations:			
Original Appropriations	\$ 89,354,399.00	\$	\$ 89,354,399.00
Additional Appropriations	18,337,789.68		18,337,789.68
Federal Revenue (Schedule 1A)	146,873.00		146,873.00
State Grant Pass-Through Revenue (Schedule 1B)	1,185,253.79		1,185,253.79
Licenses, Fees & Permits	14,595,810.25	67,684,612.50	82,280,422.75
Other	214,962.97		214,962.97
Total Revenues	<u>123,835,088.69</u>	<u>67,684,612.50</u>	<u>191,519,701.19</u>
<b>EXPENDITURES</b>			
Salaries and Wages	69,888,557.50	23,879,856.32	93,768,413.82
Payroll Related Costs	15,522,319.81	9,241,409.54	24,763,729.35
Travel	429,594.49		429,594.49
Intergovernmental Payments	27,766,637.50	28,955,214.13	56,721,851.63
Other Expenditures	2,350,499.47	298,716.68	2,649,216.15
Total Expenditures/Expenses	<u>115,957,608.77</u>	<u>62,375,196.67</u>	<u>178,332,805.44</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>7,877,479.92</u>	<u>5,309,415.83</u>	<u>13,186,895.75</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In		13,518,224.08	13,518,224.08
Transfers Out	<u>(6,127,584.94)</u>	<u>(38,685,865.77)</u>	<u>(44,813,450.71)</u>
Total Other Financing Sources (Uses)	<u>(6,127,584.94)</u>	<u>(25,167,641.69)</u>	<u>(31,295,226.63)</u>
Net Change in Fund Balances/Net Position	<u>1,749,894.98</u>	<u>(19,858,225.86)</u>	<u>(18,108,330.88)</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances – Beginning	20,089,121.18	34,875,519.87	54,964,641.05
Restatements			
Fund Balances, September 1, 2017, as Restated	<u>20,089,121.18</u>	<u>34,875,519.87</u>	<u>54,964,641.05</u>
Appropriations Lapsed	<u>(1,713,302.05)</u>		<u>(1,713,302.05)</u>
Fund Balances – August 31, 2018	<u>\$ 20,125,714.11</u>	<u>\$ 15,017,294.01</u>	<u>\$ 35,143,008.12</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 *Comprehensive Annual 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.

#### *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 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.

## FIDUCIARY FUND TYPES

### *Agency Funds*

Agency funds are used to report resources held by the agency on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations or other governments. They are as follows: Unappropriated General Revenue (Fund 0001), Departmental Suspense (Fund 0900), Direct Deposit Correction Fund (Fund 0980) and Child Support Employee Deductions (Fund 8070).

## 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 2017 and 2018 are reported below:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
2018	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2017	\$ 0.00	\$ 180.25	\$ (180.25)	\$ 0.00

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

No material accounting events occurred at the Comptroller's Judiciary Section for fiscal year 2018.

**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: Fund Balances**

241 – Comptroller Judiciary Section has the following restrictions/covenants causing fund balances to be committed as of Aug. 31, 2018:

GAAP Fund	Fund	AFR 54 Class	Amount	Citation	Comments
0573	0573	Committed	\$ 15,017,294.01	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.

UNAUDITED  
*Comptroller's Judiciary Section (241)*



COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS

UNAUDITED  
*Comptroller's Judiciary Section (241)*

UNAUDITED  
Comptroller's Judiciary Section (241)

EXHIBIT A-1

## Combining Balance Sheet – Special Revenue Funds

August 31, 2018

	Special Revenue Felony Prosecutor (0303) U/F (0303)	Special Revenue Judicial (0573) U/F (0573, 1573)	Totals (Exh I)
<b>ASSETS</b>			
Current Assets:			
Cash			
Cash In State Treasury	\$	\$ 15,298,728.19	\$ 15,298,728.19
Total Current Assets	0.00	15,298,728.19	15,298,728.19
Total Assets	\$ 0.00	\$ 15,298,728.19	\$ 15,298,728.19
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Current Liabilities:			
Payables From:			
Due To Other Agencies	\$	\$ 281,434.18	\$ 281,434.18
Total Current Liabilities	0.00	281,434.18	281,434.18
Total Liabilities	0.00	281,434.18	281,434.18
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances (Deficits):			
Committed		15,017,294.01	15,017,294.01
Total Fund Balances	0.00	15,017,294.01	15,017,294.01
Total Liabilities and Fund Balances	\$ 0.00	\$ 15,298,728.19	\$ 15,298,728.19

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

UNAUDITED  
Comptroller's Judiciary Section (241)

EXHIBIT A-2

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

For the Fiscal Year Ended August 31, 2018

	Special Revenue Felony Prosecutor (0303) U/F (0303)	Special Revenue Judicial (0573) U/F (0573, 1573)	Totals (Exh II)
<b>REVENUES</b>			
Licenses, Fees & Permits	\$ 4,007,130.52	\$ 63,677,481.98	\$ 67,684,612.50
Total Revenues	<u>4,007,130.52</u>	<u>63,677,481.98</u>	<u>67,684,612.50</u>
<b>EXPENDITURES</b>			
Salaries and Wages		23,879,856.32	23,879,856.32
Payroll Related Costs		9,241,409.54	9,241,409.54
Intergovernmental Payments	4,540,653.94	24,414,560.19	28,955,214.13
Other Expenditures		298,716.68	298,716.68
Total Expenditures/Expenses	<u>4,540,653.94</u>	<u>57,834,542.73</u>	<u>62,375,196.67</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(533,523.42)</u>	<u>5,842,939.25</u>	<u>5,309,415.83</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In		13,518,224.08	13,518,224.08
Transfers Out		(38,685,865.77)	(38,685,865.77)
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>(25,167,641.69)</u>	<u>(25,167,641.69)</u>
Net Change in Fund Balances/Net Position	<u>(533,523.42)</u>	<u>(19,324,702.44)</u>	<u>(19,858,225.86)</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances – September 1, 2017	533,523.42	34,341,996.45	34,875,519.87
Restatements			
Fund Balances, September 1, 2017, as Restated	<u>533,523.42</u>	<u>34,341,996.45</u>	<u>34,875,519.87</u>
Appropriations Lapsed			
Fund Balances – August 31, 2018	<u>\$ 0.00</u>	<u>\$ 15,017,294.01</u>	<u>\$ 15,017,294.01</u>

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

UNAUDITED  
Comptroller's Judiciary Section (241)

EXHIBIT J-1

## Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2018

	Beginning Balance September 1, 2017	Additions	Deductions	Ending Balance August 31, 2018
<b>UNAPPROPRIATED RECEIPTS</b>				
<b>General Revenue Fund (0001) U/F (1000)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 0.00	\$ 1,930.60	\$ 1,930.60	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 1,930.60</u>	<u>\$ 1,930.60</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 0.00	\$ 1,930.60	\$ 1,930.60	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 1,930.60</u>	<u>\$ 1,930.60</u>	<u>\$ 0.00</u>
<b>Suspense Fund (0900) U/F (9015)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 0.00	\$ 3,586.49	\$ 3,586.49	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 3,586.49</u>	<u>\$ 3,586.49</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 0.00	\$ 3,586.49	\$ 3,586.49	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 3,586.49</u>	<u>\$ 3,586.49</u>	<u>\$ 0.00</u>
<b>Direct Deposit Correction Fund (0980) U/F (0980)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 0.00	\$ 20,314.28	\$ 20,314.28	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 20,314.28</u>	<u>\$ 20,314.28</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 0.00	\$ 20,314.28	\$ 20,314.28	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 20,314.28</u>	<u>\$ 20,314.28</u>	<u>\$ 0.00</u>
<b>CHILD SUPPORT EMPLOYEE DEDUCT - Offset Account Fund (0807) U/F (8070)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 11,999.33	\$ 184,648.29	\$ 181,507.29	\$ 15,140.33
Total Assets	<u>\$ 11,999.33</u>	<u>\$ 184,648.29</u>	<u>\$ 181,507.29</u>	<u>\$ 15,140.33</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 11,999.33	\$ 184,648.29	\$ 181,507.29	\$ 15,140.33
Total Liabilities	<u>\$ 11,999.33</u>	<u>\$ 184,648.29</u>	<u>\$ 181,507.29</u>	<u>\$ 15,140.33</u>
<b>TOTALS – ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 11,999.33	\$ 210,479.66	\$ 207,338.66	\$ 15,140.33
Total Assets	<u>\$ 11,999.33</u>	<u>\$ 210,479.66</u>	<u>\$ 207,338.66</u>	<u>\$ 15,140.33</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 11,999.33	\$ 210,479.66	\$ 207,338.66	\$ 15,140.33
Total Liabilities	<u>\$ 11,999.33</u>	<u>\$ 210,479.66</u>	<u>\$ 207,338.66</u>	<u>\$ 15,140.33</u>

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

UNAUDITED  
*Comptroller's Judiciary Section (241)*

# SUPPLEMENTARY SCHEDULES

UNAUDITED  
Comptroller's Judiciary Section (241)

SCHEDULE 1A

## Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended August 31, 2018

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		
<b>U.S. DEPARTMENT OF JUSTICE</b>							
<b>Pass-Through From</b>							
Edward Byrne Memorial Justice Assistance Grant Program	16.738			\$	\$	\$	\$ 146,873.00
<i>Pass-Through From:</i>							
<i>Governor - Fiscal</i>			300	146,873.00			
Totals – U.S. Department of Justice (Exhibit II)				<u>146,873.00</u>	<u>0.00</u>	<u>0.00</u>	<u>146,873.00</u>
Total Expenditures of Federal Awards				<u>\$ 146,873.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 146,873.00</u>

*Concluded on the following page*



UNAUDITED  
**Comptroller's Judiciary Section (241)**

SCHEDULE 1A (concluded)

**Schedule of Expenditures of Federal Awards**

For the Fiscal Year Ended August 31, 2018

Federal Grantor/ Pass-through Grantor/ Program Title	Agy Univ No.	Pass-through To		Expenditures Amount	Total Pass-Through To and Expenditures Amount
		Agencies or Universities Amount	Non-State Entities Amount		
<b>U.S. DEPARTMENT OF JUSTICE</b>					
<b>Pass-Through From</b>					
Edward Byrne Memorial Justice Assistance Grant Program		\$	\$	\$ 146,873.00	\$ 146,873.00
<i>Pass-Through From:</i>					
<i>Governor - Fiscal</i>					
Totals – U.S. Department of Justice (Exhibit II)		<u>0.00</u>	<u>0.00</u>	<u>146,873.00</u>	<u>146,873.00</u>
Total Expenditures of Federal Awards		<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 146,873.00</u>	<u>\$ 146,873.00</u>

SCHEDULE 1B

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

For the Fiscal Year Ended August 31, 2018

<b>Pass-through From</b>	<b>Grant ID</b>	<b>Agency Number</b>	<b>Amount</b>
Criminal Justice Planning Grants Governor – Fiscal	300.0004	300	\$1,185,253.79
Total Pass-Through from Other Agencies (Exh. II):			<u>\$1,185,253.79</u>

Comptroller – Fiscal (902)

---

**BASIC FINANCIAL STATEMENTS**

UNAUDITED  
**Comptroller – Fiscal (902)**

UNAUDITED  
Comptroller – Fiscal (902)

EXHIBIT I

## Combined Balance Sheet – Governmental Funds

August 31, 2018

	Governmental Fund Types			Governmental Funds Total
	General Funds (Exhibit A-1)	Special Revenue Funds (Exhibit B-1)	Permanent Funds (Exhibit C-1)	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Cash in State Treasury	\$ 7,342,027,809.82	\$ 6,839,225.86	\$ 49,259,105.79	\$ 7,398,126,141.47
Cash in Bank (Note 3)		9,094,967.42		9,094,967.42
Short Term Investments (Note 3)	137,598,245.67		111,374,965.31	248,973,210.98
Receivables:				
Accounts	286,266,666.67			286,266,666.67
Interest and Dividends	15,925,135.09	131,819.23	170,806.70	16,227,761.02
Taxes (Note 27)	3,045,617,493.11			3,045,617,493.11
Due From Other Agencies	1,426,486,205.90	3,263,025.50		1,429,749,231.40
<b>Total Current Assets</b>	<b>12,253,921,556.26</b>	<b>19,329,038.01</b>	<b>160,804,877.80</b>	<b>12,434,055,472.07</b>
Non-Current Assets:				
Taxes Receivable (Note 27)	5,379,783.62			5,379,783.62
Investments (Note 3)	2,203,390,450.74		506,318,354.97	2,709,708,805.71
<b>Total Non-Current Assets</b>	<b>2,208,770,234.36</b>	<b>0.00</b>	<b>506,318,354.97</b>	<b>2,715,088,589.33</b>
<b>Total Assets</b>	<b>\$14,462,691,790.62</b>	<b>\$19,329,038.01</b>	<b>\$667,123,232.77</b>	<b>\$15,149,144,061.40</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts	\$ 1,238,833.59	\$ 887,955.84	\$ 314,154.11	\$ 2,440,943.54
Investment Trade Payable			29,847.54	29,847.54
Hedging Derivative Investment Liability			434,819.39	434,819.39
Other Intergovernmental	40,269,467.30			40,269,467.30
Unclaimed Property Claimant Liabilities				
Taxes Refund Payable	95,345,630.58			95,345,630.58
Due To Other Agencies	4,639,145,309.19		48,629,675.25	4,687,774,984.44
Unearned Revenues	398,780,947.43			398,780,947.43
Other Current Liabilities	277,881,751.06			277,881,751.06
<b>Total Current Liabilities</b>	<b>5,452,661,939.15</b>	<b>887,955.84</b>	<b>49,408,496.29</b>	<b>5,502,958,391.28</b>
<b>Total Liabilities</b>	<b>5,452,661,939.15</b>	<b>887,955.84</b>	<b>49,408,496.29</b>	<b>5,502,958,391.28</b>
<b>DEFERRED INFLOWS</b>				
Deferred Inflow of Resources (Note 29)	251,391,757.75			251,391,757.75
<b>Total Deferred Inflows</b>	<b>251,391,757.75</b>	<b>0.00</b>	<b>0.00</b>	<b>251,391,757.75</b>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>				
Fund Balances (Deficits):				
Nonspendable	5,379,783.62		7,689,154.53	13,068,938.15
Restricted	17,894,502.06	11,601,856.31	610,025,581.95	639,521,940.32
Committed	21,190,507.43	6,839,225.86		28,029,733.29
Unassigned	8,714,173,300.61			8,714,173,300.61
<b>Total Fund Balances</b>	<b>8,758,638,093.72</b>	<b>18,441,082.17</b>	<b>617,714,736.48</b>	<b>9,394,793,912.37</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$14,462,691,790.62</b>	<b>\$19,329,038.01</b>	<b>\$667,123,232.77</b>	<b>\$15,149,144,061.40</b>

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, 2018

	Governmental Fund Types			Governmental Funds Total
	General Funds (Exhibit A-2)	Special Revenue Funds (Exhibit B-2)	Permanent Funds (Exhibit C-2)	
<b>REVENUES</b>				
Taxes	\$ 48,543,710,736.85	\$ 1,639,344,266.01	\$	\$ 50,183,055,002.86
Licenses, Fees & Permits	1,279,563,080.94	5,509,590.65		1,285,072,671.59
Interest and Other Investment Income	174,309,366.42	2,084,719.75	37,798,346.79	214,192,432.96
Land Income	(4,929,762.82)			(4,929,762.82)
Settlement of Claims	513,120,414.88			513,120,414.88
Sales of Goods and Services	46,001,727.83			46,001,727.83
Other	482,350,590.48	17,662,792.88	22,876,310.88	522,889,694.24
Total Revenues	<u>51,034,126,154.58</u>	<u>1,664,601,369.29</u>	<u>60,674,657.67</u>	<u>52,759,402,181.54</u>
<b>EXPENDITURES</b>				
Payroll Related Costs	776,805,429.09			776,805,429.09
Professional Fees and Services	13,435,047.34	1,636,635.00	1,688,426.58	16,760,108.92
Materials and Supplies	282,523.99			282,523.99
Communications and Utilities	19,942.12			19,942.12
Repairs and Maintenance	710,692.41			710,692.41
Claims and Judgments	12,780,993.50			12,780,993.50
Intergovernmental Payments	443,284,013.97	30,174,773.81	729,208.00	474,187,995.78
Other Expenditures	33,610,971.53	4,403.86		33,615,375.39
Total Expenditures	<u>1,280,929,613.95</u>	<u>31,815,812.67</u>	<u>2,417,634.58</u>	<u>1,315,163,061.20</u>
Excess (Deficiency) of Revenues over Expenditures	<u>49,753,196,540.63</u>	<u>1,632,785,556.62</u>	<u>58,257,023.09</u>	<u>51,444,239,120.34</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	2,023,899,269.00	4,857,876.56	627,973.18	2,029,385,118.74
Transfer Out	(22,411,327,024.30)	(1,641,217,158.95)	(41,699,517.95)	(24,094,243,701.20)
Legislative Transfer Out	(24,347,876,312.65)			(24,347,876,312.65)
Insurance Recoveries	769,710.66			769,710.66
Total Other Financing Sources (Uses)	<u>(44,734,534,357.29)</u>	<u>(1,636,359,282.39)</u>	<u>(41,071,544.77)</u>	<u>(46,411,965,184.45)</u>
Net Change in Fund Balances	<u>5,018,662,183.34</u>	<u>(3,573,725.77)</u>	<u>17,185,478.32</u>	<u>5,032,273,935.89</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>				
Fund Balances, September 1, 2017	3,739,975,910.38	22,014,807.94	600,529,258.16	4,362,519,976.48
Restatements (Note 14)				
Fund Balances, September 1, 2017, as Restated	<u>3,739,975,910.38</u>	<u>22,014,807.94</u>	<u>600,529,258.16</u>	<u>4,362,519,976.48</u>
Fund Balances, August 31, 2018	<u>\$ 8,758,638,093.72</u>	<u>\$ 18,441,082.17</u>	<u>\$ 617,714,736.48</u>	<u>\$ 9,394,793,912.37</u>

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

UNAUDITED  
Comptroller – Fiscal (902)

EXHIBIT VI

## Combined Statement of Fiduciary Net Position Fiduciary Funds

August 31, 2018

	Private Purpose Trust Funds (Exhibit I-1)	Agency Funds (Exhibit J-1)	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents:			
Cash in State Treasury	\$2,986,890.91	\$1,176,005,289.85	\$1,178,992,180.76
Investments (Note 3):			
U.S. Government Obligations		89,165.75	89,165.75
Corporate Obligations		344,438.39	344,438.39
Corporate Equity		401,382,030.22	401,382,030.22
Pooled Investments		165,431,552.31	165,431,552.31
Other Investments		8,802,204.05	8,802,204.05
Receivables:			
Federal			
Interest and Dividends	9,807.68		9,807.68
Total Assets	<u>2,996,698.59</u>	<u>1,752,054,680.57</u>	<u>1,755,051,379.16</u>
<b>LIABILITIES</b>			
Payables:			
Accounts Payables	1,908,298.26		1,908,298.26
Intergovernmental Payables			
Funds Held for Others		1,752,054,680.57	1,752,054,680.57
Deferred Revenues	17,484.23		17,484.23
Total Liabilities	<u>1,925,782.49</u>	<u>1,752,054,680.57</u>	<u>1,753,980,463.06</u>
<b>NET POSITION</b>			
Held in Trust for:			
Individuals, Organizations, and			
Other Governments	1,070,916.10		1,070,916.10
Total Net Position	<u>\$1,070,916.10</u>	<u>\$ 0.00</u>	<u>\$ 1,070,916.10</u>

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

UNAUDITED  
Comptroller – Fiscal (902)

EXHIBIT VII

## Combined Statement of Changes in Fiduciary Net Position Fiduciary Funds

For the Fiscal Year Ended August 31, 2018

	Private Purpose Trust Funds (Exhibit I-2)	Totals
<b>ADDITIONS</b>		
Contributions:		
Investment Income:		
From Investing Activities		
Interest and Investment Income	\$ 80,872.88	\$ 80,872.88
Total Investing Income	80,872.88	80,872.88
Other Additions		
Federal Revenue	6,195,676.48	6,195,676.48
Other Revenue		
Transfers-In	69,689,880.00	69,689,880.00
Total Other Additions	75,885,556.48	75,885,556.48
Total Additions	75,966,429.36	75,966,429.36
<b>DEDUCTIONS</b>		
Intergovernmental Payments	75,885,556.48	75,885,556.48
Transfers-Out		
Total Deductions	75,885,556.48	75,885,556.48
<b>NET INCREASE (DECREASE)</b>	80,872.88	80,872.88
Net Position, August 31, 2017	989,864.64	989,864.64
Restatements		
Net Position, August 31, 2017, as Restated	989,864.64	989,864.64
Net Position – August 31, 2018	\$ 1,070,737.52	\$ 1,070,737.52

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 – 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 Comprehensive Annual 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

**The General Fund** is 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.

**County and Road District Highway Fund 0057** – To take care of 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.

**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.

**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).

**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.

**Events Trust Fund for Municipality/County Fund 0830** – If an event plan is approved and a host community is selected as the site of a special event, the comptroller shall deposit the amount requested in the special event plan from state tax receipts as soon as practicable after the taxes are collected.

**Major Events Trust Fund 0869** – Used to fulfill joint obligations of the state and endorsing municipality or county to a site selection organization under a games support contract.

**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.

**Sexual Assault Program Fund 5010** – Created to receive parole supervision and probation fees collected under arts. 42.12, 22(e) and art 42.18 8(p), C.C.P. and gifts, grants and money appropriated for grants to maintain or expand existing services.

**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.

**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 – Game, Fish, and Water Safety (0009)** – To receive revenues directed to be deposited to the Game, Fish, and Water Safety Account.

**Texas Home Visiting Program Trust Fund (0803)** – To receive voluntary contributions at the time of issuance of a marriage license.

**GR Account – Commission on State Emergency Communications (5007)** - To receive 9-1-1 equalization surcharges imposed on each local exchange access line. Money is allocated to regional planning commissions and poison control centers.

## **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.

**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.

**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.

**Binding Arbitration Trust Fund 0838** – This is used to retain and pay the administrative costs in binding arbitration cases of property value appeals initiated by property owners. Monies are moved to this special revenue fund from the same agency fund for payment of administrative costs

**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.

**Habitat Protection Fund 9999** – 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 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.

**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.

**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.

**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.

### *Agency Funds*

Agency Funds are used to account for assets held as an agent for individuals, private organizations, and other government entities. These funds are custodial in nature and do not involve measurement of results of operations. Listed below are the agency's Agency Funds and their 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** – Created 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.

**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.

**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** – Created as a suspense account outside the Treasury, consists 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.

## **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 at Aug. 31, 2018.

### Liabilities

#### *Accounts Payable*

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

#### *Other Liabilities*

Other Liabilities represent intergovernmental taxes and the value of unclaimed property at the balance sheet date.

#### *Deferred Inflows*

Amounts shown as deferred inflows represent tax revenues earned but not available and resources received but not earned, ie., prepaid sales taxes, at Aug. 31, 2018. 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*

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 Comptroller’s Fiscal Section 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, 2018, is presented below:

	Balance 9/1/17	Adjustments	Reclassifications	Additions	Deletions	Balance 8/31/18
Depreciable Assets:						
Furniture and Equipment	\$ 794,458.03	\$	\$	\$	\$ (207,715.00)	\$ 586,743.03
Less Accumulated Depreciation	(771,579.72)			(11,524.65)	207,715.00	(575,389.37)
Depreciable Assets, Net	<u>22,878.31</u>	<u>0.00</u>	<u>0.00</u>	<u>(11,524.65)</u>	<u>0.00</u>	<u>11,353.66</u>
Computer Software	4,408,806.09					4,408,806.09
Less Accumulated Amortization	(4,392,581.60)			(16,224.49)		(4,408,806.09)
Amortizable Assets, Net	<u>16,224.49</u>	<u>0.00</u>	<u>0.00</u>	<u>(16,224.49)</u>	<u>0.00</u>	<u>0.00</u>
Total Capital Assets	<u>\$ 39,102.80</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ (27,749.14)</u>	<u>\$ 0.00</u>	<u>\$ 11,353.66</u>

## NOTE 3: Deposits, Investments and Repurchase Agreements

### INVESTMENTS

The Comptroller – 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

UNAUDITED  
Comptroller – Fiscal (902)

As of Aug. 31, 2018, the carrying value and fair value of investments are as presented below.

Fiduciary 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	\$	\$ 47,502.29	\$	\$	\$	\$ 47,502.29
U.S. Treasury Strips						
U.S. Government Agency Obligations		41,663.46				41,663.46
Corporate Obligations		1,029,955.55				1,029,955.55
Equity	405,847,649.36	163,196.31				406,010,845.67
Fixed Income Money Market and Bond Mutual Funds					164,746,035.15	164,746,035.15
Miscellaneous		4,173,388.60				4,173,388.60
<b>Total</b>	<b>\$ 405,847,649.36</b>	<b>\$ 5,455,706.21</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 164,746,035.15</b>	<b>\$ 576,049,390.72</b>
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	\$ 15,444,897.80	\$	\$	\$	\$	\$ 15,444,897.80
Equity	675,204.11					675,204.11
Externally Managed Investments	(160,284.79)	(18,845.34)			232,705,919.10	232,526,788.97
Pooled Investments	18,155,511.65					18,155,511.65
<b>Total</b>	<b>\$ 34,115,328.77</b>	<b>\$ (18,845.34)</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 232,705,919.10</b>	<b>\$ 266,802,402.53</b>
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	\$ 95,930,067.51	\$	\$	\$	\$	\$ 95,930,067.51
Equity	870,999.18					870,999.18
Externally Managed Investments	(206,764.04)	(24,310.10)			230,465,874.66	230,234,800.52
Pooled Investments	23,420,231.15					23,420,231.15
<b>Total</b>	<b>\$ 120,014,533.80</b>	<b>\$ (24,310.10)</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 230,465,874.66</b>	<b>\$ 350,456,098.36</b>
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	\$ 137,598,245.67	\$	\$	\$	\$	\$ 137,598,245.67
Externally Managed Investments – Domestic	1,810,010,681.18					1,810,010,681.18
Pooled Investments					393,379,769.56	393,379,769.56
<b>Total</b>	<b>\$ 1,947,608,926.85</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 393,379,769.56</b>	<b>\$ 2,340,988,696.41</b>

UNAUDITED  
Comptroller – Fiscal (902)

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of Aug. 31, 2018, the agency’s credit risk quality distribution for securities with credit risk exposure was as follows.

Fund GAAP		Standard & Poor's					
Type	Fund	Investment Type	Market Value	AAA	AA	A	BBB
09	0001	Asset Back Security	\$				
		U.S. Government Treasuries	47,502.29		\$ 47,502.29		
		U.S. Government Agencies	24,415.66				
		REFCo Strip					
		Govt Mortgage Backed Securities	10,957.80				
		Non Agency Collateral Mortgage Obligation	6,290.00				
		Certificates of Deposit					
		Corporate Obligations	1,029,955.55			\$ 73,919.40	\$ 13,205.90
		Political Subdivisions	251,913.02				
		Mutual Funds	164,746,035.15				
			<u>\$ 166,117,069.47</u>	<u>\$ 0.00</u>	<u>\$ 47,502.29</u>	<u>\$ 73,919.40</u>	<u>\$ 13,205.90</u>
19	0210	Corporate Obligations					
		International Corp. Obligations					
		Mutual – Global Fixed Income	\$ 18,155,511.65				
		Mutual – Domestic Fixed Income					
		Investments in STIF	15,444,897.80	\$ 15,444,897.80			
		Repurchase Agreements					
			<u>\$ 33,600,409.45</u>	<u>\$ 15,444,897.80</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
19	0179	Corporate Obligations					
		International Corp. Obligations					
		Mutual – Global Fixed Income	\$ 23,420,231.15				
		Mutual – Domestic Fixed Income					
		Investments in STIF	95,930,067.51	\$ 95,930,067.51			
		Repurchase Agreements					
			<u>\$ 119,350,298.66</u>	<u>\$ 95,930,067.51</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
01	0599	Corporate Obligations					
		International Corp. Obligations					
		Mutual – Global Fixed Income	\$ 1,810,010,681.18				
		Mutual – Domestic Fixed Income					
		Investments in STIF	137,598,245.67	\$ 137,598,245.67			
		Repurchase Agreements					
			<u>\$ 1,947,608,926.85</u>	<u>\$ 137,598,245.67</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>



UNAUDITED  
Comptroller – Fiscal (902)

Fund Type	GAAP Fund	Investment Type	Standard & Poor's				Not Rated
			BB	B	C	D	
09	0001	Asset Back Security					
		U.S. Government Treasuries					
		U.S. Government Agencies		\$ 2,076.75			\$ 22,338.91
		REFCo Strip					
		Govt Mortgage Backed Securities					10,957.80
		Non Agency Collateral Mortgage Obligation					6,290.00
		Certificates of Deposit					
		Corporate Obligations	\$ 6,127.80		\$ 6,895.00		929,807.45
		Political Subdivisions					251,913.02
		Mutual Funds					164,746,035.15
			<u>\$ 6,127.80</u>	<u>\$ 2,076.75</u>	<u>\$ 6,895.00</u>	<u>\$ 0.00</u>	<u>\$ 165,967,342.33</u>
19	0210	Corporate Obligations					
		International Corp. Obligations					
		Mutual – Global Fixed Income					\$ 18,155,511.65
		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>\$ 18,155,511.65</u>
19	0179	Corporate Obligations					
		International Corp. Obligations					
		Mutual – Global Fixed Income					\$ 23,420,231.15
		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>\$ 23,420,231.15</u>
01	0599	Corporate Obligations					
		International Corp. Obligations					
		Mutual – Global Fixed Income					\$ 1,810,010,681.18
		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>\$ 1,810,010,681.18</u>

## DEPOSITS OF CASH IN BANK

As of Aug. 31, 2018 the carrying amount and the total balance of cash deposits was \$9,094,967.42. These deposits are from the Habitat Protection Fund's activities and are held with the Texas Treasury Safekeeping Trust Company.

### 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**

**PROTEST TAX PAYMENTS:**

---

As of Aug. 31, 2018, pending litigation filed by taxpayers seeking refunds of state taxes totaled \$304 million. The taxes protested include sales, franchise, insurance 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**

(Not Applicable)

**NOTE 18: Management Discussion and Analysis**

The General Revenue Fund 0001 cash balance increase to (\$1.4) billion in fiscal 2018, an increase of \$702 million from the balance of (\$2.1) billion in fiscal 2017. 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 2018 with a total balance of \$11.0 billion, an increase of \$751.1 million over fiscal 2017. The ESF ending balance was comprised of \$8.7 billion in cash and investments having a fair market value of \$2.3 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. There were no transfers out in FY18 from the ESF to the general revenue fund.

The Property Tax Relief Fund had no ending cash balance. This year's revenues of \$1.6 billion were transferred out to the Foundation School Fund 193 to pay for property tax relief.

Tax collections, the major source of revenue reported in this agency, experienced a 12.0 percent increase from fiscal 2017. Growth in sales tax collections increased again in 2018, with revenue up 10.5 percent over 2017, and motor vehicle sales tax collections increased sharply by 9.7 percent. Sales tax collections account for 57.5 percent of all tax collections. Motor fuels taxes on gasoline, diesel and other fuels increased 9.7 percent from 2017. Oil production and regulation taxes also increased 60.9 percent from fiscal 2017, and natural gas production tax collections increased by 45.6 percent in 2018 to \$1.4 billion. A non-tax category for agency 902, licenses, fees, fines & permits, increased 3.5 percent from fiscal 2017. On a statewide basis, this category accounts for 5.4 percent of total net revenue and contributed \$6.5 billion in fiscal 2018.

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

There were no significant related party transactions in agency 902 in fiscal 2018.

### **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 2018 State’s *Comprehensive Annual 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 \$286.3 million has been calculated on estimated sales from Jan. 1 to the end of the fiscal year. Actual tobacco settlement revenues were \$448.2 million in fiscal 2018 and \$478.8 million in fiscal 2017. Cumulative actual tobacco settlement revenues as of fiscal 2018 were \$10.2 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**

#### **A. Taxes Receivable**

The Comptroller–Fiscal agency collects certain taxes for the state of Texas. Taxes receivable represent amounts due to the state at 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 at 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” at Aug. 31 is recorded as deferred inflow revenue. Prepaid taxes are also recorded as deferred inflow revenue.

UNAUDITED  
**Comptroller – Fiscal (902)**

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 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 will be 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 State’s *Comprehensive Annual Financial Report* (CAFR).

As of Nov. 10, 2018 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, 2018, are processed. The tax returns are due Nov. 15, 2018. Adjustments will be made if necessary prior to publication of the CAFR.

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 Tax	\$1,882,067,232.58
Motor Vehicle & MFG Housing	111,276,377.50
Motor Fuels	6,652,432.50
Oil & Natural Gas Production	470,634,074.31
Franchise	
Insurance	261,568,825.32
Cigarette & Tobacco	23,141,355.99
Other	200,311,347.95
Total Net Taxes Receivable	<u>\$2,955,651,646.15</u>
<b>As Reported on the Financial Statements</b>	
Current Taxes Receivable	\$3,045,617,493.11
Noncurrent Taxes Receivable	<u>5,379,783.62</u>
Total Taxes Receivable	<u>\$3,050,997,276.73</u>
Refunds Payable	<u>\$ (95,345,630.58)</u>
Total Net Taxes Receivable	<u>\$2,955,651,646.15</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, 2018, there was an estimated \$805 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 \$251 million consists of revenues earned but not available to finance expenditures of the current fiscal period.

**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 year 2018, the unclaimed property fund received \$636 million in gross revenues, made \$243 million in claimant payments and transferred \$393 million to the general fund. The claimant liability in the general fund of \$278 million represents the probable amount that will be reclaimed and paid to claimants in the following year. As of Aug. 31, 2018, a balance of \$576 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
494	494	Restricted	TX Const. Art. I §31	Funds restricted to a specific purpose, delivering victim-related compensation, services, or assistance.
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.
886	886	Committed	TX Tax Code §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.
838	8380	Committed	TX Tax Code Ch. 41a	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.

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, 2018

	Consolidated Funds					
	General Revenue Fund (0001) U/F (0001, 9000)	Game, Fish, and Water Safety Fund (0009) U/F (0009)	County & Road District Highway Fund (0057) U/F (0057)	Law Enforcement Standards/Educ Fd (0116) U/F (0116)	Compensation Victims Crime Fd (0494) U/F (0494)	Economic Stabilization Fund (0599) U/F (0599,5990,5991)
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents:						
Cash in State Treasury	\$ (1,378,284,484.83)				\$ 10,791,521.00	\$ 8,702,426,768.22
Short-Term Investments (Note 3)						137,598,245.67
Receivables:						
Accounts						
Interest and Dividends					18,818.09	15,906,311.97
Taxes (Note 27)	3,045,617,493.11					
Due From Other Agencies	21,096,724.67			21,190,502.40		1,384,198,978.83
Total Current Assets	<u>1,688,429,732.95</u>	<u>0.00</u>	<u>0.00</u>	<u>21,190,502.40</u>	<u>10,810,339.09</u>	<u>10,240,130,304.69</u>
Non-Current Assets:						
Taxes Receivable (Note 27)	5,379,783.62					
Investments (Note 3)						2,203,390,450.74
Total Non-Current Assets	<u>5,379,783.62</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,203,390,450.74</u>
Total Assets	<u>\$ 1,693,809,516.57</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 21,190,502.40</u>	<u>\$ 10,810,339.09</u>	<u>\$ 12,443,520,755.43</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Current Liabilities:						
Payables From:						
Accounts	\$ 840,570.91	\$ 1,147.17				\$ 397,115.51
Other Intergovernmental	40,269,467.30					
Unclaimed Property Claimant Liabilities						
Taxes Refund Payable	95,345,630.58					
Due To Other Agencies	4,633,233,226.28				9,842.46	5,902,240.45
Unearned Revenues	105,553,681.93					
Other Current Liabilities	277,881,751.06					
Total Current Liabilities	<u>5,153,124,328.06</u>	<u>1,147.17</u>	<u>0.00</u>	<u>0.00</u>	<u>9,842.46</u>	<u>6,299,355.96</u>
Total Liabilities	<u>5,153,124,328.06</u>	<u>1,147.17</u>	<u>0.00</u>	<u>0.00</u>	<u>9,842.46</u>	<u>6,299,355.96</u>
<b>DEFERRED INFLOWS</b>						
Deferred Inflow of Resources (Note 29)	251,391,757.75					
Total Deferred Inflows	<u>251,391,757.75</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>						
Fund Balances (Deficits):						
Nonspendable for Long-Term Taxes						
Receivable	5,379,783.62					
Restricted					10,800,496.63	
Committed				21,190,502.40		
Unassigned	(3,716,086,352.86)	(1,147.17)				12,437,221,399.47
Total Fund Balances	<u>(3,710,706,569.24)</u>	<u>(1,147.17)</u>	<u>0.00</u>	<u>21,190,502.40</u>	<u>10,800,496.63</u>	<u>12,437,221,399.47</u>
Total Liabilities and Fund Balances	<u>\$ 1,693,809,516.57</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 21,190,502.40</u>	<u>\$ 10,810,339.09</u>	<u>\$ 12,443,520,755.43</u>



UNAUDITED  
Comptroller – Fiscal (902)

EXHIBIT A-1 (continued)

## Combining Balance Sheet – All General and Consolidated Funds

August 31, 2018

	Consolidated Funds					
	License Plate Trust Fund (0802) U/F (0802)	Texas Home Visiting Program Trust (0803) U/F (0803)	Events Trust Fund for Municipality/ County (0830) U/F (0830)	Major Events Trust Fund (0869) U/F (0869)	GR Account - Commission on State Emergency Communications (5007) U/F (5007)	Sexual Assault Program Fund (5010) U/F (5010)
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents:						
Cash in State Treasury	\$	\$	\$	\$	\$	\$
Short-Term Investments (Note 3)						
Receivables:						
Accounts						
Interest and Dividends	5.03					
Taxes (Note 27)						
Due From Other Agencies						
<b>Total Current Assets</b>	<b>5.03</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Non-Current Assets:						
Taxes Receivable (Note 27)						
Investments (Note 3)						
<b>Total Non-Current Assets</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Assets</b>	<b>\$ 5.03</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Current Liabilities:						
Payables From:						
Accounts						
Other Intergovernmental						
Unclaimed Property Claimant Liabilities						
Taxes Refund Payable						
Due To Other Agencies						
Unearned Revenues						6,960,598.83
Other Current Liabilities						
<b>Total Current Liabilities</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>6,960,598.83</b>
<b>Total Liabilities</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>6,960,598.83</b>
<b>DEFERRED INFLOWS</b>						
Deferred Inflow of Resources (Note 29)						
<b>Total Deferred Inflows</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>FUND FINANCIAL STATEMENT – F</b>						
<b>FUND BALANCES</b>						
Fund Balances (Deficits):						
Nonspendable for Long-Term Taxes						
Receivable						
Restricted						
Committed	5.03					
Unassigned						(6,960,598.83)
<b>Total Fund Balances</b>	<b>5.03</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(6,960,598.83)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5.03</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>

UNAUDITED  
Comptroller – Fiscal (902)

EXHIBIT A-1 (concluded)

## Combining Balance Sheet – All General and Consolidated Funds

August 31, 2018

	Consolidated Funds			
	Tobacco Settlement Temporary Hold (5040) U/F (5040)	GR Account - Emissions Reduction Plan (5071) U/F (5071)	Disabled Veterans Local Gov. Assistance (5160) U/F (5160)	Total (Exhibit I) 2018
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Cash in State Treasury	\$ 7,094,005.43	\$	\$	\$ 7,342,027,809.82
Short-Term Investments (Note 3)				137,598,245.67
Receivables:				
Accounts	286,266,666.67			286,266,666.67
Interest and Dividends				15,925,135.09
Taxes (Note 27)				3,045,617,493.11
Due From Other Agencies				1,426,486,205.90
<b>Total Current Assets</b>	<b>293,360,672.10</b>	<b>0.00</b>	<b>0.00</b>	<b>12,253,921,556.26</b>
Non-Current Assets:				
Taxes Receivable (Note 27)				5,379,783.62
Investments (Note 3)				2,203,390,450.74
<b>Total Non-Current Assets</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,208,770,234.36</b>
<b>Total Assets</b>	<b>\$ 293,360,672.10</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 14,462,691,790.62</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts				\$ 1,238,833.59
Other Intergovernmental				40,269,467.30
Unclaimed Property Claimant Liabilities				
Taxes Refund Payable				95,345,630.58
Due To Other Agencies				4,639,145,309.19
Unearned Revenues	286,266,666.67			398,780,947.43
Other Current Liabilities				277,881,751.06
<b>Total Current Liabilities</b>	<b>286,266,666.67</b>	<b>0.00</b>	<b>0.00</b>	<b>5,452,661,939.15</b>
<b>Total Liabilities</b>	<b>286,266,666.67</b>	<b>0.00</b>	<b>0.00</b>	<b>5,452,661,939.15</b>
<b>DEFERRED INFLOWS</b>				
Deferred Inflow of Resources (Note 29)				251,391,757.75
<b>Total Deferred Inflows</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>251,391,757.75</b>
<b>FUND FINANCIAL STATEMENT – F</b>				
<b>FUND BALANCES</b>				
Fund Balances (Deficits):				
Nonspendable for Long-Term Taxes				
Receivable				5,379,783.62
Restricted	7,094,005.43			17,894,502.06
Committed				21,190,507.43
Unassigned				8,714,173,300.61
<b>Total Fund Balances</b>	<b>7,094,005.43</b>	<b>0.00</b>	<b>0.00</b>	<b>8,758,638,093.72</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 293,360,672.10</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 14,462,691,790.62</b>

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, 2018

	Consolidated Funds					
	General Revenue Fund (0001) U/F (0001, 9000)	Game, Fish, and Water Safety Fund (0009) U/F (0009)	County & Road District Highway Fund (0057) U/F (0057)	Law Enforcement Standards/Educ Fd (0116) U/F (0116)	Compensation Victims Crime Fd (0494) U/F (0494)	Economic Stabilization Fund (0599) U/F (0599,5990,5991)
<b>REVENUES</b>						
Taxes	\$ 48,475,069,518.86					
Licenses, Fees & Permits	1,273,642,491.47			5,192,787.92		
Interest and Other Investment Income	2,763,486.05				166,777.40	171,379,062.73
Land Income	(4,929,762.82)					
Settlement of Claims	63,706,963.60				1,169,910.75	
Sales of Goods and Services	46,001,727.83					
Other	482,350,590.48					
<b>Total Revenues</b>	<u>50,338,605,015.47</u>	<u>0.00</u>	<u>0.00</u>	<u>5,192,787.92</u>	<u>1,336,688.15</u>	<u>171,379,062.73</u>
<b>EXPENDITURES</b>						
Payroll Related Costs	776,805,429.09					
Professional Fees and Services	11,176,089.35					2,258,957.99
Materials and Supplies	282,523.99					
Communications and Utilities	19,942.12					
Repairs and Maintenance	710,692.41					
Claims and Judgments	12,772,938.10	1,147.17			6,908.23	
Intergovernmental Payments	426,731,908.09		7,300,000.00	6,002,105.88		
Other Expenditures	33,610,971.53					
Capital Outlay						
<b>Total Expenditures</b>	<u>1,262,110,494.68</u>	<u>1,147.17</u>	<u>7,300,000.00</u>	<u>6,002,105.88</u>	<u>6,908.23</u>	<u>2,258,957.99</u>
Excess (Deficiency) of Revenues over Expenditures	<u>49,076,494,520.79</u>	<u>(1,147.17)</u>	<u>(7,300,000.00)</u>	<u>(809,317.96)</u>	<u>1,329,779.92</u>	<u>169,120,104.74</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer In	628,370,120.95		7,300,000.00			1,384,979,148.05
Transfer Out	(21,679,646,736.75)				(201,913.15)	(157,140,708.17)
Legislative Transfer Out	(24,347,876,312.65)					
Insurance Recoveries	769,710.66					
<b>Total Other Financing Sources (Uses)</b>	<u>(45,398,383,217.79)</u>	<u>0.00</u>	<u>7,300,000.00</u>	<u>0.00</u>	<u>(201,913.15)</u>	<u>1,227,838,439.88</u>
Net Change in Fund Balances	<u>3,678,111,303.00</u>	<u>(1,147.17)</u>	<u>0.00</u>	<u>(809,317.96)</u>	<u>1,127,866.77</u>	<u>1,396,958,544.62</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>						
Fund Balances, September 1, 2017	(7,388,817,872.24)			21,999,820.36	9,672,629.86	11,040,262,854.85
Restatements (Note 14)						
Fund Balances, September 1, 2017, as Restated	<u>(7,388,817,872.24)</u>	<u>0.00</u>	<u>0.00</u>	<u>21,999,820.36</u>	<u>9,672,629.86</u>	<u>11,040,262,854.85</u>
Fund Balances, August 31, 2018	<u>\$ (3,710,706,569.24)</u>	<u>\$ (1,147.17)</u>	<u>\$ 0.00</u>	<u>\$ 21,190,502.40</u>	<u>\$ 10,800,496.63</u>	<u>\$ 12,437,221,399.47</u>

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, 2018

	Consolidated Funds					
	License Plate Trust Fund (0802) U/F (0802)	Texas Home Visiting Program Trust (0803) U/F (0803)	Events Trust Fund for Municipality/ County (0830) U/F (0830)	Major Events Trust Fund (0869) U/F (0869)	GR Account - Commission on State Emergency Communications (5007) U/F (5007)	Sexual Assault Program Fund (5010) U/F (5010)
<b>REVENUES</b>						
Taxes			\$ 20,695,937.30	\$ 47,945,230.69		
Licenses, Fees & Permits	956.98	295.00			175.29	726,374.28
Interest and Other Investment Income	40.24					
Land Income						
Settlement of Claims						
Sales of Goods and Services						
Other						
Total Revenues	<u>997.22</u>	<u>295.00</u>	<u>20,695,937.30</u>	<u>47,945,230.69</u>	<u>175.29</u>	<u>726,374.28</u>
<b>EXPENDITURES</b>						
Payroll Related Costs						
Professional Fees and Services						
Materials and Supplies						
Communications and Utilities						
Repairs and Maintenance						
Claims and Judgments						
Intergovernmental Payments						
Other Expenditures						
Capital Outlay						
Total Expenditures	<u>0.00</u>	<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>997.22</u>	<u>295.00</u>	<u>20,695,937.30</u>	<u>47,945,230.69</u>	<u>175.29</u>	<u>726,374.28</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer In						
Transfer Out	(2,906.03)	(295.00)	(20,695,937.30)	(47,945,230.69)	(175.29)	(7,686,973.11)
Legislative Transfer Out						
Insurance Recoveries						
Total Other Financing Sources (Uses)	<u>(2,906.03)</u>	<u>(295.00)</u>	<u>(20,695,937.30)</u>	<u>(47,945,230.69)</u>	<u>(175.29)</u>	<u>(7,686,973.11)</u>
Net Change in Fund Balances	<u>(1,908.81)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(6,960,598.83)</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>						
Fund Balances, September 1, 2017	1,913.84					
Restatements (Note 14)						
Fund Balances, September 1, 2017, as Restated	<u>1,913.84</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Fund Balances, August 31, 2018	<u>\$ 5.03</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ (6,960,598.83)</u>

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, 2018

	Consolidated Funds			Total (Exhibit II) 2018
	Temporary Hold (5040)	Local Gov. Assistance 5160		
	Tobacco Settlement Temporary Hold (5040) U/F (5040)	GR Account - Emissions Reduction Plan (5071) U/F (5071)	Disabled Veterans Local Gov. Assistance (5160) U/F (5160)	
<b>REVENUES</b>				
Taxes		\$ 50.00		\$ 48,543,710,736.85
Licenses, Fees & Permits				1,279,563,080.94
Interest and Other Investment Income				174,309,366.42
Land Income				(4,929,762.82)
Settlement of Claims	448,243,540.53			513,120,414.88
Sales of Goods and Services				46,001,727.83
Other				482,350,590.48
Total Revenues	<u>448,243,540.53</u>	<u>50.00</u>	<u>0.00</u>	<u>51,034,126,154.58</u>
<b>EXPENDITURES</b>				
Payroll Related Costs				776,805,429.09
Professional Fees and Services				13,435,047.34
Materials and Supplies				282,523.99
Communications and Utilities				19,942.12
Repairs and Maintenance				710,692.41
Claims and Judgments				12,780,993.50
Intergovernmental Payments			3,250,000.00	443,284,013.97
Other Expenditures				33,610,971.53
Capital Outlay				
Total Expenditures	<u>0.00</u>	<u>0.00</u>	<u>3,250,000.00</u>	<u>1,280,929,613.95</u>
Excess (Deficiency) of Revenues over Expenditures	<u>448,243,540.53</u>	<u>50.00</u>	<u>(3,250,000.00)</u>	<u>49,753,196,540.63</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In			3,250,000.00	2,023,899,269.00
Transfer Out	(498,006,098.81)	(50.00)		(22,411,327,024.30)
Legislative Transfer Out				(24,347,876,312.65)
Insurance Recoveries				769,710.66
Total Other Financing Sources (Uses)	<u>(498,006,098.81)</u>	<u>(50.00)</u>	<u>3,250,000.00</u>	<u>(44,734,534,357.29)</u>
Net Change in Fund Balances	<u>(49,762,558.28)</u>	<u>0.00</u>	<u>0.00</u>	<u>5,018,662,183.34</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>				
Fund Balances, September 1, 2017	56,856,563.71			3,739,975,910.38
Restatements (Note 14)				
Fund Balances, September 1, 2017, as Restated	<u>56,856,563.71</u>	<u>0.00</u>	<u>0.00</u>	<u>3,739,975,910.38</u>
Fund Balances, August 31, 2018	<u>\$ 7,094,005.43</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 8,758,638,093.72</u>

UNAUDITED  
Comptroller – Fiscal (902)

EXHIBIT B-1

## Combining Balance Sheet – Special Revenue Funds

August 31, 2018

	Property Tax Relief Fund (0304) U/F (0304)	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)	Habitat Protection Fund (9999) U/F (2999)	Total (Exhibit I) 2018
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents:						
Cash in State Treasury	\$	\$	\$ 6,600.00	\$ 6,832,625.86	\$	\$ 6,839,225.86
Cash in Bank					9,094,967.42	9,094,967.42
Receivables From:						
Interest and Dividends	131,819.23					131,819.23
Due From Other Agencies		3,263,025.50				3,263,025.50
Total Current Assets	<u>131,819.23</u>	<u>3,263,025.50</u>	<u>6,600.00</u>	<u>6,832,625.86</u>	<u>9,094,967.42</u>	<u>19,329,038.01</u>
Total Assets	<u>\$ 131,819.23</u>	<u>\$ 3,263,025.50</u>	<u>\$ 6,600.00</u>	<u>\$ 6,832,625.86</u>	<u>\$ 9,094,967.42</u>	<u>\$ 19,329,038.01</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Current Liabilities:						
Accounts Payable	\$	\$	\$	\$	\$ 887,955.84	\$ 887,955.84
Total Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>887,955.84</u>	<u>887,955.84</u>
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>887,955.84</u>	<u>887,955.84</u>
<b>FUND FINANCIAL STATEMENT –</b>						
<b>FUND BALANCES</b>						
Fund Balances (Deficits):						
Restricted	131,819.23	3,263,025.50			8,207,011.58	11,601,856.31
Committed			6,600.00	6,832,625.86		6,839,225.86
Total Fund Balances	<u>131,819.23</u>	<u>3,263,025.50</u>	<u>6,600.00</u>	<u>6,832,625.86</u>	<u>8,207,011.58</u>	<u>18,441,082.17</u>
Total Liabilities and Fund Balances	<u>\$ 131,819.23</u>	<u>\$ 3,263,025.50</u>	<u>\$ 6,600.00</u>	<u>\$ 6,832,625.86</u>	<u>\$ 9,094,967.42</u>	<u>\$ 19,329,038.01</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, 2018

	Property Tax Relief Fund (0304) U/F (0304)	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)	Habitat Protection Fund (9999) U/F (2999)	Total (Exhibit I) 2018
<b>REVENUES</b>						
Taxes	\$ 1,639,344,266.01					\$ 1,639,344,266.01
Licenses, Fees & Permits					5,509,590.65	5,509,590.65
Interest and Other Investment Income	1,792,728.72			142,892.20	149,098.83	2,084,719.75
Other			1,614,635.00	16,048,157.88		17,662,792.88
<b>Total Revenues</b>	<u>1,641,136,994.73</u>	<u>0.00</u>	<u>1,614,635.00</u>	<u>16,191,050.08</u>	<u>5,658,689.48</u>	<u>1,664,601,369.29</u>
<b>EXPENDITURES</b>						
Intergovernmental Payments		1,594,851.06		24,517,994.54	4,061,928.21	30,174,773.81
Professional Fees and Services			1,636,635.00			1,636,635.00
Claims and Judgments						
Other Expenditures					4,403.86	4,403.86
<b>Total Expenditures</b>	<u>0.00</u>	<u>1,594,851.06</u>	<u>1,636,635.00</u>	<u>24,517,994.54</u>	<u>4,066,332.07</u>	<u>31,815,812.67</u>
<b>Excess (Deficiency) of Revenues</b>						
Over Expenditures	<u>1,641,136,994.73</u>	<u>(1,594,851.06)</u>	<u>(22,000.00)</u>	<u>(8,326,944.46)</u>	<u>1,592,357.41</u>	<u>1,632,785,556.62</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer In		4,857,876.56				4,857,876.56
Transfer Out	(1,641,074,266.75)			(142,892.20)		(1,641,217,158.95)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,641,074,266.75)</u>	<u>4,857,876.56</u>	<u>0.00</u>	<u>(142,892.20)</u>	<u>0.00</u>	<u>(1,636,359,282.39)</u>
<b>Net Change in Fund Balances</b>	<u>62,727.98</u>	<u>3,263,025.50</u>	<u>(22,000.00)</u>	<u>(8,469,836.66)</u>	<u>1,592,357.41</u>	<u>(3,573,725.77)</u>
<b>FUND FINANCIAL STATEMENT –</b>						
<b>FUND BALANCES</b>						
Fund Balances, September 1, 2017	69,091.25		28,600.00	15,302,462.52	6,614,654.17	22,014,807.94
Restatements (Note 14)						
Fund Balances, September 1, 2017, as Restated	<u>69,091.25</u>	<u>0.00</u>	<u>28,600.00</u>	<u>15,302,462.52</u>	<u>6,614,654.17</u>	<u>22,014,807.94</u>
Fund Balances, August 31, 2018	<u>\$ 131,819.23</u>	<u>\$ 3,263,025.50</u>	<u>\$ 6,600.00</u>	<u>\$ 6,832,625.86</u>	<u>\$ 8,207,011.58</u>	<u>\$ 18,441,082.17</u>

UNAUDITED  
Comptroller – Fiscal (902)

EXHIBIT C-1

## Combining Balance Sheet – Permanent Funds

August 31, 2018

	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 I) 2018
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Cash in State Treasury	\$	\$ 830,600.21	\$48,428,505.58	\$ 49,259,105.79
Cash in Bank				
Short-Term Investments (Note 3)	95,930,067.51	15,444,897.80		111,374,965.31
Receivables From:				
Interest and Dividends	138,754.63	31,973.41	78.66	170,806.70
Due From Other Agencies				
Total Current Assets	<u>96,068,822.14</u>	<u>16,307,471.42</u>	<u>48,428,584.24</u>	<u>160,804,877.80</u>
Non-Current Assets:				
Investments (Note 3)	<u>254,770,971.05</u>	<u>251,547,383.92</u>		<u>506,318,354.97</u>
Total Non-Current Assets:	<u>254,770,971.05</u>	<u>251,547,383.92</u>	<u>0.00</u>	<u>506,318,354.97</u>
Total Assets	<u>\$350,839,793.19</u>	<u>\$267,854,855.34</u>	<u>\$48,428,584.24</u>	<u>\$667,123,232.77</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Current Liabilities:				
Accounts Payable	\$ 178,424.32	\$ 135,729.79	\$	\$ 314,154.11
Investment Trade Payable	16,813.56	13,033.98		29,847.54
Hedging Derivative Investment Liability	244,940.20	189,879.19		434,819.39
Due To Other Agencies		<u>203,179.50</u>	<u>48,426,495.75</u>	<u>48,629,675.25</u>
Total Current Liabilities	<u>440,178.08</u>	<u>541,822.46</u>	<u>48,426,495.75</u>	<u>49,408,496.29</u>
Total Liabilities	<u>440,178.08</u>	<u>541,822.46</u>	<u>48,426,495.75</u>	<u>49,408,496.29</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>				
Fund Balances (Deficits):				
Nonspendable	7,689,154.53			7,689,154.53
Restricted	342,710,460.58	267,313,032.88	2,088.49	610,025,581.95
Committed				
Total Fund Balances	<u>342,710,460.58</u>	<u>267,313,032.88</u>	<u>2,088.49</u>	<u>617,714,736.48</u>
Total Liabilities and Fund Balances	<u>\$343,150,638.66</u>	<u>\$267,854,855.34</u>	<u>\$48,428,584.24</u>	<u>\$659,434,078.24</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, 2018

	Supporting Graduate Education Fund (0179) U/F (1179)	Military & Veterans Exemptions Fund (0210) U/F (1210)	Available Nat'l Research University Fund (0214) U/F(0214)	Total (Exhibit I) 2018
<b>REVENUES</b>				
Licenses, Fees & Permits	\$	\$	\$	\$
Interest and Other Investment Income	19,666,582.10	18,180,897.16	(49,132.47)	37,798,346.79
Other		103,067.72	22,773,243.16	22,876,310.88
Total Revenues	<u>19,666,582.10</u>	<u>18,283,964.88</u>	<u>22,724,110.69</u>	<u>60,674,657.67</u>
<b>EXPENDITURES</b>				
Professional Fees and Services	967,670.64	720,755.94		1,688,426.58
Intergovernmental Payments		729,208.00		729,208.00
Other Expenditures				
Total Expenditures	<u>967,670.64</u>	<u>1,449,963.94</u>	<u>0.00</u>	<u>2,417,634.58</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>18,698,911.46</u>	<u>16,834,000.94</u>	<u>22,724,110.69</u>	<u>58,257,023.09</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In		627,973.18		627,973.18
Transfer Out	(11,009,756.93)	(7,917,157.50)	(22,772,603.52)	(41,699,517.95)
Total Other Financing Sources (Uses)	<u>(11,009,756.93)</u>	<u>(7,289,184.32)</u>	<u>(22,772,603.52)</u>	<u>(41,071,544.77)</u>
Net Change in Fund Balances	<u>7,689,154.53</u>	<u>9,544,816.62</u>	<u>(48,492.83)</u>	<u>17,185,478.32</u>
<b>FUND FINANCIAL STATEMENT –</b>				
<b>FUND BALANCES</b>				
Fund Balances, September 1, 2017	342,710,460.58	257,768,216.26	50,581.32	600,529,258.16
Restatements (Note 14)				
Fund Balances, September 1, 2017, as Restated	<u>342,710,460.58</u>	<u>257,768,216.26</u>	<u>50,581.32</u>	<u>600,529,258.16</u>
Fund Balances, August 31, 2018	<u>\$ 350,399,615.11</u>	<u>\$ 267,313,032.88</u>	<u>\$ 2,088.49</u>	<u>\$ 617,714,736.48</u>

UNAUDITED  
Comptroller – Fiscal (902)

EXHIBIT I-1

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

August 31, 2018

	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 VI) 2018
<b>ASSETS</b>				
Cash and Cash Equivalents:				
Cash in State Treasury		\$ 17,484.23	\$ 2,969,406.68	\$ 2,986,890.91
Receivables:				
Federal				
Interest and Dividends			9,807.68	9,807.68
<b>Total Assets</b>	<u>0.00</u>	<u>17,484.23</u>	<u>2,979,214.36</u>	<u>2,996,698.59</u>
<b>LIABILITIES</b>				
Accounts Payable			1,908,298.26	1,908,298.26
Unearned Revenues		17,484.23		17,484.23
<b>Total Liabilities</b>	<u>0.00</u>	<u>17,484.23</u>	<u>1,908,298.26</u>	<u>1,925,782.49</u>
<b>NET POSITION</b>				
Held In Trust For:				
Individuals, Organizations, and				
Other Governments			1,070,916.10	1,070,916.10
<b>Total Net Position</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,070,916.10</u>	<u>\$ 1,070,916.10</u>

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, 2018

	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 VI) 2018
<b>ADDITIONS</b>				
Contributions:				
Investment Income:				
From Investing Activities				
Interest and Investment Income	\$	\$	\$ 80,872.88	\$ 80,872.88
Total Investment Income	0.00	0.00	80,872.88	80,872.88
Other Additions:				
Federal Revenue			6,195,676.48	6,195,676.48
Other Revenue			178.58	178.58
Transfers-In	69,689,880.00			69,689,880.00
Total Other Additions	69,689,880.00	0.00	6,195,855.06	75,885,735.06
Total Additions	69,689,880.00	0.00	6,276,727.94	75,966,607.94
<b>DEDUCTIONS</b>				
Intergovernmental Payments	69,689,880.00		6,195,676.48	75,885,556.48
Transfers-Out				0.00
Total Deductions	69,689,880.00	0.00	6,195,676.48	75,885,556.48
<b>NET INCREASE (DECREASE)</b>	0.00	0.00	81,051.46	81,051.46
Net Position, September 1, 2017	0.00	0.00	989,864.64	989,864.64
Restatements (Note 14)				0.00
Net Position, September 1, 2017, as Restated	0.00	0.00	989,864.64	989,864.64
Net Position – August 31, 2018	\$ 0.00	\$ 0.00	\$ 1,070,916.10	\$ 1,070,916.10

UNAUDITED  
Comptroller – Fiscal (902)

EXHIBIT J-1

## Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2018

	Beginning Balance Sept. 1, 2017	Additions	Deductions	Ending Balance Aug. 31, 2018
<b>General Revenue Fund (0001) –</b>				
<b>Unclaimed Property Securities Receipts (U/F 4113)</b>				
<b>ASSETS</b>				
Investments:				
U.S. Government & Agency Obligations (Note 3)	\$ 92,308.95	\$ 89,165.75	\$ 92,308.95	\$ 89,165.75
Corporate Obligations (Note 3)	393,782.74	344,438.39	393,782.74	344,438.39
Corporate Equity (Note 3)	129,766,368.96	401,382,030.22	129,766,368.96	401,382,030.22
Pooled Investments Note 3)	160,867,524.61	165,431,552.31	160,867,524.61	165,431,552.31
Other Investments (Note 3)	6,219,060.88	8,802,204.05	6,219,060.88	8,802,204.05
Total Assets	<u>\$ 297,339,046.14</u>	<u>\$ 576,049,390.72</u>	<u>\$ 297,339,046.14</u>	<u>\$ 576,049,390.72</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 297,339,046.14	\$ 576,049,390.72	\$ 297,339,046.14	\$ 576,049,390.72
Total Liabilities	<u>\$ 297,339,046.14</u>	<u>\$ 576,049,390.72</u>	<u>\$ 297,339,046.14</u>	<u>\$ 576,049,390.72</u>
<b>OTHER AGENCY FUNDS</b>				
<b>Binding Arbitration Trust Fund (0838) U/F (0838)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 929,000.00	\$ 7,128,316.00	\$ 7,346,266.00	\$ 711,050.00
Total Assets	<u>\$ 929,000.00</u>	<u>\$ 7,128,316.00</u>	<u>\$ 7,346,266.00</u>	<u>\$ 711,050.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 929,000.00	\$ 7,128,316.00	\$ 7,346,266.00	\$ 711,050.00
Total Liabilities	<u>\$ 929,000.00</u>	<u>\$ 7,128,316.00</u>	<u>\$ 7,346,266.00</u>	<u>\$ 711,050.00</u>
<b>Custom Brokers Bond/Security Trust Fund (0866) U/F (0866)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
Total Assets	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
Total Liabilities	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>
<b>Texas Racing Commission Security Trust</b>				
<b>Fund (0868) U/F (0868)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 12,100.00	\$ 12,100.00	\$ 12,100.00	\$ 12,100.00
Total Assets	<u>\$ 12,100.00</u>	<u>\$ 12,100.00</u>	<u>\$ 12,100.00</u>	<u>\$ 12,100.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 12,100.00	\$ 12,100.00	\$ 12,100.00	\$ 12,100.00
Total Liabilities	<u>\$ 12,100.00</u>	<u>\$ 12,100.00</u>	<u>\$ 12,100.00</u>	<u>\$ 12,100.00</u>

*Continued on the following page*

UNAUDITED  
Comptroller – Fiscal (902)

EXHIBIT J-1 (continued)

## Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2018

	Beginning Balance Sept. 1, 2017	Additions	Deductions	Ending Balance Aug. 31, 2018
<b>Local Tax Collections For Sports/Community Venue Project Trust Fund (0874) U/F (0874)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 4,783,271.61	\$ 57,541,601.07	\$ 57,251,472.65	\$ 5,073,400.03
Total Assets	<u>\$ 4,783,271.61</u>	<u>\$ 57,541,601.07</u>	<u>\$ 57,251,472.65</u>	<u>\$ 5,073,400.03</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 4,783,271.61	\$ 57,541,601.07	\$ 57,251,472.65	\$ 5,073,400.03
Total Liabilities	<u>\$ 4,783,271.61</u>	<u>\$ 57,541,601.07</u>	<u>\$ 57,251,472.65</u>	<u>\$ 5,073,400.03</u>
<b>City, County, MTA &amp; SPD Sales Tax Trust (0882) U/F (0882)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 1,077,347,383.17	\$ 10,687,936,457.50	\$ 10,648,738,476.47	\$ 1,116,545,364.20
Total Assets	<u>\$ 1,077,347,383.17</u>	<u>\$ 10,687,936,457.50</u>	<u>\$ 10,648,738,476.47</u>	<u>\$ 1,116,545,364.20</u>
<b>LIABILITIES</b>				
Other Intergovernmental Payables				
Funds Held for Others	\$ 1,077,347,383.17	\$ 10,687,936,457.50	\$ 10,648,738,476.47	\$ 1,116,545,364.20
Total Liabilities	<u>\$ 1,077,347,383.17</u>	<u>\$ 10,687,936,457.50</u>	<u>\$ 10,648,738,476.47</u>	<u>\$ 1,116,545,364.20</u>
<b>International Fuels Tax Agreement (IFTA) Guaranty Trust Account (0884) U/F (0884)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 419,220.92	\$ 542,920.92	\$ 509,657.28	\$ 452,484.56
Total Assets	<u>\$ 419,220.92</u>	<u>\$ 542,920.92</u>	<u>\$ 509,657.28</u>	<u>\$ 452,484.56</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 419,220.92	\$ 542,920.92	\$ 509,657.28	\$ 452,484.56
Total Liabilities	<u>\$ 419,220.92</u>	<u>\$ 542,920.92</u>	<u>\$ 509,657.28</u>	<u>\$ 452,484.56</u>
<b>Departmental Suspense Fund (0900) U/F (0900)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 7,892,742.00	\$ 437,627,797.02	\$ 440,281,258.59	\$ 5,239,280.43
Total Assets	<u>\$ 7,892,742.00</u>	<u>\$ 437,627,797.02</u>	<u>\$ 440,281,258.59</u>	<u>\$ 5,239,280.43</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 7,892,742.00	\$ 437,627,797.02	\$ 440,281,258.59	\$ 5,239,280.43
Total Liabilities	<u>\$ 7,892,742.00</u>	<u>\$ 437,627,797.02</u>	<u>\$ 440,281,258.59</u>	<u>\$ 5,239,280.43</u>
<b>Motor Fuel Distributor's Bond Guaranty (0904) U/F (0904)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 1,243,085.63	\$ 1,485,037.68	\$ 1,303,085.63	\$ 1,425,037.68
Total Assets	<u>\$ 1,243,085.63</u>	<u>\$ 1,485,037.68</u>	<u>\$ 1,303,085.63</u>	<u>\$ 1,425,037.68</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 1,243,085.63	\$ 1,485,037.68	\$ 1,303,085.63	\$ 1,425,037.68
Total Liabilities	<u>\$ 1,243,085.63</u>	<u>\$ 1,485,037.68</u>	<u>\$ 1,303,085.63</u>	<u>\$ 1,425,037.68</u>

*Continued on the following page*

UNAUDITED  
Comptroller – Fiscal (902)

EXHIBIT J-1 (continued)

## Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2018

	Beginning Balance Sept. 1, 2017	Additions	Deductions	Ending Balance Aug. 31, 2018
<b>Qualified Hotel Project Trust Fund (0905) U/F 0905</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 250,000.00	\$ 20,158,609.80	\$ 20,158,609.80	\$ 250,000.00
Total Assets	<u>\$ 250,000.00</u>	<u>\$ 20,158,609.80</u>	<u>\$ 20,158,609.80</u>	<u>\$ 250,000.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 250,000.00	\$ 20,158,609.80	\$ 20,158,609.80	\$ 250,000.00
Total Liabilities	<u>\$ 250,000.00</u>	<u>\$ 20,158,609.80</u>	<u>\$ 20,158,609.80</u>	<u>\$ 250,000.00</u>
<b>Mixed Beverage Tax Guaranty Fund (0906) U/F (0906)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 18,285,154.82	\$ 21,573,343.48	\$ 20,000,147.59	\$ 19,858,350.71
Total Assets	<u>\$ 18,285,154.82</u>	<u>\$ 21,573,343.48</u>	<u>\$ 20,000,147.59</u>	<u>\$ 19,858,350.71</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 18,285,154.82	\$ 21,573,343.48	\$ 20,000,147.59	\$ 19,858,350.71
Total Liabilities	<u>\$ 18,285,154.82</u>	<u>\$ 21,573,343.48</u>	<u>\$ 20,000,147.59</u>	<u>\$ 19,858,350.71</u>
<b>Sexually Oriented Business Security Bond Trust Fund (0912) U/F (0912)</b>				
Cash in State Treasury	\$ 24,950.00	\$ 58,775.00	\$ 24,950.00	\$ 58,775.00
Total Assets	<u>\$ 24,950.00</u>	<u>\$ 58,775.00</u>	<u>\$ 24,950.00</u>	<u>\$ 58,775.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 24,950.00	\$ 58,775.00	\$ 24,950.00	\$ 58,775.00
Total Liabilities	<u>\$ 24,950.00</u>	<u>\$ 58,775.00</u>	<u>\$ 24,950.00</u>	<u>\$ 58,775.00</u>
<b>Sales Tax Guaranty Trust (0962) U/F (0962)</b>				
Cash in State Treasury	\$ 27,918,934.65	\$ 35,042,586.49	\$ 36,603,937.18	\$ 26,357,583.96
Total Assets	<u>\$ 27,918,934.65</u>	<u>\$ 35,042,586.49</u>	<u>\$ 36,603,937.18</u>	<u>\$ 26,357,583.96</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 27,918,934.65	\$ 35,042,586.49	\$ 36,603,937.18	\$ 26,357,583.96
Total Liabilities	<u>\$ 27,918,934.65</u>	<u>\$ 35,042,586.49</u>	<u>\$ 36,603,937.18</u>	<u>\$ 26,357,583.96</u>
<b>Direct Deposit Correction Account (0980) U/F (0980)</b>				
Cash in State Treasury	\$ 87,636.04	\$ 32,315,990.14	\$ 32,332,987.90	\$ 70,638.28
Total Assets	<u>\$ 87,636.04</u>	<u>\$ 32,315,990.14</u>	<u>\$ 32,332,987.90</u>	<u>\$ 70,638.28</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 87,636.04	\$ 32,315,990.14	\$ 32,332,987.90	\$ 70,638.28
Total Liabilities	<u>\$ 87,636.04</u>	<u>\$ 32,315,990.14</u>	<u>\$ 32,332,987.90</u>	<u>\$ 70,638.28</u>

*Concluded on the following page*

UNAUDITED  
Comptroller – Fiscal (902)

EXHIBIT J-1 (concluded)

## Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2018

	Beginning Balance Sept. 1, 2017	Additions	Deductions	Ending Balance Aug. 31, 2018
<b>Totals – All Agency Funds</b>				
Cash in State Treasury	\$ 1,139,178,528.84	\$ 11,301,374,760.10	\$ 11,264,547,999.09	\$ 1,176,005,289.85
Investments:				
U.S. Government & Agency Obligations (Note 3)	92,308.95	89,165.75	92,308.95	89,165.75
Corporate Obligations (Note 3)	393,782.74	344,438.39	393,782.74	344,438.39
Corporate Equity (Note 3)	129,766,368.96	401,382,030.22	129,766,368.96	401,382,030.22
Pooled Investments Note 3)	160,867,524.61	165,431,552.31	160,867,524.61	165,431,552.31
Other Investments (Note 3)	6,219,060.88	8,802,204.05	6,219,060.88	8,802,204.05
Total Assets	<u>\$ 1,436,517,574.98</u>	<u>\$ 11,877,424,150.82</u>	<u>\$ 11,561,887,045.23</u>	<u>\$ 1,752,054,680.57</u>
<b>LIABILITIES</b>				
Intergovernmental Payables	\$	\$	\$	\$
Funds Held for Others	1,436,517,574.98	11,877,424,150.82	11,561,887,045.23	1,752,054,680.57
Total Liabilities	<u>\$ 1,436,517,574.98</u>	<u>\$ 11,877,424,150.82</u>	<u>\$ 11,561,887,045.23</u>	<u>\$ 1,752,054,680.57</u>

UNAUDITED  
**Comptroller – Fiscal (902)**



## SUPPLEMENTARY SCHEDULES

UNAUDITED  
Comptroller – Fiscal (902)

SCHEDULE 1A

**Schedule of Federal Financial Assistance**

For the Fiscal Year Ended August 31, 2018

Federal Grantor/Pass Through Grantor/Program Title	CFDA 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 Defense					
Payment to States in Lieu of					
Real Estate Taxes	12.112	\$	\$	\$ 6,195,676.48	\$ 6,195,676.48
Total U.S. Dept of Defense		0.00	0.00	6,195,676.48	6,195,676.48
Total Federal Financial Assistance		\$ 0.00	\$ 0.00	\$ 6,195,676.48	\$ 6,195,676.48

**NOTE 2 – RECONCILIATION**

Per Combined Statement of Changes in Fiduciary Net Assets – Fiduciary Funds – (Exh VII):

Federal Revenues	\$ 6,195,676.48
Reconciling Items	0.00
Total Pass-Through and Expenditures Per Federal Schedule	\$ 6,195,676.48

**NOTE 7 – FEDERAL DEFERRED REVENUE**

CFDA	Balance 09/01/17	Net Change	Balance 08/31/18
15.227	\$ 17,484.23	\$0.00	\$ 17,484.23

The deferred revenue of \$17,484.23 are federal grant prepayments that have not been earned. This relates to CFDA 15.227 - Distribution of Receipts to State and Local Governments.

UNAUDITED  
**Comptroller – Fiscal (902)**

<u>Pass-Through To</u>			
<u>State Agy. Or Univ. Amount</u>	<u>Non-State Entities Amount</u>	<u>Expenditures Amount</u>	<u>Total Pass- Through &amp; Expenditures</u>
\$	\$	\$ 6,195,676.48	\$ 6,195,676.48
<u>0.00</u>	<u>0.00</u>	<u>6,195,676.48</u>	<u>6,195,676.48</u>
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 6,195,676.48</u>	<u>\$ 6,195,676.48</u>

UNAUDITED  
Comptroller – Fiscal (902)

SCHEDULE 4

## Schedule of Modified to Full Accrual Adjustments – Governmental Funds Balance Sheet/Statement of Net Position – Governmental Funds

August 31, 2018

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
<b>ASSETS</b>					
Current Assets:					
Cash in State Treasury	\$ 7,398,126,141.47	\$	\$	\$	\$ 7,398,126,141.47
Cash in Bank	9,094,967.42				9,094,967.42
Short Term Investments	248,973,210.98				248,973,210.98
Receivables:					
Accounts Receivable	286,266,666.67				286,266,666.67
Interest and Dividends	16,227,761.02				16,227,761.02
Taxes	3,045,617,493.11				3,045,617,493.11
Due From Other Agencies	1,429,749,231.40				1,429,749,231.40
Total Current Assets	<u>12,434,055,472.07</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>12,434,055,472.07</u>
Non-Current Assets:					
Taxes Receivable	5,379,783.62				5,379,783.62
Investments	2,709,708,805.71				2,709,708,805.71
Capital Assets:					
Depreciable					
Furniture and Equipment		586,743.03			586,743.03
Accumulated Depreciation		(575,389.37)			(575,389.37)
Computer Software		4,408,806.09			4,408,806.09
Accumulated Amortization		(4,408,806.09)			(4,408,806.09)
Total Non-Current Assets	<u>2,715,088,589.33</u>	<u>11,353.66</u>	<u>0.00</u>	<u>0.00</u>	<u>2,715,099,942.99</u>
Total Assets	<u>\$ 15,149,144,061.40</u>	<u>\$ 11,353.66</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 15,149,155,415.06</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Current Liabilities:					
Payables From:					
Accounts Payable	\$ 2,440,943.54	\$	\$	\$	\$ 2,440,943.54
Investment Trade Payable	29,847.54				29,847.54
Hedging Derivative Investment Liability	434,819.39				434,819.39
Other Intergovernmental	40,269,467.30				40,269,467.30
Taxes Refund Payable	95,345,630.58				95,345,630.58
Due to Other Agencies	4,687,774,984.44				4,687,774,984.44
Other Current Liabilities	277,881,751.06				277,881,751.06
Unearned Revenues	398,780,947.43				398,780,947.43
Total Current Liabilities	<u>5,502,958,391.28</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>5,502,958,391.28</u>
Total Liabilities	<u>5,502,958,391.28</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>5,502,958,391.28</u>
<b>DEFERRED INFLOWS</b>					
Deferred Inflow of Resources (Note 29)	251,391,757.75			(251,391,757.75)	
Total Deferred Inflows	<u>251,391,757.75</u>	<u>0.00</u>	<u>0.00</u>	<u>(251,391,757.75)</u>	<u>0.00</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>					
Fund Balances (Deficits):					
Nonspendable for LT Taxes Receivable	13,068,938.15				
Restricted	639,521,940.32				
Committed	28,029,733.29				
Unassigned	8,714,173,300.61				
Total Fund Balances	<u>9,394,793,912.37</u>				
Total Liabilities and Fund Balance	<u>\$ 15,149,144,061.40</u>				
<b>GOVERNMENT-WIDE STATEMENT – NET POSITION</b>					
Net Position:					
Net Investment in Capital Assets		\$ 11,353.66	\$	\$	\$ 11,353.66
Unrestricted				(251,391,757.75)	9,646,185,670.12
Total Net Position		<u>\$ 11,353.66</u>	<u>\$ 0.00</u>	<u>(251,391,757.75)</u>	<u>\$ 9,646,197,023.78</u>

UNAUDITED  
Comptroller – Fiscal (902)

SCHEDULE 4

**Schedule of Modified to Full Accrual Adjustments – Governmental Funds  
Statement of Revenues, Expenditures and  
Changes in Fund Balances/Statement of Activities – Governmental Funds**

For the Fiscal Year Ended August 31, 2018

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
<b>REVENUES</b>					
Taxes	\$ 50,183,055,002.86	\$	\$	\$ 251,391,757.75	\$ 50,434,446,760.61
Licenses, Fees & Permits	1,285,072,671.59				1,285,072,671.59
Interest and Other Investment Income	214,192,432.96				214,192,432.96
Land Income	(4,929,762.82)				(4,929,762.82)
Settlement of Claims	513,120,414.88				513,120,414.88
Sales of Goods and Services	46,001,727.83				46,001,727.83
Other	522,889,694.24				522,889,694.24
Total Revenues	<u>52,759,402,181.54</u>	<u>0.00</u>	<u>0.00</u>	<u>251,391,757.75</u>	<u>53,010,793,939.29</u>
<b>EXPENDITURES</b>					
Payroll Related Costs	776,805,429.09				776,805,429.09
Professional Fees and Services	16,760,108.92				16,760,108.92
Materials and Supplies	282,523.99				282,523.99
Communications and Utilities	19,942.12				19,942.12
Repairs and Maintenance	710,692.41				710,692.41
Claims and Judgments	12,780,993.50				12,780,993.50
Intergovernmental Payments	474,187,995.78				474,187,995.78
Other Expenditures	33,615,375.39				33,615,375.39
Depreciation/Amortization Expense		27,749.14			27,749.14
Total Expenditures	<u>1,315,163,061.20</u>	<u>27,749.14</u>	<u>0.00</u>	<u>0.00</u>	<u>1,315,190,810.34</u>
<b>Excess (Deficiency) of Revenues</b>					
Over Expenditures	<u>51,444,239,120.34</u>	<u>(27,749.14)</u>	<u>0.00</u>	<u>251,391,757.75</u>	<u>51,695,603,128.95</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Net Inc (Dec) on Transfer of Capital Assets					
Transfer In	2,029,385,118.74				2,029,385,118.74
Transfer Out	(24,094,243,701.20)				(24,094,243,701.20)
Legislative Transfer Out	(24,347,876,312.65)				(24,347,876,312.65)
Insurance Recoveries	769,710.66				769,710.66
Total Other Financing Sources and Uses	<u>(46,411,965,184.45)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(46,411,965,184.45)</u>
Net Change in Fund Balances/Net Assets	<u>5,032,273,935.89</u>	<u>(27,749.14)</u>		<u>251,391,757.75</u>	<u>5,283,637,944.50</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>					
Fund Balances, September 1, 2017	4,362,519,976.48				
Restatements					
Fund Balances, September 1, 2017, as Restated	<u>4,362,519,976.48</u>				
Fund Balances, August 31, 2018	<u>\$ 9,394,793,912.37</u>				
<b>GOVERNMENT-WIDE STATEMENT – NET POSITION</b>					
Net Position/Net Change in Net Position	<u>\$ 5,032,273,935.89</u>	<u>\$ (27,749.14)</u>	<u>\$ 0.00</u>	<u>\$ 251,391,757.75</u>	<u>\$ 5,283,637,944.50</u>
Net Position, September 1, 2017	4,362,519,976.48	39,102.80			4,362,559,079.28
Restatements					
Net Position, September 1, 2017, as Restated	<u>4,362,519,976.48</u>	<u>39,102.80</u>	<u>0.00</u>	<u>0.00</u>	<u>4,362,559,079.28</u>
Net Position, August 31, 2018	<u>\$ 9,394,793,912.37</u>	<u>\$ 11,353.66</u>	<u>\$ 0.00</u>	<u>\$ 251,391,757.75</u>	<u>\$ 9,646,197,023.78</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, 2018

Tax Type	Tax Revenue		Taxes Receivable	Refunds Payable	Net Taxes Receivable
	Modified Accrual	Full Accrual			
Sales and Use	\$29,646,748,180.15	\$29,648,070,892.01	\$1,882,067,232.58		\$1,882,067,232.58
Motor Vehicle & MFG Housing	2,926,145,769.13	4,926,910,965.42	111,276,377.50		111,276,377.50
Motor Fuels*	77,111,151.94	77,111,151.94	6,652,432.50		6,652,432.50
Oil & Natural Gas Production	4,985,781,036.29	4,985,781,036.29	565,979,704.89	(95,345,630.58)	470,634,074.31
Franchise	3,182,200,356.71	3,182,200,356.71			-
Insurance	2,507,355,765.91	2,733,051,995.45	261,568,825.32		261,568,825.32
Cigarette & Tobacco	563,131,087.32	563,855,390.69	23,141,355.99		23,141,355.99
Other Taxes:					
Alcoholic Beverage	1,305,223,257.06	1,305,223,257.06	92,650,598.76		92,650,598.76
Utility	465,372,548.07	488,255,864.76	54,236,708.23		54,236,708.23
Hotel and Motel	610,389,725.28	610,389,725.28	53,424,040.96		53,424,040.96
Other	205,610,641.00	205,610,641.00			
<b>Total Taxes</b>	<b>\$46,475,069,518.86</b>	<b>\$48,726,461,276.61</b>	<b>\$3,050,997,276.73</b>	<b>\$ (95,345,630.58)</b>	<b>\$2,955,651,646.15</b>

\* Motor fuel tax revenue, taxes receivable and deferred inflow revenue transferred to the Texas Department of Transportation and Texas Education Agency will be reported by those agencies instead of Comptroller - Fiscal

Tax Type	Deferred Inflow Tax Revenue
Sales and Use	\$ 1,322,711.86
Motor Vehicle & MFG Housing	765,196.29
Motor Fuels*	
Oil & Natural Gas Production	
Franchise	
Insurance	225,696,229.54
Cigarette & Tobacco	724,303.37
Other Taxes:	
Alcoholic Beverage	
Utility	22,883,316.69
Hotel and Motel	
<b>Total Taxes</b>	<b>\$ 251,391,757.75</b>

# Comptroller Treasury – Fiscal (311)

---

## **BASIC FINANCIAL STATEMENTS**

UNAUDITED  
*Comptroller Treasury – Fiscal (311)*



UNAUDITED  
Comptroller Treasury – Fiscal (311)

EXHIBIT I

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

August 31, 2018

	Governmental Fund Types		Governmental Funds Total
	General Funds (Ex A-1)	Permanent Funds (Ex E-1)	
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents:			
Cash in Bank	\$	\$	\$
Cash in State Treasury	71,981,248.81		71,981,248.81
Short Term Investments	8,588,055.20	50,769,491.28	59,357,546.48
Receivables From:			
Interest and Dividends	469.58	83,741.21	84,210.79
Trade Receivables			
Due From Other Agencies			
Non-Current Assets:			
Investments		845,302,221.05	845,302,221.05
<b>Total Assets</b>	<b>\$ 80,569,773.59</b>	<b>\$ 896,155,453.55</b>	<b>\$ 976,725,227.14</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts Payable	\$	\$ 456,076.64	\$ 456,076.64
Trade Payables		43,173.54	43,173.54
Due to Other Agencies	6,967,602.65		6,967,602.65
Futures Contracts at Fair Value	6,967,602.65	530,924.83	7,498,527.48
Swaps at Fair Value		98,028.01	98,028.01
Other Liabilities	65,032,397.35		65,032,397.35
<b>Total Liabilities</b>	<b>78,967,602.65</b>	<b>1,128,203.03</b>	<b>80,095,805.68</b>
<b>FUND FINANCIAL STATEMENT</b>			
Fund Balances (Deficits):			
Restricted			
Committed	8,588,524.78	895,027,250.52	903,615,775.30
Unassigned	(18,751.19)		(18,751.19)
<b>Total Fund Balances</b>	<b>8,569,773.59</b>	<b>895,027,250.52</b>	<b>903,597,024.11</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 80,569,773.59</b>	<b>\$ 896,155,453.55</b>	<b>\$ 976,725,227.14</b>

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, 2018

	General Funds (Ex A-2)	Permanent Funds (Ex E-2)	Governmental Funds Total
<b>REVENUES</b>			
Interest and Other Investment Income	\$ 257,569,263.17	\$ 12,808,778.44	\$ 270,378,041.61
Net Increase (Decrease) in Fair Value	545,711.82	51,576,208.94	52,121,920.76
Other Revenue			
Total Revenues	<u>258,114,974.99</u>	<u>64,384,987.38</u>	<u>322,499,962.37</u>
<b>EXPENDITURES</b>			
Professional Fees and Services	470,481.64	2,428,227.29	2,898,708.93
Travel	13,973.93		13,973.93
Interest	214,816,438.80		214,816,438.80
Information Technology Service	18,000.00		18,000.00
Purchased Contracted Service	125.00		125.00
Rentals and Leases	2,316.11		2,316.11
Prompt Payment Interest	65.79		65.79
Debt Services Principal	5,400,000,000.00		5,400,000,000.00
Advertising	869.00		869.00
Total Expenditures/Expenses	<u>5,615,322,270.27</u>	<u>2,428,227.29</u>	<u>5,617,750,497.56</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>(5,357,207,295.28)</u>	<u>61,956,760.09</u>	<u>(5,295,250,535.19)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	9,664,816,438.80		9,664,816,438.80
Transfers Out	(9,805,083,504.15)	(27,722,015.76)	(9,832,805,519.91)
Bond and Note Issued	5,400,000,000.00		5,400,000,000.00
Total Other Financing Sources and Uses	<u>5,259,732,934.65</u>	<u>(27,722,015.76)</u>	<u>5,232,010,918.89</u>
Net Change in Fund Balances/Net Assets	<u>(97,474,360.63)</u>	<u>34,234,744.33</u>	<u>(63,239,616.30)</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances, September 1, 2017	106,044,134.22	860,792,506.18	966,836,640.40
Restatements			
Fund Balances, September 1, 2017, as Restated	<u>106,044,134.22</u>	<u>860,792,506.18</u>	<u>966,836,640.40</u>
Fund Balances – August 31, 2018	<u>\$ 8,569,773.59</u>	<u>\$ 895,027,250.51</u>	<u>\$ 903,597,024.10</u>

UNAUDITED  
Comptroller Treasury – Fiscal (311)

EXHIBIT VI

## Combined Statement of Fiduciary Net Position – Fiduciary Funds

August 31, 2018

	Private- Purpose Trust (Exhibit I-1)	Agency Funds (Exhibit J-1)	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents:			
Cash in Bank	\$	\$	\$
Cash in State Treasury		2,102,545.05	2,102,545.05
Other Short Term Investments	160,392,210.70	34,371,501.90	194,763,712.60
Investments (Note 3)			
U.S. Government and Agency Obligations			
Corporate Equity	18,384,293.07		18,384,293.07
Corporate Obligations	2,800,921.26		2,800,921.26
Foreign Securities	53,708,206.23		53,708,206.23
Other Investments	2,393,039,762.34		2,393,039,762.34
Repurchase Agreements			
Receivables:			
Interest and Dividends	257,109.71	1,785.01	258,894.72
Trade Receivables			
Due From Other Fund			
Other Assets		425,000.00	425,000.00
<b>Total Assets</b>	<u>2,628,582,503.31</u>	<u>36,900,831.96</u>	<u>2,665,483,335.27</u>
<b>LIABILITIES</b>			
Payables:			
Accounts Payables	1,319,625.91		1,319,625.91
Trade Payables	124,354.98		124,354.98
Due to Other Agency			
Obligations/Securities Lending			
Funds Held for Others		36,900,831.96	36,900,831.96
<b>Total Liabilities</b>	<u>1,443,980.89</u>	<u>36,900,831.96</u>	<u>38,344,812.85</u>
<b>NET ASSETS</b>			
Held in trust for:			
Individuals, Organizations, and			
Other Governments	2,627,138,522.41		2,627,138,522.41
<b>Total Net Assets</b>	<u>\$2,627,138,522.41</u>	<u>\$ 0.00</u>	<u>\$2,627,138,522.41</u>

UNAUDITED  
Comptroller Treasury – Fiscal (311)

EXHIBIT VII

## Combined Statement of Changes in Net Position – Fiduciary Funds

August 31, 2018

	<b>Private Purpose Trust (Exhibit I-2)</b>	<b>Totals</b>
<b>ADDITIONS</b>		
Investment Income:		
From Investing Activities:		
Net appreciation (Depreciation) in		
Fair Value of Investments	\$ 151,100,409.69	\$ 151,100,409.69
Interest and Investment Income	36,656,815.23	36,656,815.23
Total Investing Income (Loss)	187,757,224.92	187,757,224.92
Less Investing Activities Expense		
Net Income from Investing Activities	187,757,224.92	187,757,224.92
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)	187,757,224.92	187,757,224.92
<b>Total Additions</b>	<b>187,757,224.92</b>	<b>187,757,224.92</b>
<b>DEDUCTIONS</b>		
Transfer out	71,240,778.16	71,240,778.16
Professional Fees and Services	7,050,584.67	7,050,584.67
<b>Total Deductions</b>	<b>78,291,362.83</b>	<b>78,291,362.83</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>109,465,862.09</b>	<b>109,465,862.09</b>
<b>NET POSITION</b>		
Net Position September 1, 2017	2,515,963,610.10	2,515,963,610.10
Restatements		
Net Position, September 1, 2017, as Restated	2,515,963,610.10	2,515,963,610.10
Net Position – August 31, 2018	<u>\$2,625,429,472.19</u>	<u>\$2,625,429,472.19</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 Sept. 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 (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 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 *Comprehensive Annual Financial Report*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

### FUND STRUCTURE

---

The accompanying financial statements are presented on the basis of funds 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.

### 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.

### **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.

## 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 percent of the aggregate funds on deposit in financial institutions at any time may be placed by the Comptroller in savings and loan associations.

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 Aug. 31, 2018, the carrying amount and the total bank balance of deposits is presented below:

<b>Custodial Operations</b>	
Cash in Bank – Carrying Amount	\$608,148,619.16
Total Cash in Bank	<u>\$608,148,619.16</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



UNAUDITED  
**Comptroller Treasury – Fiscal (311)**

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 2018.

**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 105 percent by the pledging, to the Comptroller, of 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 percent, 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 Aug. 31, 2018, were categorized as follows:

<b>Political Subdivision Securities</b>		<b>U.S. Government Securities</b>	
Moody's Investors Service Ratings	Percent of Collateral Pledged	Description	Percent of Collateral Pledged
AAA	12.97%	U.S. Treasury Bills	0.10%
AA	14.17%	U.S. Treasury Notes and Bonds	0.03%
A	4.71%	Federal Home Loan Bank Debentures	2.89%
	Subtotal	Federal Home Loan Mtg. Corp-Mtg. backed	4.26%
	<u>31.84%</u>	Federal Farm Credit Bank	4.86%
		Federal National Mortgage Assn	0.99%
		Federal National Mtg Assn-Mtg. backed	14.89%
		Government National Mortgage Assn	11.19%
		Federal Home Loan Bank Letters of Credit	28.95%
		Subtotal	<u>68.15%</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 2018, 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.

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 \$5,000,000 or more.

All deposits in financial institutions for Comptroller custodial operations, as of Aug. 31, 2018, were fully secured by FDIC insurance and securities pledged to the Comptroller.

UNAUDITED  
Comptroller Treasury – Fiscal (311)

**INVESTMENTS AND REPURCHASE AGREEMENTS**

**Custodial Operations**

As of Aug. 31, 2018, the fair value of investments is as presented below.

Investments for the Treasury Pool, as of Aug. 31, 2018 are as follows:

<b>Fair Value of Investments As of 08/31/2018</b>				
<b>Treasury Portfolio</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value</b>
Investment Type				
U.S. Government Agencies	\$	\$ 1,195,133,000.00	\$	\$ 1,195,133,000.00
U.S. Government Treasuries		4,918,096,500.00		4,918,096,500.00
Treasury Inflation-Protected Securities		313,543,534.00		313,543,534.00
Agency Commercial Backed Securities		255,389,702.45		255,389,702.45
Government Mortgage Backed Securities		1,899,214,208.23		1,899,214,208.23
Commercial paper		9,787,311,436.66		9,787,311,436.66
Repurchase Agreements	2,375,000,000.00			2,375,000,000.00
Supranational/Israel Bonds		2,501,031,100.00		2,501,031,100.00
Corporate Obligations		1,854,591,607.03		1,854,591,607.03
Asset Backed Securities		2,903,029,309.05		2,903,029,309.05
Small Business Administration		18,882,488.99		18,882,488.99
Stock In Texas Trust Company			1,000,000.00	1,000,000.00
Money Market Mutual Funds	1,614,000,000.00			1,614,000,000.00
Total Treasury Pool without Lottery Securities	<u>3,989,000,000.00</u>	<u>25,646,222,886.41</u>	<u>1,000,000.00</u>	<u>29,636,222,886.41</u>
U. S. Government Agencies - Lottery - Refco		309,311,203.65		309,311,203.65
U. S. Government Agencies - Lottery - Treasury Strips		203,372,282.04		203,372,282.04
Total Investments	<u>\$3,989,000,000.00</u>	<u>\$26,158,906,372.10</u>	<u>\$1,000,000.00</u>	<u>\$30,148,906,372.10</u>

*Credit risk* is 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 of such agencies and GSEs, as set out in section 404.001 of the Government Code. 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 has received the highest short-term credit rating by a nationally recognized investment 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 AAA by a NRSRO. The asset-backed securities, corporate obligations, and small business administration obligations, that are not rated, are issued by Government Sponsored Enterprises that are rated AA+. The Treasury portfolio is rated AAA 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.

UNAUDITED  
Comptroller Treasury – Fiscal (311)

Standard & Poor's						
Fund	Investment Type	AAA	AA	A	A -1	Unrated
Treasury Portfolio	U.S. Government Agencies	\$	\$ 1,195,133,000	\$	\$	\$
Treasury Portfolio	Government Mortgage Backed Securities	12,933,450	2,141,670,461			
Treasury Portfolio	Asset Backed Securities	2,786,215,932				116,813,377
Treasury Portfolio	Commercial paper				9,787,311,437	
Treasury Portfolio	Corporate Obligations	340,453,980	1,315,437,440	198,700,187		
Treasury Portfolio	Repurchase Agreements		2,375,000,000			
Treasury Portfolio	Small Business Administration		18,882,489			
Treasury Portfolio	Supranational	2,441,172,500		59,858,600		
Treasury Portfolio	Mutual Funds (2A 7-Like)	1,614,000,000				

*Concentration of credit risk.* The Comptroller places no limit on the amount the Treasury Pool may invest in any one issuer. More than 5 percent of the Treasury Pool investments are with the International Bank for Reconstruction and Development and Federal Home Loan Mortgage Corporation as presented below:

Fund	Issuer	Carrying Value	% of Total Portfolio
Treasury Portfolio	International Bank for Reconstruction and Development	2,341,204,500.00	7.62%
Treasury Portfolio	Federal Home Loan Mortgage Corporation	1,649,831,941.83	5.37%

*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 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	3.732
U.S. Government Treasuries	0.860
Government Mortgage Backed Securities	3.254
Commercial Paper	0.247
Corporate Obligations	1.235
Asset Backed Securities	1.249
Repurchase Agreements	0.011
Small Business Administration	13.726
Supranational	1.780
Placement of deposits with financial institutions	0.325
Treasury Portfolio Modified Duration	1.023

*Reverse Repurchase Agreements.* The Treasury Pool may enter into reverse repurchase agreements for up to 35 percent of the pools assets. The Treasury Pool's aggregate amount of reverse repurchase agreement obligations at Aug. 31, 2018 was \$24,116,080 including accrued interest. The aggregate fair value of the securities underlying those agreements, including accrued interest, was \$24,194,548. There was no credit exposure at year-end.

UNAUDITED  
Comptroller Treasury – Fiscal (311)

**Departmental Operations**

As of Aug. 31, 2018, the fair value of investments is as presented below:

<b>Investments Measured at Net Asset Value As of 08/31/2018</b>				
<b>Governmental Funds</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Mutual Market Funds	\$ 50,769,491.28	N/A	Daily	1 Day
Mutual Funds – Equities	2,236,535.37	N/A	Daily	1 Day
Mutual Funds – Global Fixed Income	60,138,031.77	N/A	Daily	1 Day
Mutual Funds – Commodities		N/A	Daily, Monthly	1-30 days
Hedge Funds – Fund of funds	29,713,139.43	N/A	Daily, Monthly, Quarterly, Annually	1-95 days
Hedge Funds – Direct funds	434,545,466.73	N/A	Quarterly, Semi- annual, Annually	1-90 days
Domestic Alternative Investments	303,191,717.85	257,552,269.31	N/A	N/A
International Alternative Investments	15,441,724.76	9,393,645.25	N/A	N/A
Total Investments	<u>\$ 896,036,107.19</u>			
Unfunded Commitments				
Domestic Alternative Investments	\$ 257,552,269.31			
International Alternative Investments	9,393,645.25			
Total Unfunded Commitments	<u>\$ 266,945,914.56</u>			
<b>Fiduciary Funds</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Mutual Market Funds	\$ 157,520,884.17	N/A	Daily	1 Day
Mutual Funds – Equities	6,442,008.72	N/A	Daily	1 Day
Mutual Funds – Global Fixed Income	173,218,687.71	N/A	Daily	1 Day
Mutual Funds – Commodities		N/A	Daily, Monthly	1-30 days
Hedge Funds – Fund of funds	85,584,294.47	N/A	Daily, Monthly, Quarterly, Annually	1-95 days
Hedge Funds – Direct funds	1,251,643,814.69	N/A	Monthly, Quarterly, Semi- annual, Annually	1-90 days
Domestic Alternative Investments	874,214,739.06	685,960,667.50	N/A	N/A
International Alternative Investments	45,677,601.40	25,889,072.55	N/A	N/A
Total Investments	<u>\$2,594,302,030.22</u>			
Unfunded Commitments				
Domestic Alternative Investments	685,960,667.50			
International Alternative Investments	25,889,072.55			
Total Unfunded Commitments	<u>\$ 711,849,740.05</u>			

<b>Investments by Fair Value Hierarchy As of 08/31/2018</b>					
<b>Fiduciary Funds</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Net Asset Value</b>	<b>Fair Value</b>
Corporate Obligations	\$	\$ 2,800,921.26	\$	\$	\$ 2,800,921.26
Equities	7,864,954.28	4,077,330.07			11,942,284.35
International Other Comingled Funds	5,495,375.03	2,535,229.80			8,030,604.83
Other Investments				8,378,226.39	8,378,226.39
Short-Term Investments	2,871,326.54				2,871,326.54
Total Investments	<u>\$ 16,231,655.85</u>	<u>\$ 9,413,481.13</u>	<u>\$ 0.00</u>	<u>\$ 8,378,226.39</u>	<u>\$ 34,023,363.37</u>

UNAUDITED  
**Comptroller Treasury – Fiscal (311)**

Valuations are intended to be made in a manner that is consistent with the Governmental Accounting Standard Board (GASB) Statement 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.

<b>Standard &amp; Poor's</b>			
Fund Type	Investment Type	AAA	Unrated
01	Mutual Funds – Global Fixed Income	\$	\$ 0.01
01	Investments in Short-Term Investment Fund	0.00	
19	Mutual Funds – Global Fixed Income		60,138,031.77
19	Investments in Short-Term Investment Fund	50,769,491.29	
20	Mutual Funds – Global Fixed Income		173,218,687.71
20	Investments in Short Term Investment Fund	157,520,884.16	

UNAUDITED  
**Comptroller Treasury – Fiscal (311)**

*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	2.30
Investment Type	Weighted Average Maturity (Days)
Investments in Short-Term Investment Fund	21

*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.

<b>Fair Market Value As of August 31, 2018</b>			
Fund Type	Foreign Currency	Alternative Investments International	Other Investments
19	Euro	\$15,441,724.78	\$
20	Euro	45,677,601.40	1,474,214.43
	Total	<u>\$61,119,326.18</u>	<u>\$ 1,474,214.43</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 safekeeping receipt is issued to the State acknowledging delivery.

**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.

On Aug. 22, 2017 (with an issue date of Sept. 1, 2017), \$5,400,000,000.00 in State of Texas Tax and Revenue Anticipation Notes, Series 2017 were sold for the purpose of coordinating the cash flow of the state for the fiscal year ended Aug. 31, 2018. Issuance of the TRAN also enhanced the state’s ability to make timely payments of expenditures which are payable from the General Revenue Fund. The TRAN matured on Aug. 30, 2018 and bore an interest rate of 4.00 percent and was priced to yield at 0.9638 percent as determined by the bids of the initial purchasers.

Gross note proceeds were \$5,563,054,600. Interest and other investment income on gross TRAN proceeds were \$94,367,136.15. Debt service payments included \$5,400,000,000.00 for principal and \$214,816,438.80 in interest expense.

On Aug. 22, 2018, the Comptroller sold \$7,200,000,000.00 of State of Texas Tax and Revenue Anticipation Notes, Series 2018. The TRAN is dated Sept. 1, 2018 and will mature on Aug. 31, 2019. The TRAN bear interest at 4.00 percent and were priced to yield 1.8393 percent. The notes are not subject to redemption prior to maturity.

On Aug. 22, 2018, good faith funds in the amount of \$72,000,000.00 were received by the Comptroller and on Sept. 5, 2018, the balance of the note proceeds, in the amount of \$ 7,280,581,400.00, were received.

	Beginning Balance September 1, 2017	Issued	Redeemed	Ending Balance August 31, 2018
Tax and Revenue Anticipation Notes	\$ 0	5,400,000	5,400,000	\$ 0

**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 2018. All of the Fund’s derivative instruments are considered investment derivatives and therefore are measured and reported at fair value.

UNAUDITED  
**Comptroller Treasury – Fiscal (311)**

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 Aug. 31, 2018.

<b>Derivative Instruments</b>					
<b>As of 08/31/2018</b>					
	<u>Changes in Fair Value</u>		<u>Fair Value as of August 31, 2018</u>		<u>Notional Amount</u>
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	
<b>Governmental Activities</b>					
<i>Investment Derivatives</i>					
Total Return Swaps	Investment Revenue	\$ 625,750.16	Investment	\$ (62,422.99)	\$ 49,965,840.96
Futures	Investment Revenue	\$ 565,222.57		\$ (530,924.83)	\$ 23,821,957.83
<b>Fiduciary Activities</b>					
<i>Investment Derivatives</i>					
Total Return Swaps	Investment Revenue	\$ 1,802,380.68	Investment	\$ (179,800.21)	\$ 143,919,194.17
Futures	Investment Revenue	\$ 1,628,039.89		\$ (1,529,250.31)	\$ 68,615,618.97

**NOTE 8: Leases**

(Not Applicable)

**NOTE 9: Pension Plans (Administering Agencies Only)**

(Not Applicable)

**NOTE 10: Deferred Compensation (Administering Agencies Only)**

(Not Applicable)

**NOTE 11: Post employment Health Care and Life Insurance Benefits (Administering Agencies Only)**

(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



UNAUDITED  
Comptroller Treasury – Fiscal (311)

Individual balances and activity at Aug. 31, 2018, are as follows:

<b>August 31, 2018</b>			
	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose</u>
<b>GENERAL (01)</b>			
Appd Fund 0577, Fund 0577 (Agency 902, Fund 0001)	\$	\$ 42,130,355.76	Net FYE Bal T
Appd Fund 5044, Fund 5044 (Agency 537, Fund 5044)		1,790,185.00	Distribution
Appd Fund 5044, Fund 5044 (Agency 347, Fund 5044)		47,278,158.09	Distribution
Appd Fund 5045, Fund 5045 (Agency 537, Fund 5045)		895,104.52	Distribution
Appd Fund 5045, Fund 5045 (Agency 347, Fund 5045)		23,639,079.05	Distribution
Appd Fund 5046, Fund 5046 (Agency 537, Fund 5046)		895,103.88	Distribution
Appd Fund 5046, Fund 5046 (Agency 347, Fund 5046)		23,639,079.05	Distribution
<b>PERMANENT (19)</b>			
Appd Fund 0824, Fund 0824 (Agency 781, Fund 0824)		1,639,896.56	Distribution
Appd Fund 0825, Fund 0825 (Agency 781, Fund 0825)		911,881.44	Distribution
Appd Fund 5047, Fund 5047 (Agency 551 Fund 5047)		1,598,452.64	Distribution
Appd Fund 5048, Fund 5048 (Agency 537, Fund 5048)		799,181.60	Distribution
<b>PRIVATE PURPOSE (20)</b>			
Appd Fund 0823, Fund 0823 (Agency 781, Fund 0823)		1,560,244.33	Distribution
Appd Fund 0872, Fund 0872 (Agency 902, Fund 2872)		69,689,880.00	Distribution
Total Transfers	<u>\$ 0.00</u>	<u>\$174,336,246.16</u>	
	<b>Due From</b>	<b>Due To</b>	
	<b>Other Agencies</b>	<b>Other Agencies</b>	<b>Source</b>
Appd Fund 0001, Fund 1900 (Agency 902, Fund 0001)	\$	\$ 6,967,602.65	Shared Cash
Total Due From/To Other Agencies	<u>\$ 0.00</u>	<u>\$ 6,967,602.65</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 Sept. 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 percent 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.

UNAUDITED  
*Comptroller Treasury – Fiscal (311)*

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS

UNAUDITED  
*Comptroller Treasury – Fiscal (311)*

UNAUDITED  
Comptroller Treasury – Fiscal (311)

EXHIBIT A-1

## Balance Sheet – All General and Consolidated Funds

August 31, 2018

	General Revenue Fund (0001) U/F (1900)	General Revenue Fund (0001) U/F (0577)	Permanent Fund for Tobacco Education and Enforcement Fund (5044) U/F (5044)	Permanent Fund for Children and Public Health Fund (5045) U/F (5045)	Permanent Fund for EMS and Trauma Care Fund (5046) U/F (5046)	Total (Ex I)
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents:						
Cash in Bank	\$	\$	\$	\$	\$	\$
Cash in State Treasury		71,981,248.81				71,981,248.81
Overnight Repurchase Agreement			4,293,683.98	2,147,194.81	2,147,176.41	8,588,055.20
Receivables From:						
Interest			235.13	117.59	116.86	469.58
Trades						
Due From Other Agencies						
Non-Current Assets:						
Investments						
Total Assets	<u>\$ 0.00</u>	<u>\$ 71,981,248.81</u>	<u>\$ 4,293,919.11</u>	<u>\$ 2,147,312.40</u>	<u>\$ 2,147,293.27</u>	<u>\$ 80,569,773.59</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Current Liabilities:						
Payables From:						
Accounts	\$		\$	\$	\$	\$
Trades						
Due to Other Agencies	6,967,602.65					6,967,602.65
Other Liabilities	(6,967,602.65)	72,000,000.00				65,032,397.35
Total Liabilities	<u>0.00</u>	<u>72,000,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>72,000,000.00</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>						
Fund Balances (Deficits):						
Restricted						
Committed			4,293,919.11	2,147,312.40	2,147,293.27	8,588,524.78
Unassigned		(18,751.19)				(18,751.19)
Total Fund Balances	<u>0.00</u>	<u>(18,751.19)</u>	<u>4,293,919.11</u>	<u>2,147,312.40</u>	<u>2,147,293.27</u>	<u>8,569,773.59</u>
Total Liabilities and Fund Balances	<u>\$ 0.00</u>	<u>\$ 71,981,248.81</u>	<u>\$ 4,293,919.11</u>	<u>\$ 2,147,312.40</u>	<u>\$ 2,147,293.27</u>	<u>\$ 80,569,773.59</u>

UNAUDITED  
Comptroller Treasury – Fiscal (311)

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, 2018

	General Revenue Fund (0001) U/F (1900)	General Revenue Fund (0001) U/F (0577)	Permanent Fund for Tobacco Education and Enforcement Fund (5044) U/F (5044)	Permanent Fund for Children and Public Health Fund (5045) U/F (5045)	Permanent Fund for EMS and Trauma Care Fund (5046) U/F (5046)	Total (Ex II)
<b>REVENUES</b>						
Interest and Other Investment Income	\$	\$ 257,421,736.15	\$ 73,759.76	\$ 36,883.81	\$ 36,883.45	\$ 257,569,263.17
Net Increase (Decrease) in Fair Value			272,841.94	136,435.33	136,434.55	545,711.82
Other Revenue						
<b>Total Revenues</b>	<u>0.00</u>	<u>257,421,736.15</u>	<u>346,601.70</u>	<u>173,319.14</u>	<u>173,318.00</u>	<u>258,114,974.99</u>
<b>EXPENDITURES</b>						
Professional Fees and Services		448,842.95	10,818.59	5,410.02	5,410.08	470,481.64
Travel		13,973.93				13,973.93
Interest		214,816,438.80				214,816,438.80
Information Technology Service		18,000.00				18,000.00
Purchased Contracted Service		125.00				125.00
Rentals and Leases		2,316.11				2,316.11
Prompt Payment Interest		65.79				65.79
Debt Services Principal		5,400,000,000.00				5,400,000,000.00
Advertising		869.00				869.00
<b>Total Expenditures/Expenses</b>	<u>0.00</u>	<u>5,615,300,631.58</u>	<u>10,818.59</u>	<u>5,410.02</u>	<u>5,410.08</u>	<u>5,615,322,270.27</u>
Excess (Deficiency) of Revenues Over Expenditures	0.00	(5,357,878,895.43)	335,783.11	167,909.12	167,907.92	(5,357,207,295.28)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer In		9,664,816,438.80				9,664,816,438.80
Transfers Out		(9,706,946,794.56)	(49,068,343.09)	(24,534,183.57)	(24,534,182.93)	(9,805,083,504.15)
Bond and Note Issued		5,400,000,000.00				5,400,000,000.00
<b>Total Other Financing Sources and Uses</b>	<u>0.00</u>	<u>5,357,869,644.24</u>	<u>(49,068,343.09)</u>	<u>(24,534,183.57)</u>	<u>(24,534,182.93)</u>	<u>5,259,732,934.65</u>
<b>Net Change in Fund Balances/Net Assets</b>	<u>0.00</u>	<u>(9,251.19)</u>	<u>(48,732,559.98)</u>	<u>(24,366,274.45)</u>	<u>(24,366,275.01)</u>	<u>(97,474,360.63)</u>
<b>FUND FINANCIAL STATEMENT –</b>						
<b>FUND BALANCES</b>						
Fund Balances, September 1, 2017		(9,500.00)	53,026,479.08	26,513,586.86	26,513,568.28	106,044,134.22
Restatements						
Fund Balances, September 1, 2017, as Restated	<u>0.00</u>	<u>(9,500.00)</u>	<u>53,026,479.08</u>	<u>26,513,586.86</u>	<u>26,513,568.28</u>	<u>106,044,134.22</u>
<b>Fund Balances – August 31, 2018</b>	<u>\$ 0.00</u>	<u>\$ (18,751.19)</u>	<u>\$ 4,293,919.10</u>	<u>\$ 2,147,312.41</u>	<u>\$ 2,147,293.27</u>	<u>\$ 8,569,773.59</u>



UNAUDITED  
Comptroller Treasury – Fiscal (311)

EXHIBIT E-1

## Combining Balance Sheet – Permanent Funds

August 31, 2018

	National University Research fund U/F (214)	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)	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)
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents:						
Cash in Bank	\$	\$	\$	\$	\$	\$
Cash in State Treasury						
Securities Lending Collateral						
Investments	45,794,532.84	1,653,058.39	920,560.40	1,600,953.95	800,385.70	50,769,491.28
Receivables From:						
Interest and Dividends	74,505.04	3,066.92	1,707.27	2,974.75	1,487.23	83,741.21
Trade Receivables						
<b>Total Current Assets</b>	<u>45,869,037.88</u>	<u>1,656,125.31</u>	<u>922,267.67</u>	<u>1,603,928.70</u>	<u>801,872.93</u>	<u>50,853,232.50</u>
Non-Current Assets:						
Investments	692,505,135.32	50,630,574.31	28,151,238.91	49,344,386.51	24,670,886.00	845,302,221.05
<b>Total Noncurrent Assets</b>	<u>692,505,135.32</u>	<u>50,630,574.31</u>	<u>28,151,238.91</u>	<u>49,344,386.51</u>	<u>24,670,886.00</u>	<u>845,302,221.05</u>
<b>Total Assets</b>	<u>\$738,374,173.20</u>	<u>\$52,286,699.62</u>	<u>\$29,073,506.58</u>	<u>\$50,948,315.22</u>	<u>\$25,472,758.92</u>	<u>\$896,155,453.55</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Current Liabilities:						
Payables From:						
Accounts Payable	\$ 375,515.77	\$ 26,696.84	\$ 14,844.52	\$ 26,013.48	\$ 13,006.03	\$ 456,076.64
Trade Payables	35,550.63	2,526.13	1,404.64	2,461.48	1,230.67	43,173.54
Futures Contracts at Fair Value	437,182.39	31,064.95	17,273.47	30,269.90	15,134.12	530,924.83
Swaps at Fair Value	80,719.75	5,735.72	3,189.31	5,588.92	2,794.31	98,028.01
<b>Total Current Liabilities</b>	<u>928,968.54</u>	<u>66,023.64</u>	<u>36,711.94</u>	<u>64,333.78</u>	<u>32,165.13</u>	<u>1,128,203.03</u>
<b>Total Liabilities</b>	<u>928,968.54</u>	<u>66,023.64</u>	<u>36,711.94</u>	<u>64,333.78</u>	<u>32,165.13</u>	<u>1,128,203.03</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>						
Fund Balances (Deficits):						
Unreserved/Designated for:						
Restricted						
Committed	737,445,204.66	52,220,675.98	29,036,794.64	50,883,981.43	25,440,593.80	895,027,250.52
<b>Total Fund Balances</b>	<u>737,445,204.66</u>	<u>52,220,675.98</u>	<u>29,036,794.64</u>	<u>50,883,981.43</u>	<u>25,440,593.80</u>	<u>895,027,250.52</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$738,374,173.20</u>	<u>\$52,286,699.62</u>	<u>\$29,073,506.58</u>	<u>\$50,948,315.22</u>	<u>\$25,472,758.92</u>	<u>\$896,155,453.55</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, 2018

	National University Research fund U/F (214)	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)	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)
<b>REVENUES</b>						
Interest and Other Investment Income	\$ 10,453,897.46	\$ 780,219.99	\$ 433,799.69	\$ 760,587.33	\$ 380,273.97	\$ 12,808,778.44
Income from Securities Lending						
Net Increase (Decrease) in Fair Value	42,339,040.68	3,060,947.34	1,701,982.97	2,982,878.97	1,491,358.98	51,576,208.94
Total Revenues	<u>52,792,938.14</u>	<u>3,841,167.33</u>	<u>2,135,782.66</u>	<u>3,743,466.30</u>	<u>1,871,632.95</u>	<u>64,384,987.38</u>
<b>EXPENDITURES</b>						
Professional Fees and Services	2,000,072.21	141,885.44	78,894.20	138,252.83	69,122.61	2,428,227.29
Borrower Rebate and Agent Fees						
Total Expenditures/Expenses	<u>2,000,072.21</u>	<u>141,885.44</u>	<u>78,894.20</u>	<u>138,252.83</u>	<u>69,122.61</u>	<u>2,428,227.29</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>50,792,865.93</u>	<u>3,699,281.89</u>	<u>2,056,888.46</u>	<u>3,605,213.47</u>	<u>1,802,510.34</u>	<u>61,956,760.09</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In						
Distributions <sup>(A)</sup>	(22,772,603.52)	(1,639,896.56)	(911,881.44)	(1,598,452.64)	(799,181.60)	(27,722,015.76)
Total Other Financing Sources and Uses	<u>(22,772,603.52)</u>	<u>(1,639,896.56)</u>	<u>(911,881.44)</u>	<u>(1,598,452.64)</u>	<u>(799,181.60)</u>	<u>(27,722,015.76)</u>
Net Change in Fund Balances/Net Assets	<u>28,020,262.41</u>	<u>2,059,385.33</u>	<u>1,145,007.02</u>	<u>2,006,760.83</u>	<u>1,003,328.74</u>	<u>34,234,744.33</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>						
Fund Balances, September 1, 2017	709,424,942.25	50,161,290.65	27,891,787.62	48,877,220.60	24,437,265.05	860,792,506.18
Restatements						
Fund Balances, September 1, 2017, as Restated	<u>709,424,942.25</u>	<u>50,161,290.65</u>	<u>27,891,787.62</u>	<u>48,877,220.60</u>	<u>24,437,265.05</u>	<u>860,792,506.18</u>
Fund Balances – August 31, 2018	<u>\$ 737,445,204.66</u>	<u>\$ 52,220,675.98</u>	<u>\$ 29,036,794.64</u>	<u>\$ 50,883,981.43</u>	<u>\$ 25,440,593.79</u>	<u>\$ 895,027,250.51</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, 2018

	Tobacco Settlement Permanent Trust Fund (0872) U/F (0872)	Permanent Endowment Fund-Baylor College of Medicine (0823) U/F (0823)	Totals (Ex VI)
<b>ASSETS</b>			
Cash and Cash Equivalents:			
Cash in Bank	\$	\$	\$
Securities Lending Collateral			
Short Term Investments (Note 3)			
Other Short Term Investments	157,520,884.16	2,871,326.54	160,392,210.70
Investments (Note 3)			
U.S. Government and Agency Obligations			
Corporate Equity	6,442,008.72	11,942,284.35	18,384,293.07
Corporate Obligations		2,800,921.26	2,800,921.26
Foreign Securities	45,677,601.40	8,030,604.83	53,708,206.23
Other Investments	2,384,661,535.95	8,378,226.39	2,393,039,762.34
Receivables:			
Interest and Dividends	257,109.71		257,109.71
Trade Receivables			
Due From Other Fund			
Total Assets	<u>2,594,559,139.93</u>	<u>34,023,363.37</u>	<u>2,628,582,503.30</u>
<b>LIABILITIES</b>			
Payables:			
Accounts Payables	1,319,625.91		1,319,625.91
Trade Payables	124,354.98		124,354.98
Due To Other Agency Obligations/Securities Lending			
Total Liabilities	<u>1,443,980.89</u>	<u>0.00</u>	<u>1,443,980.89</u>
<b>NET ASSETS</b>			
Held in Trust for:			
Individuals, Organizations, and Other Governments	2,593,115,159.04	34,023,363.37	2,627,138,522.41
Total Net Position	<u>\$ 2,593,115,159.04</u>	<u>\$ 34,023,363.37</u>	<u>\$ 2,627,138,522.41</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, 2018

	Tobacco Settlement Permanent Trust Fund (0872) U/F (0872)	Permanent Endowment Fund-Baylor College of Medicine (0823) U/F (0823)	Total (Ex VII)
<b>ADDITIONS</b>			
Investment Income:			
From Investing Activities:			
Net Appreciation (Depreciation) in			
Fair Value of Investments	\$ 148,785,371.56	\$ 2,315,038.13	\$ 151,100,409.69
Interest and Investment Income	36,778,223.90	(121,408.67)	36,656,815.23
Total Investing Income (Loss)	185,563,595.46	2,193,629.46	187,757,224.92
Less Investing Activities Expense			
Net Income from Investing Activities	<u>185,563,595.46</u>	<u>2,193,629.46</u>	<u>187,757,224.92</u>
From Securities Lending Activities:			
Securities Lending Income			
Less Securities Lending Expense:			
Borrower Rebates and Agent Fees			
Net Income from Securities Lending Activities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Net Investment Income (Loss)	<u>185,563,595.46</u>	<u>2,193,629.46</u>	<u>187,757,224.92</u>
Total Additions	<u>185,563,595.46</u>	<u>2,193,629.46</u>	<u>187,757,224.92</u>
<b>DEDUCTIONS</b>			
Transfers Out	69,689,880.00	1,550,898.16	71,240,778.16
Professional Fees and Services	7,050,584.67		7,050,584.67
Total Deductions	<u>76,740,464.67</u>	<u>1,550,898.16</u>	<u>78,291,362.83</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>108,823,130.79</u>	<u>642,731.30</u>	<u>109,465,862.09</u>
<b>NET POSITION</b>			
Net Position September 1, 2017	2,482,582,978.03	33,380,632.07	2,515,963,610.10
Restatements			
Net Position September 1, 2017, as Restated	<u>2,482,582,978.03</u>	<u>33,380,632.07</u>	<u>2,515,963,610.10</u>
Net Position August 31, 2018	<u>\$ 2,591,406,108.82</u>	<u>\$ 34,023,363.37</u>	<u>\$ 2,625,429,472.19</u>

UNAUDITED  
Comptroller Treasury – Fiscal (311)

EXHIBIT J-1

## Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2018

	Beginning Balance September 1, 2017	Additions	Deductions	Ending Balance August 31, 2018
<b>Suspense Fund (0900) U/F (0900)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 2,591,932.33	\$ 5,563,193.79	\$ 6,052,581.07	\$ 2,102,545.05
Total Assets	<u>\$ 2,591,932.33</u>	<u>\$ 5,563,193.79</u>	<u>\$ 6,052,581.07</u>	<u>\$ 2,102,545.05</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 2,591,932.33	\$ 5,563,193.79	\$ 6,052,581.07	\$ 2,102,545.05
Total Liabilities	<u>\$ 2,591,932.33</u>	<u>\$ 5,563,193.79</u>	<u>\$ 6,052,581.07</u>	<u>\$ 2,102,545.05</u>
<b>Bond and Investment Companies Trust Acct. (0908) U/F (0908)</b>				
<b>ASSETS</b>				
Other Assets	\$ 425,000.00	\$	\$	\$ 425,000.00
Total Assets	<u>\$ 425,000.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 425,000.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 425,000.00	\$	\$	\$ 425,000.00
Total Liabilities	<u>\$ 425,000.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 425,000.00</u>
<b>Cigarette Stamp Tax Recovery Trust Fund (9999) U/F (3000)</b>				
<b>ASSETS</b>				
Cash in Bank	\$ 132,187.50	\$ 9,154,540,047.20	\$ 9,154,672,234.70	\$
Investments				
Repurchase Agreements	36,228,994.54	9,103,487,274.47	9,105,344,767.11	34,371,501.90
Receivables:				
Interest and Dividends	1,006.36	506,439.75	505,661.10	1,785.01
Total Assets	<u>\$ 36,362,188.40</u>	<u>\$ 18,258,533,761.42</u>	<u>\$ 18,260,522,662.91</u>	<u>\$ 34,373,286.91</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 36,362,188.40	\$ 49,601,552.31	\$ 51,590,453.80	\$ 34,373,286.91
Total Liabilities	<u>\$ 36,362,188.40</u>	<u>\$ 49,601,552.31</u>	<u>\$ 51,590,453.80</u>	<u>\$ 34,373,286.91</u>
<b>Totals – All Agency Funds</b>				
<b>ASSETS</b>				
Cash in Bank	\$ 132,187.50	\$ 9,154,540,047.20	\$ 9,154,672,234.70	\$
Cash in State Treasury	2,591,932.33	5,563,193.79	6,052,581.07	2,102,545.05
Investments				
Repurchase Agreements	36,228,994.54	9,103,487,274.47	9,105,344,767.11	34,371,501.90
Receivables:				
Interest and Dividends	1,006.36	506,439.75	505,661.10	1,785.01
Other Assets	425,000.00			425,000.00
Total Assets	<u>\$ 39,379,120.73</u>	<u>\$ 18,264,096,955.21</u>	<u>\$ 18,266,575,243.98</u>	<u>\$ 36,900,831.96</u>
<b>LIABILITIES</b>				
Payables	\$	\$	\$	\$
Funds Held for Others	39,379,120.73	55,164,746.10	57,643,034.87	36,900,831.96
Total Liabilities	<u>\$ 39,379,120.73</u>	<u>\$ 55,164,746.10</u>	<u>\$ 57,643,034.87</u>	<u>\$ 36,900,831.96</u>

UNAUDITED  
*Comptroller Treasury – Fiscal (311)*

## SUPPLEMENTARY SCHEDULES

UNAUDITED  
*Comptroller Treasury – Fiscal (311)*



UNAUDITED  
Comptroller Treasury – Fiscal (311)

SCHEDULE 1

**Balance Sheet – Arising from Custodial Operations**

August 31, 2018

(With Comparative Totals for August 31, 2017)

	August 31, 2018	August 31, 2017
<b>ASSETS</b>		
Cash		
Cash on Hand		
Cash in Vault	\$ 164,661.06	\$ 308,989.72
Checks Returned by State Depositories	976,685.63	922,953.35
Total Cash Items on Hand	<u>1,141,346.69</u>	<u>1,231,943.07</u>
State Funds and Suspense and Trust		
Accounts in Depositories Banks		
Demand Accounts	24,023,336.37	29,698,899.70
Time Accounts and Bid TX	584,073,500.00	576,358,500.00
Total Cash in State Depositories	<u>608,096,836.37</u>	<u>606,057,399.70</u>
Cash in TTSTC Treasury Fed Acct.	51,782.79	473,221.69
Total Cash in State Depositories and TTSTC Treasury Fed Acct.	<u>608,148,619.16</u>	<u>606,530,621.39</u>
Total Cash on Hand and In Banks	609,289,965.85	607,762,564.46
Total Trust Funds on Deposit with U.S. Treasury Unemployment Trust Fund	1,806,989,592.72	1,319,866,041.19
Total Cash	<u>2,416,279,558.57</u>	<u>1,927,628,605.65</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	4,181,745,302.88	3,991,035,467.19
Commercial Paper	9,787,311,436.66	8,175,903,526.59
Money Market Funds	1,614,000,000.00	2,277,000,000.00
Repurchase Agreements	2,375,000,000.00	1,800,000,000.00
Total Short-Term Investments	<u>17,958,056,739.54</u>	<u>16,243,938,993.78</u>
Long-Term Investments		
United States Government Securities	2,244,599,034.00	1,464,497,104.00
Government Mortgage Backed Securities	1,899,214,208.23	1,977,932,274.34
Asset backed Securities	2,903,029,309.05	2,738,268,762.77
Commercial Mortgage Back Securities	255,389,702.45	
Corporate Obligations	1,854,591,607.03	1,636,697,450.00
Supranational (includes Israel Bonds)	2,501,031,100.00	2,614,133,600.00
SBA's	18,882,488.99	26,149,083.41
United States Government Securities – Lottery	512,683,485.69	588,624,304.76
Total Long-Term Investments	<u>12,189,420,935.44</u>	<u>11,046,302,579.28</u>
Securities Held in Trust – Both Corporate and Governmental		
State Funds Investment Accounts	26,801,000.00	28,444,000.00
Bonds and Securities Pledged to Guarantee State Depositories' Deposits	964,133,190.81	917,051,419.00
Other Securities Pledged under Statutory Requirements	657,490,804.94	721,885,442.59
Total Securities Held in Trust – Both Corporate and Governmental	<u>1,648,424,995.75</u>	<u>1,667,380,861.59</u>
Accounts Receivable		
Interest Receivable	<u>30,932,168.19</u>	<u>19,901,589.87</u>
Total Assets – Arising From Custodial Operations	<u>\$ 34,244,114,397.49</u>	<u>\$ 30,906,152,630.17</u>

*Concluded on the following page*

UNAUDITED  
Comptroller Treasury – Fiscal (311)

SCHEDULE 1 (concluded)

**Balance Sheet – Arising from Custodial Operations**

August 31, 2018

(With Comparative Totals for August 31, 2017)

	<u>August 31, 2018</u>	<u>August 31, 2017</u>
<b>LIABILITIES AND ACCOUNTABILITY</b>		
Liabilities		
Accounts Payable – Warrants Outstanding – State Funds and		
Suspense and Trust Accounts	\$ 592,678,715.21	\$ 647,501,462.97
Obligations under Reverse Repurchase Agreements	24,115,546.25	35,827,142.00
Pending Purchases		
Options Written, at Fair Value		
Interest Payable	533.88	280.32
<b>Total Liabilities</b>	<u>616,794,795.34</u>	<u>683,328,885.29</u>
Accountability		
Available Cash Balance and Investments:		
State Funds and Suspense and Trust Accounts	29,659,221,527.99	26,646,952,537.34
Fund 0895 Lottery Prize Trust Fund	512,683,485.69	588,624,304.76
<b>Total Available Cash Balances and Investments</b>	<u>30,171,905,013.68</u>	<u>27,235,576,842.10</u>
Trust Account – Unemployment Trust Fund	1,806,989,592.72	1,319,866,041.19
State Fund Investments	26,801,000.00	28,444,000.00
Trust Fund Securities:		
Collateral of Deposits	964,133,190.81	917,051,419.00
Pledged under Statutory Requirements	657,490,804.94	721,885,442.59
<b>Total Trust Fund Securities</b>	<u>1,621,623,995.75</u>	<u>1,638,936,861.59</u>
<b>Total Accountability</b>	<u>33,627,319,602.15</u>	<u>30,222,823,744.88</u>
<b>Total Liabilities and Accountability – Arising from Custodial Operations</b>	<u>\$ 34,244,114,397.49</u>	<u>\$ 30,906,152,630.17</u>

UNAUDITED  
Comptroller Treasury – Fiscal (311)

SCHEDULE 2

## Comparative Summary of Securities Held For State Investment Accounts

For the Fiscal Year Ended August 31, 2018

(With Comparative Memorandum Totals for the Fiscal Year Ended August 31, 2017)

	Percent	2018	2017	Increase- (Decrease)
<b>BY CATEGORY</b>				
Texas Water Development Board Funds				
TWDB-DFUND II Fund No. 0371		\$	\$	\$
TWDB-EDAP Fund No. 0375				
Water Assistance Fund No. 0480				
Water Loan Assistance Fund No. 0481				
TWDB State Revolving Fund No. 0651				
Texas Water Resource Finance Authority Fund No. 0751		3,916	4,269	(353)
<b>Total Water Resources Funds</b>		<u>3,916</u>	<u>4,269</u>	<u>(353)</u>
Other Funds				
T.P.F.A.G.O. Series 2007B TMPC INT 7027		22,885	24,175	(1,290)
Real Estate Recovery Account No. 0971		0	0	0
<b>Total Other Funds</b>		<u>22,885</u>	<u>24,175</u>	<u>(1,290)</u>
<b>Total All Funds</b>		<u>\$ 26,801</u>	<u>\$ 28,444</u>	<u>\$ (1,643)</u>
<b>BY TYPE OF SECURITY</b>				
U.S. Government Guaranteed Agencies Bonds, Notes, and Debentures	0.00 %	\$	\$	\$
School Districts, Junior College Districts, Cities, Counties and District Bonds	100.00 %	26,801.00	28,444.00	(1,643.00)
<b>Totals</b>	<u>100.00 %</u>	<u>26,801.00</u>	<u>28,444.00</u>	<u>(1,643.00)</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, 2018

	<b>PAR Value</b>	<b>Market Value</b>
<b>BY LOCATION</b>		
In Custody Texas Treasury Safekeeping Trust Company:		
Demand and Time Accounts	\$	\$
Total Held by Texas Treasury Safekeeping Trust Company	0	0
In Vaults of Trustee Banks:		
Demand and Time Accounts		
Clearing Banks	31,232,486	21,990,000
Other Banks	653,805,705	438,738,000
Total in Vaults of Trustee Banks	685,038,191	460,728,000
Letters of Credit held by Texas Comptroller	279,095,000	279,095,000 A
Total Pledged Collateral	\$964,133,191	\$739,823,000 B
<b>BY FUND</b>		
Time Depository Bonds Guaranty Account	\$964,133,191	\$739,823,000
Total Pledged Collateral	\$964,133,191	\$739,823,000

Note A: 10 FHLB Letters of Credit from 4 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, 2018

Agency No.	Trust Fund No.	Agency/Fund Name	Securities Pledged
311	0908	COMPTROLLER–TREASURY FISCAL: Bond and Investment Companies Account	\$ 425,000
320	0936	TEXAS WORKFORCE COMMISSION: Unemployment Compensation Clearance Account	244
405	0940	TEXAS DEPARTMENT OF PUBLIC SAFETY: Motor Vehicle Proof of Responsibility Account	3,836,848
454	0893	TEXAS DEPARTMENT OF INSURANCE: Texas Worker's Compensation Self Insurance Trust Account	187,717,731
454	0921	TEXAS DEPARTMENT OF INSURANCE: Life, Health, Accident and Casualty Insurance Companies Account	164,996,457
537	5096	DEPARTMENT OF STATE HEALTH SERVICES: GR – Perpetual Care	<u>73,045,290</u>
TOTALS			<u><u>\$430,021,571</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 III

**Combined Statement of Net Position –  
Proprietary Fund**

August 31, 2018

	Total Proprietary Funds Fund (1004) U/F (1004)
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents:	
Cash at Bank	\$ 52,431.77
Cash in State Treasury	1,165,832.01
Cash Equivalents	31,537,320.21
Receivables from:	
Management Fees	5,620,193.84
Interest and Dividends	1,951.83
Other	11,691.00
Prepaid Expenses	1,274,997.64
Total Current Assets	39,664,418.30
Non-Current Assets:	
Restricted:	
Cash in Bank	34,097,026.32
Investments	347,246.30
Capital Assets:	
Depreciable or Amortizable, Net	1,811,609.49
Total Non-Current Assets	36,255,882.11
Total Assets	75,920,300.41
<b>LIABILITIES</b>	
Current Liabilities:	
Payables from:	
Accounts Payable	1,736,632.87
Payroll Payable	4,120,972.86
Other	0.00
Employees' Compensable Leave	617,378.19
Total Current Liabilities	6,474,983.92
Non-Current Liabilities: (Note 5)	
Employees' Compensable Leave	367,492.89
Total Non-Current Liabilities	367,492.89
Total Liabilities	6,842,476.81
<b>NET POSITION</b>	
Invested in Capital Assets, Net of Related Debt	1,811,609.49
Unrestricted	67,266,214.11
Total Net Position	\$69,077,823.60

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

UNAUDITED  
Texas Treasury Safekeeping Trust Company (930)

Exhibit IV

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

For the Fiscal Year Ended August 31, 2018

	<b>Total Proprietary Funds Fund (1004) U/F (1004)</b>
<b>OPERATING REVENUES</b>	
Operating Revenues – Management Fees	\$ 29,549,413.40
Total Operating Revenues	29,549,413.40
<b>OPERATING EXPENSES</b>	
Salaries and Wages	10,625,503.00
Payroll Related Costs	2,245,071.80
Professional Fees and Services	8,115,525.83
Travel	159,834.44
Materials and Supplies	2,793,630.70
Communication and Utilities	1,438,699.31
Repairs and Maintenance	1,476,730.32
Rentals and Leases	22,382.52
Printing and Reproduction	5,960.35
Depreciation and Amortization	391,475.96
Other Operating Expenses	760,985.00
Total Operating Expenses	28,035,799.23
Operating Income (Loss)	1,513,614.17
<b>NONOPERATING REVENUE (EXPENSES)</b>	
Investment Income (Expense)	480,897.59
Settlement of Claims	8,228.00
Total Nonoperating Revenues (Expenses)	472,669.59
Income (loss) before Other Revenues, Expenses, Gains/Losses and Transfers	1,986,283.76
<b>OTHER REVENUES, EXPENSES, GAINS/LOSSES, AND TRANSFERS</b>	
Transfers Out	
Transfer In	
Total Other Revenues, Expenses, Gains/Losses, and Transfers	0.00
Change in Net Position	1,986,283.76
Total Net Position, September 1, 2017	67,091,539.84
Restatements	
Total Net Position, September 1, 2017, as Restated	67,091,539.84
Total Net Position, August 31, 2018	\$ 69,077,823.60

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 Cash Flows – Proprietary Fund

For the Fiscal Year Ended August 31, 2018

	<b>Total Proprietary Funds Fund (1004) U/F (1004)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Proceeds from Loan Programs	\$
Proceeds from Other Revenues	29,351,895.42
Payments to Employees	(12,265,349.08)
Payments for Other Expenses	(14,819,448.17)
Net Cash Provided by Operating Activities	<u>2,267,098.17</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Payments for Additions to Capital Assets	(135,160.36)
Net Cash Used for Capital and Related Financing Activities	<u>(135,160.36)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Interest and Investment Income	480,221.21
Payments to Acquire Investments/Proceeds from Sale of Investments	(45,577.72)
Net Cash Provided by Investing Activities	<u>434,643.49</u>
Net (Decrease) in Cash and Cash Equivalents	2,566,581.30
Cash and Cash Equivalents – September 1, 2017	64,286,029.01
Cash and Cash Equivalents – August 31, 2018	<u>\$ 66,852,610.31</u>
<b>Reconciliation of Operating Income to Net Cash Used by Operating Activities:</b>	
Operating Income	\$ 1,513,614.17
Adjustments to Operating Income to Net Cash Used by Operating Activities:	
Classification Differences	(8,228.00)
Depreciation Expense	391,475.96
Changes in Assets/Liabilities:	
(Increase) Decrease in Accounts Receivables	(197,517.98)
(Increase) Decrease in Prepaid Expenses	(276,970.22)
Increase (Decrease) in Payables	844,724.24
Net Cash Provided by Operating Activities	<u>\$ 2,267,098.17</u>
Displayed As:	
Cash at Bank	\$ 52,431.77
Cash in State Treasury	1,165,832.01
Cash Equivalents – Repurchase Agreements	31,537,320.21
Restricted Cash and Cash Equivalents	34,097,026.32
	<u>\$ 66,852,610.31</u>

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

UNAUDITED  
Texas Treasury Safekeeping Trust Company (930)

Exhibit VI

## Combined Statement of Net Position – Fiduciary Funds

August 31, 2018

	External Investment Trust Funds (Exhibit H-1)	Agency Funds (Exhibit J-1)	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents (Note 3)			
Cash in State Treasury			
Cash in Bank	\$ 20,052.85	\$ 12,419.59	\$ 32,472.44
Investments (Note 3)			
US Government and Agency Obligations	12,084,497,321.46	201,594,725.83	12,286,092,047.29
Repurchase Agreements	5,675,281,885.79		5,675,281,885.79
Commercial Paper	3,081,573,703.27		3,081,573,703.27
Corporate Bonds			
Mutual Funds	1,364,213,103.23		1,364,213,103.23
Interest Receivable	13,023,027.63	933,559.88	13,956,587.51
Pending Transactions			
Total Assets	<u>22,218,609,094.23</u>	<u>202,540,705.30</u>	<u>22,421,149,799.53</u>
<b>LIABILITIES</b>			
Payables From:			
Dividends Payable	38,054,424.33		38,054,424.33
Accounts Payable			
Pending Transactions	138,772,500.00		138,772,500.00
Other Liabilities	311,384.55		311,384.55
Funds Held For Others		202,540,705.30	202,540,705.30
Total Liabilities	<u>177,138,308.88</u>	<u>202,540,705.30</u>	<u>379,679,014.18</u>
<b>NET POSITION</b>			
Held in Trust For			
Pool Participants	22,041,470,785.35		22,041,470,785.35
Total Net Position	<u>\$ 22,041,470,785.35</u>	<u>\$ 0.00</u>	<u>\$ 22,041,470,785.35</u>

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

UNAUDITED  
**Texas Treasury Safekeeping Trust Company (930)**

Exhibit VII

**Combined Statement of Changes  
in Fiduciary Net Position**

For the Fiscal Year Ended August 31, 2018

	<b>External Investment Trust Funds (Exhibit H-2)</b>
<b>ADDITIONS</b>	
Investment Income	
Interest and Investment Income	\$ 364,996,929.95
Expenses:	
Management Fees and Expenses	(11,011,357.91)
Net Income from Investing Activities	353,985,572.04
Total Additions	353,985,572.04
Net Increase (Decrease) in Participant Investments	1,558,887,307.17
Net Increase (Decrease) in Net Position	1,912,872,879.21
Net Position – Beginning	
Restatements	
Net Position, September 1, 2017	20,128,597,906.14
Net Position, August 31, 2018	\$ 22,041,470,785.35

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

UNAUDITED  
*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 Comptroller of Public Accounts (Comptroller) is the single shareholder of the Texas Trust and is charged with managing the Texas Trust. 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 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 (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 *Comprehensive Annual 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 agency’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

##### *Agency Funds*

Agencies use agency funds to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. The Texas Trust has the Texas Public Finance Authority Bond Escrow, which is used to hold funds for various defeased or refunded bonds and the Child Support Employee Deductions (Fund 8070), which is just Cash in State Treasury.

### **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 investor base consists of cities, counties, school districts, institutions of higher education, special districts, and other public entities of Texas.

## **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 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 ASSETS**

---

### **ASSETS**

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

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

#### **Receivables**

The business-type activities of 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, 2018, were \$5,620,193.84.

#### **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.

## **NON-CURRENT RESTRICTED CASH AND CASH EQUIVALENTS**

---

The Texas Trust maintains an account with the Depository Trust Company (DTC). In accordance with the agreement between DTC and the Texas Trust, \$97,026.00 in cash was held at DTC as of Aug. 31, 2018, in order to maintain the account.

The Texas Trust has agreed to maintain a \$34,000,000.00 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 Restricted cash on Aug. 31, 2018, was \$34,000,000.32 from the Texas Trusts' Enterprise Fund.

#### **Non-Current Restricted Investments**

The Texas Trust has a balance of \$347,246.30 in stock with the Depository Trust Company as of Aug. 31, 2018.

#### **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



UNAUDITED  
Texas Treasury Safekeeping Trust Company (930)

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.

### 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 assets.

## FUND BALANCE/NET ASSETS

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

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

### Unrestricted Net Assets

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

## NOTE 2: Capital Assets

A summary of changes in General Fixed Assets for the year ended Aug. 31, 2018, is presented below:

	PRIMARY GOVERNMENT					Balance August 31, 2018
	Balance September 1, 2017	Adjustments*	Reclassification	Additions	Deletions	
<b>BUSINESS-TYPE ACTIVITIES</b>						
Depreciable Assets:						
Building and Building Improvements	\$ 1,587,186.00	\$	\$	\$ 135,160.36	\$	\$ 1,722,346.36
Furniture and Equipment	1,366,385.76					1,366,385.76
Total Depreciable Assets at Historical Costs	2,953,571.76	0.00	0.00	135,160.36	0.00	3,088,732.12
Less Accumulated Depreciation For:						
Building and Building Improvements	(417,588.37)			(85,627.46)		(503,215.83)
Furniture and Equipment	(824,623.68)			(79,416.54)		(904,040.22)
Total Accumulated Depreciation	(1,242,212.05)	0.00	0.00	(165,044.00)	0.00	(1,407,256.05)
Depreciable Assets, Net	1,711,359.71	0.00	0.00	(29,883.64)	0.00	1,681,476.07
Amortizable assets-intangible						
Computer software	2,910,356.42					2,910,356.42
Total amortizable assets-intangible	2,910,356.42	0.00	0.00	0.00	0.00	2,910,356.42
Less Accumulated amortization for:						
Computer software	(2,553,791.04)			(226,431.96)		(2,780,223.00)
Total accumulated amortization	(2,553,791.04)	0.00	0.00	(226,431.96)	0.00	(2,780,223.00)
Amortizable assets-Intangible, net	356,565.38	0.00	0.00	(226,431.96)	0.00	130,133.42
Business-type Activities Capital Assets, Net	2,067,925.09	0.00	0.00	(256,315.60)	0.00	1,811,609.49

### 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. 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;
7. and, contracts written by the Comptroller in which the Comptroller 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.

B. No more than 20 percent of the aggregate funds on deposit in financial institutions at any time may be placed by the Comptroller in savings and loan associations.

C. 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.

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, 2018 were categorized under the Political Subdivision Securities, Moody's Investors Service Ratings AAA or U.S. Government Securities as U.S. Treasury Bills or U.S. Treasury Notes and Bonds.

UNAUDITED  
Texas Treasury Safekeeping Trust Company (930)

As of Aug. 31, 2018, the balance of cash at bank and carrying amount of cash is presented below:

<b>Bank Balance</b>	\$34,984,404.81
Carrying Amount	\$34,181,930.53
<b>Business-Type Activities</b>	
Proprietary Funds Cash at Bank	\$ 52,431.77
Proprietary Funds Non-Current Restricted Cash at Bank	34,097,026.32
Cash in Bank per AFR	<u>\$34,149,458.09</u>
<b>Fiduciary Funds</b>	
Fiduciary Funds Cash at Bank	\$ 32,472.44
<b>Total Cash at Bank</b>	<b>\$34,181,930.53</b>

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, 2018, 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.

<b>Carrying Value and Market Value As of 08/31/2018</b>		
	<b>Carrying Value</b>	<b>Fair Value</b>
<b>Business-Type Activities</b>		
Repurchase Agreements	\$ 31,537,320.21	\$ 31,537,320.21
Equities	347,246.30	347,246.30
Total Business-Type Activities	<u>31,884,566.51</u>	<u>31,884,566.51</u>
<b>Fiduciary Funds-TPFA Escrow</b>		
US Treasury Securities		
US Government Agencies	201,594,725.83	201,594,725.83
Mutual Funds		
Total TPFA Escrow	<u>201,594,725.83</u>	<u>201,594,725.83</u>
<b>Fiduciary Funds-Texpool &amp; Texpool Prime</b>		
US Treasury Securities	1,950,450,244.33	1,950,726,898.30
US Government Agencies	10,134,047,077.13	10,134,123,105.43
Mutual Funds	1,364,213,103.23	1,364,165,107.63
Repurchase Agreements	5,675,281,885.79	5,675,281,885.79
Commercial Paper	3,081,573,703.27	3,082,396,790.30
Corporate Bonds		
Total Texpool & Texpool Prime	<u>22,205,566,013.75</u>	<u>22,206,693,787.45</u>
<b>Total Fiduciary Investments</b>	<b>22,407,160,739.58</b>	<b>22,408,288,513.28</b>
<b>Total Categorized Investments</b>	<u><b>\$22,439,045,306.09</b></u>	<u><b>\$22,440,173,079.79</b></u>

Enterprise, TPFA Escrow, Texpool and Texpool Prime 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, 2018 and 2017:

UNAUDITED  
Texas Treasury Safekeeping Trust Company (930)

Enterprise Fund			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)
2018	Carrying Amount	Fair Value			
<b>Investments by fair value level</b>					
Debt Securities					
Securities purchased under agreement to resell	31,537,320.21	31,537,320.21	31,537,320.21	-	-
Total debt securities	31,537,320.21	31,537,320.21	31,537,320.21		
Equity Securities					
Equities	347,246.30	347,246.30	-	347,246.30	-
Total equity securities	347,246.30	347,246.30		347,246.30	
Total investments by carrying and fair value level	31,884,566.51	31,884,566.51	31,537,320.21	347,246.30	-
			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)
2017	Carrying Amount	Fair Value			
<b>Investments by fair value level</b>					
Debt Securities					
Securities purchased under agreement to resell	28,763,903.65	28,763,903.65	28,763,903.65	-	-
Total debt securities	28,763,903.65	28,763,903.65	28,763,903.65		
Equity Securities					
Equities	301,668.58	301,668.58	-	301,668.58	-
Total equity securities	301,668.58	301,668.58		301,668.58	
Total investments by carrying and fair value level	29,065,572.23	29,065,572.23	28,763,903.65	301,668.58	-
			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)
2018	Carrying Amount	Fair Value			
<b>TPFA Escrow</b>					
<b>Investments by fair value level</b>					
Debt Securities					
United States government agency securities	201,594,725.83	201,594,725.83	-	201,594,725.83	-
United States treasuries			-		-
Total debt securities	201,594,725.83	201,594,725.83	-	201,594,725.83	-
Total investments by carrying and fair value level	201,594,725.83	201,594,725.83	-	201,594,725.83	-
<b>Investments measured at the net asset value (NAV)</b>					
Mutual Funds	-				
Total investments measured at the NAV	-				
Total investments	201,594,725.83				
			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)
2017	Carrying Amount	Fair Value			
<b>Investments by fair value level</b>					
Debt Securities					
United States government agency securities	234,828,396.70	234,828,396.70	-	234,828,396.70	-
United States treasuries	145,623.32	145,623.32	-	145,623.32	-
Total debt securities	234,974,020.02	234,974,020.02	-	234,974,020.02	-
Total investments by carrying and fair value level	234,974,020.02	234,974,020.02	-	234,974,020.02	-
<b>Investments measured at the net asset value (NAV)</b>					
Mutual Funds	-				
Total investments measured at the NAV	-				
Total investments	234,974,020.02				

UNAUDITED  
Texas Treasury Safekeeping Trust Company (930)

<b>Texpool and Texpool Prime</b>				Fair Value Measurements Using		
2018	Principal Value	Carrying Amount	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>						
Debt Securities						
Securities purchased under agreement to resell	5,675,281,885.79	5,675,281,885.79	5,675,281,885.79	-	5,675,281,885.79	-
Commerical Paper	3,087,290,000.00	3,081,573,703.27	3,082,396,790.30	-	3,082,396,790.30	-
United States government agency securities	10,143,650,000.00	10,134,047,077.13	10,134,123,105.43	-	10,134,123,105.43	-
United States treasuries	1,960,000,000.00	1,950,450,244.33	1,950,726,898.30	-	1,950,726,898.30	-
Money market mutual funds	1,364,165,107.63	1,364,213,103.23	1,364,165,107.63	1,364,165,107.63	-	-
Total debt securities	<u>22,230,386,993.42</u>	<u>22,205,566,013.75</u>	<u>22,206,693,787.45</u>	<u>1,364,165,107.63</u>	<u>20,842,528,679.82</u>	-
Total investments by fair value level	<u>22,230,386,993.42</u>	<u>22,205,566,013.75</u>	<u>22,206,693,787.45</u>	<u>1,364,165,107.63</u>	<u>20,842,528,679.82</u>	-
				Fair Value Measurements Using		
2017	Principal Value	Carrying Amount	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>						
Debt Securities						
Securities purchased under agreement to resell	4,204,277,918.90	4,204,277,918.90	4,204,277,918.90	-	4,204,277,918.90	-
Commerical Paper	2,831,320,000.00	2,825,456,874.54	2,825,813,402.67	-	2,825,813,402.67	-
United States government agency securities	11,228,898,000.00	11,222,763,767.47	11,223,305,199.22	-	11,223,305,199.22	-
United States treasuries	1,095,000,000.00	1,094,572,439.48	1,094,469,784.95	-	1,094,469,784.95	-
Money market mutual funds	797,075,106.38	797,121,464.22	797,075,866.49	797,075,866.49	-	-
Total debt securities	<u>20,156,571,025.28</u>	<u>20,144,192,464.61</u>	<u>20,144,942,172.23</u>	<u>797,075,866.49</u>	<u>19,347,866,305.74</u>	-
Total investments by fair value level	<u>20,156,571,025.28</u>	<u>20,144,192,464.61</u>	<u>20,144,942,172.23</u>	<u>797,075,866.49</u>	<u>19,347,866,305.74</u>	-

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants. Debt securities classified as Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Money market mutual funds classified as Level 1 of the fair value hierarchy are valued using a published net asset value per share. Debt securities, repurchase agreements and equity securities 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.

**Credit risk** is the risk that an issuer or other counterparty to an investment will not fulfill its Obligation. The Trust Company only invests in overnight Repurchase Agreements which are collateralized by US Government Securities, US Government Agencies or Government Sponsored Enterprises. TexPool and TexPool Prime portfolios are designed and managed to ensure that they maintain a AAAM rating (or the equivalent) by a nationally recognized statistical rating organization (“NRSRO”). As of Aug. 31, 2018, TexPool Prime’s investments in commercial paper were rated A-1 by Standard & Poor’s, P-1 by Moody’s Investors Service, and F-1 by Fitch ratings. Standard & Poor’s ranks both TexPool and TexPool Prime with the highest principal stability rating of AAAM.

UNAUDITED  
Texas Treasury Safekeeping Trust Company (930)

Standard & Poor's					
Fund Type	Fund	Investment Type	AAA	AA	N/R
05	1004	Repurchase Agreements		\$ 31,537,320.21	
09	4000	US Government Agencies		\$ 167,766,121.72	\$ 33,828,604.11
09	4000	Mutual Funds			
			A-1	A-2	N/R
18	3181	Repurchase Agreements	5,675,281,885.79		
18	3181	US Government Agencies	10,134,123,105.43		
18	3181	Commercial Paper	3,082,396,790.30		
18	3181	Mutual Funds	1,364,165,107.63		
18	3181	Corporate Bonds	-		

**Concentration of credit risk.**

**Texpool:** 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. Up to 15 percent of Texpool assets may be invested in approved money market mutual funds. 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, 2018, TexPool had more than 5 percent of the pool's investments in the following GSE's: 40.2 percent with the Federal Home Loan Bank, 11.4 percent with the Federal Farm Credit Bank, and 5.8 percent with the Federal Home Loan Mortgage Corporation. As of Aug. 31, 2017, TexPool had more than 5 percent of the pool's investments in the following GSE's: 39.2 percent with the Federal Home Loan Bank, 10.8 percent with the Federal Farm Credit Bank, and 13.6 percent with the Federal Home Loan Mortgage Corporation

**Texpool Prime:** 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. However, no more than 25 percent of TexPool Prime assets may be invested in term repurchase agreements and no more than 5 percent of TexPool Prime assets may be invested in term repurchase agreements with maturities exceeding 90 days. Up to 75 percent of TexPool Prime assets may be invested in commercial paper. However, 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 approved money market mutual funds. However, no more than 10 percent of the TexPool Prime assets may be invested in a single money market mutual fund. As of Aug. 31, 2018, commercial paper investments per issuer and government agencies were less than 5 percent of the pool's investments.

UNAUDITED  
Texas Treasury Safekeeping Trust Company (930)

**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. 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
Repurchase Agreements	4	4
Commercial Paper		36
Corporate Bonds		
Mutual Funds	4	4
U.S. Government Agency Securities	31	24
U.S. Government Treasuries	91	47
Weighted Average Maturity	28	27

**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, 2018, the following changes occurred in liabilities:

Business-Type Activities	Balance	Additions	Reductions	Balance	Amounts Due Within One Year
	September 1, 2017			August 31, 2018	
Compensable Leave	\$ 1,019,433.15	\$916,310.63	\$950,872.70	\$ 984,871.08	\$617,378.19
Total Business-Type Activities	<u>\$ 1,019,433.15</u>	<u>\$916,310.63</u>	<u>\$950,872.70</u>	<u>\$ 984,871.08</u>	<u>\$617,378.19</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 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 Assets. 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: Leases**

(Not Applicable)

**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.

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 another plan, 'Teksaver' 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 Assets**

(Not Applicable)

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

(Not Applicable)

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

(Not Applicable)

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

(Not Applicable)

### **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 of Public Accounts (Comptroller). The agreement provides for specified rates based on hours of utilization. As of Aug. 31, 2018, the Texas Trust paid the Comptroller's office \$72,751.92 for services provided. At Aug. 31, 2018, the Texas Trust had accrued \$20,155.89 for services provided by the Comptroller's office and this amount is included in accounts payable.

UNAUDITED  
*Texas Treasury Safekeeping Trust Company (930)*

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS

UNAUDITED  
*Texas Treasury Safekeeping Trust Company (930)*

UNAUDITED  
Texas Treasury Safekeeping Trust Company (930)

Exhibit H-1

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

August 31, 2018

	Texas Treasury Safekeeping Trust Company TEXPOOL (9999) U/F (6050)	Texas Treasury Safekeeping Trust Company TEXPOOL/Prime (9999) U/F (7050)	Totals (Ex VI)
<b>ASSETS</b>			
Cash In Bank	\$ 20,052.85		\$ 20,052.85
Investments			
US Government and Agency Obligations	11,635,521,439.53	448,975,881.93	12,084,497,321.46
Repurchase Agreements	4,725,535,885.79	949,746,000.00	5,675,281,885.79
Commercial Paper		3,081,573,703.27	3,081,573,703.27
Mutual Funds	867,113,103.88	497,099,999.35	1,364,213,103.23
Corporate Bonds			
Interest Receivable	9,417,662.40	3,605,365.23	13,023,027.63
Pending Transactions			
Total Assets	<u>17,237,608,144.45</u>	<u>4,981,000,949.78</u>	<u>22,218,609,094.23</u>
<b>LIABILITIES</b>			
Dividends Payable	29,076,141.21	8,978,283.12	38,054,424.33
Accounts Payable			
Pending Transactions	138,772,500.00		138,772,500.00
Other Liabilities	302,410.25	8,974.30	311,384.55
Total Liabilities	<u>168,151,051.46</u>	<u>8,987,257.42</u>	<u>177,138,308.88</u>
<b>NET POSITION</b>			
Held in Trust For:			
Pool Participants	17,069,457,092.99	4,972,013,692.36	22,041,470,785.35
Total Net Position	<u>\$17,069,457,092.99</u>	<u>\$4,972,013,692.36</u>	<u>\$22,041,470,785.35</u>

UNAUDITED  
Texas Treasury Safekeeping Trust Company (930)

Exhibit H-2

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

For the Fiscal Year Ended August 31, 2018

	Texas Treasury Safekeeping Trust Company TEXPOOL (9,999) U/F (6050)	Texas Treasury Safekeeping Trust Company TEXPOOL/Prime (9,999) U/F (7050)	Totals (Ex VII)
<b>ADDITIONS</b>			
Investment Income			
Interest and Investment Income	\$ 273,533,970.87	\$ 91,462,959.08	\$ 364,996,929.95
Expenses:			
Management Fees and Expenses	(8,096,542.48)	(2,914,815.43)	(11,011,357.91)
Net Income from Investing Activities	<u>265,437,428.39</u>	<u>88,548,143.65</u>	<u>353,985,572.04</u>
Total Additions	<u>265,437,428.39</u>	<u>88,548,143.65</u>	<u>353,985,572.04</u>
Net Increase (Decrease) in Participant Investments	<u>779,760,970.60</u>	<u>779,126,336.57</u>	<u>1,558,887,307.17</u>
Net Increase (Decrease) in Net Position	1,045,198,398.99	867,674,480.22	1,912,872,879.21
Net Position, September 1, 2017	<u>16,024,258,694.00</u>	<u>4,104,339,212.14</u>	<u>20,128,597,906.14</u>
Net Position, August 31, 2018	<u>\$ 17,069,457,092.99</u>	<u>\$ 4,972,013,692.36</u>	<u>\$ 22,041,470,785.35</u>

UNAUDITED  
Texas Treasury Safekeeping Trust Company (930)

Exhibit J-1

## Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2018

	Beginning Balance September 1, 2017	Additions	Deductions	Ending Balance August 31, 2018
Texas Public Finance Authority (9999) U/F (4000)				
<b>ASSETS</b>				
Cash in Bank	\$ 11,665.83	\$ 77,232,374.17	\$ 77,231,620.41	\$ 12,419.59
Interest and Dividend Receivable	1,038,705.04	2,270,166.29	2,375,311.45	933,559.88
Investments:				
(US Gov & Agencies Oblig)	234,974,020.02	24,340,168.49	57,719,462.68	201,594,725.83
(Mutual Funds)				
<b>Total Assets</b>	236,024,390.89	103,842,708.95	137,326,394.54	202,540,705.30
<b>LIABILITIES</b>				
Funds Held for Others	236,024,390.89	108,903,554.79	142,387,240.38	202,540,705.30
<b>Total Liabilities</b>	\$236,024,390.89	\$108,903,554.79	\$142,387,240.38	\$202,540,705.30

	Beginning Balance September 1, 2017	Additions	Deductions	Ending Balance August 31, 2018
Child Support Employ Deduct- Offset Acct Fund (0807) U/F (8070)				
<b>ASSETS</b>				
Cash in State Treasury	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<b>Total Assets</b>	0.00	0.00	0.00	0.00
<b>LIABILITIES</b>				
Funds Held for Others				
<b>Total Liabilities</b>	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

UNAUDITED  
*Texas Treasury Safekeeping Trust Company (930)*



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, 2018

	General Funds (Exh A-1)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Position
<b>ASSETS</b>						
Current Assets:						
Cash:						
Cash in State Treasury	\$ 79,022,580.77	\$ 79,022,580.77	\$	\$	\$	\$ 79,022,580.77
Legislative Appropriations	42,294,470.96	42,294,470.96				42,294,470.96
Receivables From:						
Federal	293,807.71	293,807.71				293,807.71
Due From Other Agencies						
Interfund Receivables (Note 12)	6,259,507.12	6,259,507.12				6,259,507.12
Loans and Contracts	12,060,386.08	12,060,386.08				12,060,386.08
Total Current Assets	<u>139,930,752.64</u>	<u>139,930,752.64</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>139,930,752.64</u>
Non-Current Assets:						
Interfund Receivables (Note 12)	22,657,484.35	22,657,484.35				22,657,484.35
Loans and Contracts	47,039,963.91	47,039,963.91				47,039,963.91
Total Non-Current Assets	<u>69,697,448.26</u>	<u>69,697,448.26</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>69,697,448.26</u>
Total Assets	<u>\$ 209,628,200.90</u>	<u>\$ 209,628,200.90</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 209,628,200.90</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Payables from:						
Accounts	\$ 7,969.16	\$ 7,969.16	\$	\$	\$	\$ 7,969.16
Payroll	85,979.27	85,979.27				85,979.27
Interfund Payables (Note 12)						
Due to Other Agencies	319,234.32	319,234.32				319,234.32
Unearned Revenues						
Employees Compensable Leave (Note 5)				66,802.54		66,802.54
Total Current Liabilities	<u>413,182.75</u>	<u>413,182.75</u>	<u>0.00</u>	<u>66,802.54</u>	<u>0.00</u>	<u>479,985.29</u>
Non-Current Liabilities:						
Employees Compensable Leave (Note 5)				43,713.69		43,713.69
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>43,713.69</u>	<u>0.00</u>	<u>43,713.69</u>
Total Liabilities	<u>413,182.75</u>	<u>413,182.75</u>	<u>0.00</u>	<u>110,516.23</u>	<u>0.00</u>	<u>523,698.98</u>
<b>FUND FINANCIAL STATEMENT</b>						
Fund Balances (Deficits):						
Nonspendable	33,209,746.16	33,209,746.16				33,209,746.16
Restricted						
Committed	125,042,099.60	125,042,099.60				125,042,099.60
Assigned						
Unassigned	50,963,172.39	50,963,172.39				50,963,172.39
Total Fund Balances	<u>209,215,018.15</u>	<u>209,215,018.15</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>209,215,018.15</u>
Total Liabilities and Fund Balances	<u>\$ 209,628,200.90</u>	<u>\$ 209,628,200.90</u>				
<b>GOVERNMENT-WIDE STATEMENT OF NET POSITION</b>						
Net Position:						
Restricted for:						
Employee Benefits (Note 5)				(110,516.23)		(110,516.23)
Total Net Position			<u>\$ 0.00</u>	<u>\$ (110,516.23)</u>	<u>\$ 0.00</u>	<u>\$ 209,628,200.90</u>

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

UNAUDITED  
Comptroller State Energy Conservation Office (907)

EXHIBIT II

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

For the Fiscal Year Ended August 31, 2018

	General Funds (Exh A-2)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
<b>REVENUES</b>						
Legislative Appropriations:						
Original Appropriations (GR)	\$ 418,247.00	\$ 418,247.00	\$	\$	\$	\$ 418,247.00
Additional Appropriations (GR)	27,529.26	27,529.26				27,529.26
Federal Revenue (Schedule 1A)	3,184,859.19	3,184,859.19				3,184,859.19
Interest and Investment Income	3,757,183.21	3,757,183.21				3,757,183.21
Other	398,184.31	398,184.31				398,184.31
<b>Total Revenues</b>	<u>7,786,002.97</u>	<u>7,786,002.97</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>7,786,002.97</u>
<b>EXPENDITURES</b>						
Salaries and Wages	801,425.99	801,425.99		(2,416.42)		799,009.57
Payroll Related Costs	227,761.45	227,761.45				227,761.45
Professional Fees and Services	881,057.87	881,057.87				881,057.87
Travel	18,513.68	18,513.68				18,513.68
Materials and Supplies	1,116.79	1,116.79				1,116.79
Communication and Utilities	6,692.44	6,692.44				6,692.44
Rentals & Leases	12,574.50	12,574.50				12,574.50
Federal Grant Pass-Through Expenditures (Schedule 1A)	2,629,826.41	2,629,826.41				2,629,826.41
Intergovernmental Payments	330,970.41	330,970.41				330,970.41
Public Assistance Payments	25,000.00	25,000.00				25,000.00
Other Expenditures	23,127.59	23,127.59				23,127.59
<b>Total Expenditures/Expenses</b>	<u>4,958,067.13</u>	<u>4,958,067.13</u>	<u>0.00</u>	<u>(2,416.42)</u>	<u>0.00</u>	<u>4,955,650.71</u>
Excess (Deficiency) of Revenues Over Expenditures	2,827,935.84	2,827,935.84	0.00	2,416.42	0.00	2,830,352.26
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	102,139,838.01	102,139,838.01				102,139,838.01
Transfers Out	(102,139,838.01)	(102,139,838.01)				(102,139,838.01)
Appropriations Lapsed						
<b>Total Other Financing Sources and Uses</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Net Change in Fund Balances/Net Position</b>	<u>2,827,935.84</u>	<u>2,827,935.84</u>				<u>2,830,352.26</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>						
Fund Balances – Beginning	238,671,653.61	238,671,653.61				238,671,653.61
Restatements	(32,284,571.30)	(32,284,571.30)				(32,284,571.30)
Fund Balances, September 1, 2017, as Restated	206,387,082.31	206,387,082.31	0.00	0.00	0.00	206,387,082.31
<b>Fund Balances – August 31, 2018</b>	<u>\$209,215,018.15</u>	<u>\$209,215,018.15</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$209,215,018.15</u>
<b>GOVERNMENT-WIDE STATEMENT OF NET POSITION</b>						
Change in Net Position		\$209,215,018.15	\$	\$ 2,416.42	\$	\$209,217,434.57
Net Position – Beginning				(112,932.65)		(112,932.65)
Net Position, September 1, 2017, as Restated			0.00	(112,932.65)	0.00	(112,932.65)
<b>Net Position – August 31, 2018</b>		<u>\$209,215,018.15</u>	<u>\$ 0.00</u>	<u>\$(110,516.23)</u>	<u>\$ 0.00</u>	<u>\$209,104,501.92</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 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 efficiency 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) 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 *Comprehensive Annual 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.

#### Fiduciary Fund Types

##### *Agency Funds*

Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Within SECO, the agency fund is Departmental Suspense (fund 0900).

## 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.

Government 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

## 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, 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.

#### *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 non-current 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 is.

## **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.
- Restricted fund balance includes those resources that have constraints placed on their use through external parties or by law through constitutional provisions.
- Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the Texas Legislature, the state's highest level of decision making authority.
- Assigned fund balance includes amounts constrained by the state's intent to be used for specific purposes, but the constraints do not meet requirements to be reported as restricted or committed. Intent is expressed by (1) the Texas Legislature or (2) 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 includes the residual classification for the general fund. The net resources of the general fund in excess of nonspendable, 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:

1. Transfers – Legally required transfers that are reported when incurred as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund.
2. Reimbursements – Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expen-

UNAUDITED  
**Comptroller State Energy Conservation Office (907)**

ditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

3. Interfund receivables and payables – Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter, the balance is classified as “current.” Balances for repayment due in two (or more) years are classified as “noncurrent.” The State Energy Conservation Office’s LoanSTAR Revolving Loan programs are reported in interfund receivables.

The composition of the agency’s interfund receivables are presented in Note 12.

**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**

**Changes In Long-Term Liabilities**

The following changes occurred in liabilities during the year ending Aug. 31, 2018:

Governmental Activities	Balance Sept. 1, 2017	Additions	Reductions	Balance Aug. 31, 2018	Amounts Due Within One Year	Amounts Due Thereafter
Compensable Leave	\$112,932.65	\$93,530.38	\$95,946.80	\$110,516.23	\$66,802.54	\$43,713.69
Total Governmental	<u>\$112,932.65</u>	<u>\$93,530.38</u>	<u>\$95,946.80</u>	<u>\$110,516.23</u>	<u>\$66,802.54</u>	<u>\$43,713.69</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 (administering agencies only)**

(Not Applicable)

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

(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.

Individual balances and activity as of Aug. 31, 2018 follows:

	Current Interfund Receivable	Current Interfund Payable	Purpose
<b>Current Portion</b>			
Appd Fund 5005, D23 Fund 0515			
Agency 401, Texas Military Department	\$ 48,097.36	\$	Lone Star Loans
Agency 537, Texas Dpt. Of State Health Services	23,506.72		Lone Star Loans
Agency 711, Texas A&M University	542,910.52		Lone Star Loans
Agency 719, Texas State Technical College Harlingen	214,197.19		Lone Star Loans
<b>Total Interfund Receivable/Payable</b>	<u>\$ 828,711.79</u>	<u>\$ 0.00</u>	
<b>Non-Current Portion</b>			
Appd Fund 5005, D23 Fund 0515			
Agency 401, Texas Military Department	\$ 315,007.28	\$	
Agency 537, Texas Dpt. Of State Health Services	149,306.12		Lone Star Loans
Agency 711, Texas A&M University	2,527,753.17		Lone Star Loans
Agency 719, Texas State Technical College Harlingen	783,956.66		Lone Star Loans
<b>Total Interfund Receivable/Payable</b>	<u>\$ 3,776,023.23</u>	<u>\$ 0.00</u>	
<b>Current Portion</b>			
Appd Fund 0001, D23 Fund 0230			
Agency 711, Texas A&M University	\$ 1,772,120.16	\$	Federal Lone Star Loans
Agency 714, UT at Arlington	1,216,729.76		Federal Lone Star Loans
Agency 719, Texas State Technical College Waco	513,043.77		Federal Lone Star Loans
Agency 735, Midwestern State University	283,278.47		Federal Lone Star Loans
Agency 745, UT Health Science Center at San Antonio	139,187.17		Federal Lone Star Loans
Agency 755, Stephen F. Austin State University	1,506,436.00		Federal Lone Star Loans
<b>Total Interfund Receivable/Payable</b>	<u>\$ 5,430,795.33</u>	<u>\$ 0.00</u>	
<b>Non-Current Portion</b>			
Appd Fund 0001, D23 Fund 0230			
Agency 711, Texas A&M University	\$ 10,614,905.68	\$	Federal Lone Star Loans
Agency 714, UT at Arlington	1,683,659.42		Federal Lone Star Loans
Agency 719, Texas State Technical College Waco	2,708,155.72		Federal Lone Star Loans
Agency 735, Midwestern State University	423,821.34		Federal Lone Star Loans
Agency 745, UT Health Science Center At San Antonio	351,506.00		Federal Lone Star Loans
Agency 755, Stephen F. Austin State University	3,099,412.96		Federal Lone Star Loans
<b>Total Interfund Receivable/Payable</b>	<u>\$ 18,881,461.12</u>	<u>\$ 0.00</u>	

**NOTE 13: Continuance Subject to Review**

(Not Applicable)

**NOTE 14: Adjustment to Fund Balances and Net Position**

During fiscal 2018, certain accounting changes and adjustments were made that required a restatement of fund balance or net position. The restatement is presented below:

	Fund Balance and Net Position for Current Year						
	General Funds (Fund 0001)	Special Revenue Funds	Permanent Funds	Enterprise Funds	Pension and Other Employee Benefit Trust Fund	External Investment Trust Funds	Total
Fund Balance/Net Position Sept. 1st, 2017	\$ 238,671,653.58	\$	\$	\$	\$	\$	\$ 238,671,653.58
Current Year's Restatement	(32,284,571.30)						(32,284,571.30)
Fund Balance/Net Position Sept. 1st, 2017 as Restated	<u>\$ 206,387,082.28</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 206,387,082.28</u>
	Changes in Net Position for Prior-Year						
	General Funds (Fund 0001)	Special Revenue Funds	Permanent Funds	Enterprise Funds	Pension and Other Employee Benefit Trust Fund	External Investment Trust Funds	Total
Change in Net Position Aug. 31st, 2017	\$ 238,558,720.96	\$	\$	\$	\$	\$	\$ 238,558,720.96
Current Year's Restatement	(32,284,571.30)						(32,284,571.30)
Fund Balance/Net Position Sept. 1st, 2017 as Restated	<u>\$ 206,274,149.66</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 206,274,149.66</u>

The restatement of \$23,039,743.92 in the general fund is to correct prior year federal receivables. A large amount of federal loan revenues were incorrectly recorded as a receivable. The federal revolving loan program is funded by reinvested dollars. The funds will not be collected from the U.S Department of Energy in the foreseeable future.

The restatement of \$9,244,827.38 in the general fund is due to a revision in the loan reclassification business procedures. The general ledger account of unearned revenues should not be used as an offset account when adjusting long-term receivable loan balances on the balance sheet. Only the current receivable and non-current receivable accounts should be used. The LoanSTAR revolving loan program is funded by reinvested dollars, therefore the funds are already earned.

**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**

(Not Applicable)

**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 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: Fund Balances**

GASB 54 establishes financial reporting standards for fund balances.

907 - State Energy Conservation Office has the following restrictions/covenants causing fund balances to be committed and restricted as of Aug. 31, 2018:

GAAP Fund	Fund	AFR 54 Class	Amount	Citation	Comments
1	0229/0230	Nonspendable	\$33,209,746.16	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.

UNAUDITED  
*Comptroller State Energy Conservation Office (907)*

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS

UNAUDITED  
*Comptroller State Energy Conservation Office (907)*

UNAUDITED  
Comptroller State Energy Conservation Office (907)

EXHIBIT A-1

## Combining Balance Sheet – All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2018

	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 (Ex I)
<b>ASSETS</b>			
Current Assets:			
Cash			
Cash in State Treasury	\$	\$ 79,022,580.77	\$ 79,022,580.77
Legislative Appropriations	42,294,470.96		42,294,470.96
Receivables From:			
Federal	293,807.71		293,807.71
Due From Other Agencies			
Interfund Receivables (Note 12)	5,430,795.33	828,711.79	6,259,507.12
Loans and Contracts	3,334,108.73	8,726,277.35	12,060,386.08
<b>Total Current Assets</b>	<b>51,353,182.73</b>	<b>88,577,569.91</b>	<b>139,930,752.64</b>
Non-Current Assets:			
Interfund Receivables (Note 12)	18,881,461.12	3,776,023.23	22,657,484.35
Loans and Contracts	14,328,285.04	32,711,678.87	47,039,963.91
<b>Total Noncurrent Assets</b>	<b>33,209,746.16</b>	<b>36,487,702.10</b>	<b>69,697,448.26</b>
<b>Total Assets</b>	<b>\$ 84,562,928.89</b>	<b>\$ 125,065,272.01</b>	<b>\$ 209,628,200.90</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts	\$	\$ 7,969.16	\$ 7,969.16
Payroll	70,776.02	15,203.25	85,979.27
Interfund Payables (Note 12)			
Due To Other Agencies	319,234.32		319,234.32
Unearned Revenues			
Employees' Compensable Leave (Note 5)			
<b>Total Current Liabilities</b>	<b>390,010.34</b>	<b>23,172.41</b>	<b>413,182.75</b>
Non-Current Liabilities:			
Employees' Compensable Leave (Note 5)			
<b>Total Non-Current Liabilities</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Liabilities</b>	<b>390,010.34</b>	<b>23,172.41</b>	<b>413,182.75</b>
Fund Balances (Deficits):			
Nonspendable	33,209,746.16		33,209,746.16
Restricted			
Committed		125,042,099.60	125,042,099.60
Assigned			
Unassigned	50,963,172.39		50,963,172.39
<b>Total Fund Balances</b>	<b>84,172,918.55</b>	<b>125,042,099.60</b>	<b>209,215,018.15</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 84,562,928.89</b>	<b>\$ 125,065,272.01</b>	<b>\$ 209,628,200.90</b>

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

UNAUDITED  
Comptroller State Energy Conservation Office (907)

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, 2018

	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)
<b>REVENUES</b>			
Legislative Appropriations:			
Original Appropriations	\$ 418,247.00	\$	\$ 418,247.00
Additional Appropriations	27,529.26		27,529.26
Federal Revenue (Schedule 1A)	3,184,859.19		3,184,859.19
Interest and Investment Income	1,363,314.18	2,393,869.03	3,757,183.21
Other	13,253.42	384,930.89	398,184.31
Total Revenues	<u>5,007,203.05</u>	<u>2,778,799.92</u>	<u>7,786,002.97</u>
<b>EXPENDITURES</b>			
Salaries and Wages	704,643.43	96,782.56	801,425.99
Payroll Related Costs	191,721.55	36,039.90	227,761.45
Professional Fees and Services	740,927.47	140,130.40	881,057.87
Travel	18,513.68		18,513.68
Materials and Supplies	1,116.79		1,116.79
Communication and Utilities	6,547.81	144.63	6,692.44
Rentals & Leases	12,097.19	477.31	12,574.50
Federal Grant Pass-Through Expenditures (Schedule 1A)	2,629,826.41		2,629,826.41
State Grant Pass-Through Expenditures			
Intergovernmental Payments	330,970.41		330,970.41
Public Assistance Payments	25,000.00		25,000.00
Other Expenditures	22,962.65	164.94	23,127.59
Total Expenditures/Expenses	<u>4,684,327.39</u>	<u>273,739.74</u>	<u>4,958,067.13</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>322,875.66</u>	<u>2,505,060.18</u>	<u>2,827,935.84</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	31,351,631.45	70,788,206.56	102,139,838.01
Appropriations Lapsed			
Transfers Out	<u>(31,351,631.45)</u>	<u>(70,788,206.56)</u>	<u>(102,139,838.01)</u>
Total Other Financing Sources and Uses	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Change in Fund Balances	322,875.66	2,505,060.18	2,827,935.84
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances, September 1, 2017	110,913,761.23	127,757,892.38	238,671,653.61
Restatements	<u>(27,063,718.34)</u>	<u>(5,220,852.96)</u>	<u>(32,284,571.30)</u>
Fund Balances, September 1, 2017, as Restated	<u>83,850,042.89</u>	<u>122,537,039.42</u>	<u>206,387,082.31</u>
Fund Balances – August 31, 2018	<u>\$ 84,172,918.55</u>	<u>\$ 125,042,099.60</u>	<u>\$ 209,215,018.15</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, 2018

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	NSE Name Identifying Number	Agy Univ No.	Pass-through From		Direct Program Amount	Total Pass-Through From and Direct Program Amount
				Agencies or Universities Amount	Non-State Entities Amount		
<b>U.S. DEPARTMENT OF ENERGY</b>							
<b>Direct Programs:</b>							
State Energy Program	81.041			\$	\$	\$ 3,728,623.39	\$ 3,728,623.39
State Energy Program	81.041					1,062,076.91	1,062,076.91
<i>Pass-Through To:</i>							
<i>Texas Facilities Commission</i>							
State Energy Program	81.041					77,232.54	77,232.54
<i>Pass-Through To:</i>							
<i>Texas A&amp;M Engineering Experiment Station</i>							
State Energy Program	81.041					456,950.52	456,950.52
<i>Pass-Through To:</i>							
<i>University of Texas at Austin</i>							
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	81.106					45,537.39	45,537.39
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	81.106					112,024.20	112,024.20
<i>Pass-Through To:</i>							
<i>Texas Department of Public Safety</i>							
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	81.106					224,832.37	224,832.37
<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					483,029.19	483,029.19
Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,	81.214					209,836.38	209,836.38
<i>Pass-Through To:</i>							
<i>Texas Department of Public Safety</i>							
Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,	81.214					315,543.14	315,543.14
<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					171,330.35	171,330.35
<i>Pass-Through To:</i>							
<i>Texas Commission on Environmental Quality</i>							
Totals – U.S. Department of Energy				0.00	0.00	6,887,016.38	6,887,016.38
Total Expenditures of Federal Awards				\$ 0.00	\$ 0.00	\$ 6,887,016.38	\$ 6,887,016.38

*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, 2018

Federal Grantor/ Pass-through Grantor/ Program Title	Agy Univ No.	Pass-through To		Expenditures Amount	Total Pass-Through To and Expenditures Amount
		Agencies or Universities Amount	Non-State Entities Amount		
<b>U.S. DEPARTMENT OF ENERGY</b>					
<b>Direct Programs:</b>					
State Energy Program		\$	\$	\$ 3,728,623.39	\$ 3,728,623.39
State Energy Program					1,062,076.91
<i>Pass-Through To:</i>					
<i>Texas Facilities Commission</i>	303	1,062,076.91			
State Energy Program					77,232.54
<i>Pass-Through To:</i>					
<i>Texas A&amp;M Engineering Experiment Station</i>	712	77,232.54			
State Energy Program					456,950.52
<i>Pass-Through To:</i>					
<i>University of Texas at Austin</i>	721	456,950.52			
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions				45,537.39	45,537.39
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions					112,024.20
<i>Pass-Through To:</i>					
<i>Texas Department of Public Safety</i>	405	112,024.20			
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions					224,832.37
<i>Pass-Through To:</i>					
<i>Department of State Health Services</i>	537	224,832.37			
Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,			330,970.41	152,058.78	483,029.19
Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,					209,836.38
<i>Pass-Through To:</i>					
<i>Texas Department of Public Safety</i>	405	209,836.38			
Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,					315,543.14
<i>Pass-Through To:</i>					
<i>Department of State Health Services</i>	537	315,543.14			
Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,					171,330.35
<i>Pass-Through To:</i>					
<i>Texas Commission on Environmental Quality</i>	582	171,330.35			
Totals – U.S. Department of Energy		<u>2,629,826.41</u>	<u>330,970.41</u>	<u>3,926,219.56</u>	<u>6,887,016.38</u>
Total Expenditures of Federal Awards		<u>\$ 2,629,826.41</u>	<u>\$ 330,970.41</u>	<u>\$ 3,926,219.56</u>	<u>\$ 6,887,016.38</u>

UNAUDITED  
Comptroller State Energy Conservation Office (907)

EXHIBIT J-1

## Combining Statement of Changes in Assets and Liabilities – Agency Funds

For the Fiscal Year Ended August 31, 2018

	Beginning Balance September 1, 2017	Additions	Deductions	Ending Balance August 31, 2018
<b>Suspense Fund (0900) U/F (0900)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 19.99	\$ 6,319,904.82	\$ 6,244,498.24	\$ 75,426.57
Accounts Receivable	0.00	0.00	66,003.06	(66,003.06)
Total Assets	<u>\$ 19.99</u>	<u>\$ 6,319,904.82</u>	<u>\$ 6,310,501.30</u>	<u>\$ 9,423.51</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 19.99	\$ 6,319,904.82	\$ 6,310,501.30	\$ 9,423.51
Total Liabilities	<u>\$ 19.99</u>	<u>\$ 6,319,904.82</u>	<u>\$ 6,310,501.30</u>	<u>\$ 9,423.51</u>
<b>Totals – All Agency Funds</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 19.99	\$ 6,319,904.82	\$ 6,244,498.24	\$ 75,426.57
Accounts Receivable	0.00	0.00	66,003.06	(66,003.06)
Total Assets	<u>\$ 19.99</u>	<u>\$ 6,319,904.82</u>	<u>\$ 6,310,501.30</u>	<u>\$ 9,423.51</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 19.99	\$ 6,319,904.82	\$ 6,310,501.30	\$ 9,423.51
Total Liabilities	<u>\$ 19.99</u>	<u>\$ 6,319,904.82</u>	<u>\$ 6,310,501.30</u>	<u>\$ 9,423.51</u>

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

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/Statement of Net Position – Governmental Funds

For the Fiscal Year Ended August 31, 2018

	General Funds	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Position
<b>ASSETS</b>				
Current Assets:				
Legislative Appropriations	\$ 3,782.06	\$	\$	\$ 3,782.06
Accounts Receivable	6,108.76			6,108.76
Total Current Assets	<u>9,890.82</u>	<u>0.00</u>	<u>0.00</u>	<u>9,890.82</u>
Total Non-Current Assets	0.00	0.00	0.00	0.00
Total Assets	<u>\$ 9,890.82</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 9,890.82</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Current Liabilities:				
Accounts Payable	\$ 9,890.82	\$	\$	\$ 9,890.82
Total Current Liabilities	<u>9,890.82</u>	<u>0.00</u>	<u>0.00</u>	<u>9,890.82</u>
Total Liabilities	<u>9,890.82</u>	<u>0.00</u>	<u>0.00</u>	<u>9,890.82</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>				
Fund Balances (Deficits):				
Restricted				
Committed				
Unassigned				
Total Fund Balances	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities and Fund Balance	<u>\$ 9,890.82</u>			
<b>GOVERNMENT-WIDE STATEMENT – NET POSITION</b>				
Net Position:				
Net Investment in Capital Assets				
Unrestricted				
Total Net Position		<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

UNAUDITED  
Comptroller – Texas Bullion Depository (908)

EXHIBIT II

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

For the Fiscal Year Ended August 31, 2018

	General Funds	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Activities
<b>REVENUES</b>				
Licenses, Fees and Permits	\$ 9,890.82	\$	\$	\$ 9,890.82
Total Revenues	<u>9,890.82</u>	<u>0.00</u>	<u>0.00</u>	<u>9,890.82</u>
<b>EXPENDITURES</b>				
Professional Fees and Services	9,890.82			9,890.82
Total Expenditures	<u>9,890.82</u>	<u>0.00</u>	<u>0.00</u>	<u>9,890.82</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Net Inc (Dec) on Transfer of Capital Assets				
Transfer In				
Transfer Out				
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>
Net Change in Fund Balances/Net Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>				
Fund Balances, September 1, 2017				
Restatements				
Fund Balances, September 1, 2017, as Restated	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Fund Balances, August 31, 2018	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
<b>GOVERNMENT-WIDE STATEMENT – NET POSITION</b>				
Net Position/Net Change in Net Position	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Net Position, September 1, 2017				
Restatements				
Net Position, September 1, 2017, as Restated	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Position, August 31, 2018	<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 – 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’s *Comprehensive Annual 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, 2018. 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 2018.

### **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 is 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 2017.

**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 state’s fiscal 2018 *Comprehensive Annual 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, 2018

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

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, 2018

	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
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer In	\$ 846,946,977.00				\$ 846,946,977.00
Transfer Out	(846,946,977.00)				(846,946,977.00)
Legislative Transfer Out					
Insurance Recoveries					
Total Other Financing Sources and Uses	0.00	0.00	0.00	0.00	0.00
Net Change in Fund Balances/Net Assets	0.00	0.00	0.00	0.00	0.00
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>					
Fund Balances, September 1, 2017					
Restatements					
Fund Balances, September 1, 2017, as Restated	0.00	0.00	0.00	0.00	0.00
Fund Balances, August 31, 2018	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<b>GOVERNMENT-WIDE STATEMENT – NET POSITION</b>					
Net Position/Net Change in Net Position	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Net Position, September 1, 2017					
Restatements					
Net Position, September 1, 2017, as Restated	0.00	0.00	0.00	0.00	0.00
Net Position, August 31, 2018	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00



# 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’s *Comprehensive Annual 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, 2018. 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 2018.

### **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 is 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 2017.

**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 State’s fiscal 2018 *Comprehensive Annual 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, 2018

	General Revenue Fund (0001) U/F (0001, 9000)	GR Account - Workforce Commission Federal (5026) U/F (5026)	Total
<b>ASSETS</b>			
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>
<b>LIABILITIES AND FUND BALANCES</b>			
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>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
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, 2018

	Consolidated Funds		
	(0001)	(Exhibit II)	
	General Revenue Fund (0001) U/F (0001, 9000)	GR Account - Workforce Commission Federal (5026) U/F (5026)	Total 2018
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer In	\$ 282,315,659.00	\$ 564,631,318.00	\$ 846,946,977.00
Transfer Out	(282,315,659.00)	(564,631,318.00)	(846,946,977.00)
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
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances, September 1, 2017			
Restatements (Note 14)			
Fund Balances, September 1, 2017, as Restated	0.00	0.00	0.00
Fund Balances, August 31, 2018	\$ 0.00	\$ 0.00	\$ 0.00





Texas Comptroller of Public Accounts  
Publication #96-542.  
Revised November 2018.

An electronic version of this report may be found online at  
[comptroller.texas.gov/transparency/reports/annual-financial/](http://comptroller.texas.gov/transparency/reports/annual-financial/)

For additional copies, write:  
Texas Comptroller of Public Accounts  
Budget and Internal Accounting Division  
P.O. Box 13528  
Austin, Texas 78711-3528