



Glenn Hegar Texas Comptroller of Public Accounts

Annual Financial Report

For the Year Ended August 31, 2021



November 19, 2021

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

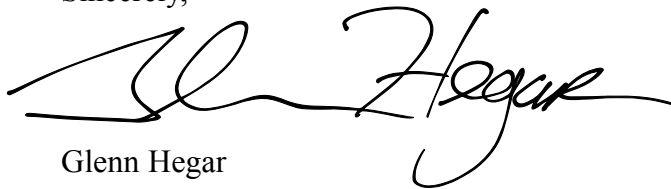
Ladies and Gentlemen:

We are pleased to submit the *Annual Financial Report* for the Comptroller of Public Accounts, the Comptroller's Judiciary Section, the Comptroller's Fiscal Programs, the Comptroller's Treasury Operations Fiscal Agency, the Texas Bullion Depository, the Texas Safekeeping Trust Company and the State Energy Conservation Office for the year ended Aug. 31, 2021, in compliance with Texas Government Code, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

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

If you have any questions, please contact Jack Mason, manager of our Budget and Internal Accounting Division, at jack.mason@cpa.texas.gov or 512-463-1428.

Sincerely,



Glenn Hegar

cc: Jack Mason



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

For Agency 304, pages 1-16

<https://comptroller.texas.gov/transparency/reports/annual-financial/2021/agency-304.xlsx>

For Agency 241, pages 17-36

<https://comptroller.texas.gov/transparency/reports/annual-financial/2021/agency-241.xlsx>

For Agency 902, pages 37-82

<https://comptroller.texas.gov/transparency/reports/annual-financial/2021/agency-902.xlsx>

For Agency 311, pages 83-124

<https://comptroller.texas.gov/transparency/reports/annual-financial/2021/agency-311.xlsx>

For Agency 930, pages 125-152

<https://comptroller.texas.gov/transparency/reports/annual-financial/2021/agency-930.xlsx>

For Agency 907, pages 153-172

<https://comptroller.texas.gov/transparency/reports/annual-financial/2021/agency-907.xlsx>

For Agency 908, pages 173-180

<https://comptroller.texas.gov/transparency/reports/annual-financial/2021/agency-908.xlsx>

For Agency 903, pages 181-192

<https://comptroller.texas.gov/transparency/reports/annual-financial/2021/agency-903.xlsx>

2021 Annual Financial Report

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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, 2021

	Governmental Fund Type General Funds	Governmental Fund Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Position
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash on Hand	\$ 4,550.00	\$ 4,550.00	\$	\$	\$ 4,550.00
Cash in Bank (Note 3)	35,000.00	35,000.00			35,000.00
Cash in State Treasury	33,127.01	33,127.01			33,127.01
Legislative Appropriations	103,992,382.16	103,992,382.16			103,992,382.16
Receivables From:					
Accounts Receivable	21,839.14	21,839.14			21,839.14
Interfund Receivable (Note 12)	4,197.00	4,197.00			4,197.00
Consumable Inventories	443,132.83	443,132.83			443,132.83
Other Assets	489,178.43	489,178.43			489,178.43
Total Current Assets	<u>105,023,406.57</u>	<u>105,023,406.57</u>	<u>0.00</u>	<u>0.00</u>	<u>105,023,406.57</u>
Non-Current Assets:					
Capital Assets (Note 2):					
Non-Depreciable or Non-Amortizable:					
Other Tangible Capital Assets			3,250.00		3,250.00
Depreciable Assets:					
Furniture and Equipment			4,345,918.34		4,345,918.34
Less Accumulated Depreciation			(3,618,523.88)		(3,618,523.88)
Vehicles, Boats, and Aircraft			401,923.74		401,923.74
Less Accumulated Depreciation			(208,622.22)		(208,622.22)
Amortizable Assets - Intangible:					
Computer Software			69,091,476.69		69,091,476.69
Less Accumulated Amortization:			(57,112,616.32)		(57,112,616.32)
Total Non-Current Assets	<u>0.00</u>	<u>0.00</u>	<u>12,902,806.35</u>	<u>0.00</u>	<u>12,902,806.35</u>
Total Assets	<u>\$104,534,228.14</u>	<u>\$104,534,228.14</u>	<u>\$ 12,902,806.35</u>	<u>\$ 0.00</u>	<u>\$117,926,212.92</u>
LIABILITIES					
Current Liabilities:					
Payables From:					
Accounts Payable	\$ 2,730,549.95	\$ 2,730,549.95	\$	\$	\$ 2,730,549.95
Payroll Payable	19,952,475.90	19,952,475.90			19,952,475.90
Deposits Payable	489,178.43	489,178.43			489,178.43
Interfund Payable (Note 12)	4,197.00	4,197.00			4,197.00
Employees' Compensable Leave (Note 5)				12,231,853.61	12,231,853.61
Total Current Liabilities	<u>23,176,401.28</u>	<u>23,176,401.28</u>	<u>0.00</u>	<u>12,231,853.61</u>	<u>35,408,254.89</u>
Non-Current Liabilities:					
Employees' Compensable Leave (Note 5)				8,141,446.23	8,141,446.23
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>8,141,446.23</u>	<u>8,141,446.23</u>
Total Liabilities	<u>23,176,401.28</u>	<u>23,176,401.28</u>	<u>0.00</u>	<u>20,373,299.84</u>	<u>43,549,701.12</u>
FUND FINANCIAL STATEMENT					
Fund Balances (Deficits):					
Nonspendable – Inventory	443,132.83	443,132.83			443,132.83
Unassigned	81,403,872.46	81,403,872.46			81,403,872.46
Total Fund Balances	<u>81,847,005.29</u>	<u>81,847,005.29</u>	<u>0.00</u>	<u>0.00</u>	<u>81,847,005.29</u>
Total Liabilities and Fund Balances	<u>\$105,023,406.57</u>	<u>\$105,023,406.57</u>			
GOVERNMENT-WIDE STATEMENT OF NET POSITION					
Net Position					
Invested in Capital Assets, Net of Related Debt			12,902,806.35		12,902,806.35
Restricted for:					
Employee Benefits				(20,373,299.84)	(20,373,299.84)
Total Net Position			<u>\$ 12,902,806.35</u>	<u>\$(20,373,299.84)</u>	<u>\$ 74,376,511.80</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, 2021

	Governmental Fund Type General Funds	Governmental Fund Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
REVENUES					
Legislative Appropriations:					
Original Appropriations	\$ 303,691,939.00	\$ 303,691,939.00	\$	\$	\$ 303,691,939.00
Additional Appropriations	51,742,169.27	51,742,169.27			51,742,169.27
Licenses, Fees and Permits	1,593,295.00	1,593,295.00			1,593,295.00
Settlement of Claims	2,416.55	2,416.55			2,416.55
Sales of Goods and Services	2,889,082.03	2,889,082.03			2,889,082.03
Other	398,300.00	398,300.00			398,300.00
Total Revenues	<u>360,317,201.85</u>	<u>360,317,201.85</u>	<u>0.00</u>	<u>0.00</u>	<u>360,317,201.85</u>
EXPENDITURES					
Salaries and Wages	187,604,335.57	187,604,335.57		(311,831.61)	187,292,503.96
Payroll-Related Costs	54,835,807.32	54,835,807.32			54,835,807.32
Professional Fees and Services	53,987,873.17	53,987,873.17			53,987,873.17
Travel	601,053.95	601,053.95			601,053.95
Materials and Supplies	7,956,594.38	7,956,594.38			7,956,594.38
Communication and Utilities	3,679,762.28	3,679,762.28			3,679,762.28
Repairs and Maintenance	13,033,230.56	13,033,230.56			13,033,230.56
Rentals and Leases	16,925,530.95	16,925,530.95			16,925,530.95
Printing and Reproduction	268,336.80	268,336.80			268,336.80
Other Expenditures	3,884,592.88	3,884,592.88			3,884,592.88
Capital Outlay (Note 2)	4,444,389.08	4,444,389.08	(4,444,389.08)		
Depreciation and Amortization Expense (Note 2)			3,099,264.28		3,099,264.28
Total Expenditures/Expenses	<u>347,221,506.94</u>	<u>347,221,506.94</u>	<u>(1,345,124.80)</u>	<u>(311,831.61)</u>	<u>345,564,550.53</u>
Excess (Deficiency) of Revenues over (under)					
Expenditures	<u>13,095,694.91</u>	<u>13,095,694.91</u>	<u>1,345,124.80</u>	<u>311,831.61</u>	<u>14,752,651.32</u>
OTHER FINANCING SOURCES (USES)					
Transfers Out	(1,020,008.18)	(1,020,008.18)			(1,020,008.18)
Lapsed Committed Revenue Appropriations	(21,206,787.00)	(21,206,787.00)			(21,206,787.00)
Sale of Capital Assets	832.57	832.57			832.57
Gain/(Loss) on Sale of Capital Assets (Note 2)			(10,921.78)		(10,921.78)
Total Other Financing Sources and Uses	<u>(22,225,962.61)</u>	<u>(22,225,962.61)</u>	<u>(10,921.78)</u>	<u>0.00</u>	<u>(22,236,884.39)</u>
Net Change in Fund Balances/Net Position	<u>(9,130,267.70)</u>	<u>(9,130,267.70)</u>	<u>1,334,203.02</u>	<u>311,831.61</u>	<u>(7,484,233.07)</u>
FUND FINANCIAL STATEMENT –					
FUND BALANCES					
Fund Balances – Beginning September 1, 2020	90,977,272.99	90,977,272.99			90,977,272.99
Restatements (Note 14)					
Fund Balances, September 1, 2020, as Restated	<u>90,977,272.99</u>	<u>90,977,272.99</u>	<u>0.00</u>	<u>0.00</u>	<u>90,977,272.99</u>
Fund Balances – August 31, 2021	<u>\$ 81,847,005.29</u>	<u>\$ 81,847,005.29</u>	<u>\$ 1,334,203.02</u>	<u>\$ 311,831.61</u>	<u>\$ 83,493,039.92</u>
GOVERNMENT-WIDE STATEMENT OF NET POSITION					
Net Position/Net Change in Net Position		<u>\$ 81,847,005.29</u>	<u>\$ 1,334,203.02</u>	<u>\$ 311,831.61</u>	<u>\$ 83,493,039.92</u>
Net Position-September 1, 2020			11,568,603.33	(20,685,131.45)	(9,116,528.12)
Restatements (Note 14)					
Net Position, September 1, 2020, as Restated			<u>11,568,603.33</u>	<u>(20,685,131.45)</u>	<u>(9,116,528.12)</u>
Net Position, August 31, 2021		<u>\$ 81,847,005.29</u>	<u>\$ 12,902,806.35</u>	<u>\$ (20,373,299.84)</u>	<u>\$ 74,376,511.80</u>

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

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

ENTITY

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

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

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

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the state's *Annual Comprehensive Financial Report*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

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

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

FUND STRUCTURE

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

GOVERNMENTAL FUND TYPES AND GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

General Revenue Fund

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

Capital Assets Adjustment Fund Type

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

Long-Term Liabilities Adjustment Fund Type

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

Child Support Addenda Deducts – Suspense

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

State Procurement Division (SPD) Postage

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

BASIS OF ACCOUNTING

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

Governmental fund types that build the fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end.

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

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

BUDGET AND BUDGETARY ACCOUNTING

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

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

ASSETS, LIABILITIES AND FUND BALANCES/NET POSITION

ASSETS

Cash and Cash Equivalents

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

Current Receivables – Accounts Receivable

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

Inventories

Consumable inventories include supplies and postage on hand at year-end. Inventories are valued at cost, generally utilizing the last-in, first-out method. The consumption method of accounting is used to account for inventories and prepaid items that appear in the governmental fund types. The cost of these items is expensed when the items are consumed.

Capital Assets

Tangible Assets

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

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

Intangible Assets

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

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

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

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

LIABILITIES

Accounts Payable

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

Employees' Compensable Leave Balances

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

FUND BALANCE/NET POSITION

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

Fund Balance Components

The fund balance amounts for governmental funds are classified as non-spendable, and unassigned in the fund financial statements.

- Non-spendable fund balance includes amounts not available to be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. The nonspendable fund balance for this purpose represents the amount of supplies, postage and prepaid assets held to be used in the next fiscal year.
- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund. This represents funds that can be carried forward for future operations.

Net Investment in Capital Assets

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bond, notes and other debt, that are attributed to the acquisition, construction or improvement of those assets.

INTERFUND ACTIVITIES AND TRANSACTIONS

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

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

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

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

NOTE 2: Capital Assets

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

A summary of changes in capital assets for the year ended Aug. 31, 2021, is presented below:

	GOVERNMENTAL ACTIVITIES							Balance Aug. 31, 2021
	Balance Sept. 1, 2020	Adjust ments	Completed CIP	Increase Interagency Transfers	Decrease Interagency Transfers	Additions	Deletions	
GOVERNMENTAL ACTIVITIES								
Non-depreciable or Non-amortizable Assets								
Other Tangible Capital Assets	\$ 3,250.00							\$ 3,250.00
Construction in Progress	5,349,725.37		(9,727,745.55)			4,378,020.18		(0.00)
Total Non-depreciable or Non-amortizable Assets	5,352,975.37	0.00	(9,727,745.55)	0.00	0.00	4,378,020.18	0.00	3,250.00
Depreciable Assets								
Furniture and Equipment	7,142,703.41					36,486.90	(2,833,271.97)	4,345,918.34
Vehicles, Boats and Aircraft	390,532.45					29,882.00	(18,490.71)	401,923.74
Total Depreciable Assets at Historical Cost	7,533,235.86	0.00	0.00	0.00	0.00	66,368.90	(2,851,762.68)	4,747,842.08
Less Accumulated Depreciation for:								
Furniture and Equipment	(6,109,768.95)					(331,105.12)	2,822,350.19	(3,618,523.88)
Vehicles, Boats and Aircraft	(180,841.00)					(46,271.93)	18,490.71	(208,622.22)
Total Accumulated Depreciation	(6,290,609.95)					(377,377.05)	2,840,840.90	(3,827,146.10)
Depreciable Assets, Net	1,242,625.91	0.00	0.00	0.00	0.00	(311,008.15)	(10,921.78)	920,695.98
Intangible Capital Assets - Amortizable								
Computer Software	59,620,668.24		9,727,745.55				(256,937.10)	69,091,476.69
Total Intangible Assets at Historical Cost	59,620,668.24	0.00	9,727,745.55	0.00	0.00	0.00	(256,937.10)	69,091,476.69
Less Accumulated Amortization for:								
Computer Software	(54,647,666.19)					(2,721,887.23)	256,937.10	(57,112,616.32)
Total Accumulated Amortization	(54,647,666.19)					(2,721,887.23)	256,937.10	(57,112,616.32)
Amortizable Assets, Net	4,973,002.05	0.00	9,727,745.55	0.00	0.00	(2,721,887.23)	0.00	11,978,860.37
Total Governmental Activities Capital Assets, Net	\$ 11,568,603.33	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,345,124.80	\$ (10,921.78)	\$ 12,902,806.35

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, 2021, 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, 2021, the following changes occurred in liabilities reported in the general long-term liability account group:

Governmental Activities	Balance Sept. 1, 2020	Additions	Reductions	Balance Aug. 31, 2021	Amounts Due Within One Year	Thereafter
Employees' Compensable Leave	\$ 20,685,131.45	\$ 18,329,632.53	\$ (18,641,464.14)	\$ 20,373,299.84	\$ 12,231,853.61	\$ 8,141,446.23
Total Governmental Activities	<u>\$ 20,685,131.45</u>	<u>\$ 18,329,632.53</u>	<u>\$ (18,641,464.14)</u>	<u>\$ 20,373,299.84</u>	<u>\$ 12,231,853.61</u>	<u>\$ 8,141,446.23</u>

Employees' Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee’s resignation, dismissal or separation from state employment, provided the employee has had continuous employment with the state for at least six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the statement of net position. No liability is recorded for non-vesting employees accumulating rights to receive sick pay benefits. This obligation is paid from the same funding source from which the employee’s salary or wage compensation was paid.

NOTE 6: Bonded Indebtedness

(Not Applicable)

NOTE 7: Derivatives

(Not Applicable)

NOTE 8: Leases

Operating Leases

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

Operating Leases	
Fund Type 01	Amount
General – Rent Paid	\$ 5,327,576.45
General – Operating Leases	8,365,528.16
Total	<u>\$13,693,104.61</u>

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

Year Ended Aug. 31, 2021	
2022	\$ 9,934,447.55
2023	7,741,640.65
2024	6,051,006.31
2025	3,745,072.77
2026	2,623,116.65
2027 thru 2031	5,160,027.18
Total Minimum Future Lease Rental Payments	<u>\$35,255,311.11</u>

NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan

(Not Applicable)

NOTE 10: Deferred Compensation

(Not Applicable)

NOTE 11: Postemployment Benefits Other Than Pensions

(Not Applicable)

NOTE 12: Interfund Activity and Transactions

As detailed in Note 1, Interfund Activities and Transactions, the agency had numerous transactions between funds and agencies. The reporting on the interfund receivable and interfund payable balances and activity at Aug. 31, 2021, is as follows:

	Interfund Receivable	Interfund Payable	Source
GENERAL REVENUE (01)			
Agency 304, GR D23 Fund 0001	\$ 4,197.00	\$	Consumable Supplies
Agency 304, GR D23 Fund 3027		4,197.00	Consumable Supplies
Total Interfund Payable/Receivable (Exh I)	<u>\$ 4,197.00</u>	<u>\$ 4,197.00</u>	

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustments to Fund Balances and Net Position

(Not Applicable)

NOTE 15: Contingencies and Commitments

(Not Applicable)

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

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’s claim and judgement liability activity at Aug. 31, 2021, is as follows:

Fiscal Year	Beginning Balance	Increases	Decreases	Ending Balance
2021	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2020	\$ 0.00	\$ 1,759.88	\$ (1,759.88)	\$ 0.00
2019	\$ 0.00	\$ 4,748.30	\$ (4,748.30)	\$ 0.00

NOTE 18: Management’s Discussion and Analysis

No material accounting events occurred at the Comptroller of Public Accounts for fiscal year 2021.

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: Governmental Fund Balances

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

The Comptroller of Public Accounts is not reporting a classification other than default or assigned as of Aug. 31, 2021.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS

UNAUDITED
Comptroller of Public Accounts (304)

EXHIBIT A-1

Combined Balance Sheet/Statement of Net Position – Governmental Funds

August 31, 2021

	Governmental Fund Type General Funds (0001) U/F (0001)	Child Support Addenda Deducts – Suspense (0001) U/F (8070)	State Procurement Division (SPD) Postage Fund (0001) U/F (0999)	Total (Exhibit I)
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash on Hand	\$ 4,550.00	\$	\$	\$ 4,550.00
Cash in Bank (Note 3)	35,000.00			35,000.00
Cash in State Treasury		33,127.01		33,127.01
Legislative Appropriations	103,992,382.16			103,992,382.16
Receivables From:				
Accounts Receivable	21,839.14			21,839.14
Interfund Receivable (Note 12)	4,197.00			4,197.00
Consumable Inventories	443,132.83			443,132.83
Other Assets			489,178.43	489,178.43
Total Current Assets	<u>104,501,101.13</u>	<u>33,127.01</u>	<u>489,178.43</u>	<u>105,023,406.57</u>
Total Assets	<u>\$ 104,501,101.13</u>	<u>\$ 33,127.01</u>	<u>\$ 489,178.43</u>	<u>\$ 105,023,406.57</u>
LIABILITIES				
Current Liabilities:				
Payables From:				
Accounts Payable	\$ 2,730,549.95	\$	\$	\$ 2,730,549.95
Payroll Payable	19,919,348.89	33,127.01		19,952,475.90
Deposits Payable			489,178.43	489,178.43
Interfund Payable (Note 12)	4,197.00			4,197.00
Total Current Liabilities	<u>22,654,095.84</u>	<u>33,127.01</u>	<u>489,178.43</u>	<u>23,176,401.28</u>
Total Liabilities	<u>22,654,095.84</u>	<u>33,127.01</u>	<u>489,178.43</u>	<u>23,176,401.28</u>
FUND FINANCIAL STATEMENT				
Fund Balances (Deficits):				
Nonspendable – Inventory	443,132.83			443,132.83
Unassigned	81,403,872.46			81,403,872.46
Total Fund Balances	<u>81,847,005.29</u>	<u>0.00</u>	<u>0.00</u>	<u>81,847,005.29</u>
Total Liabilities and Fund Balances	<u>\$ 104,501,101.13</u>	<u>\$ 33,127.01</u>	<u>\$ 489,178.43</u>	<u>\$ 105,023,406.57</u>

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

UNAUDITED
Comptroller of Public Accounts (304)

EXHIBIT A-2

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

For the Fiscal Year Ended August 31, 2021

	Governmental Fund Type General Funds (0001) U/F (0001)	Child Support Addenda Deducts – Suspense (0001) U/F (8070)	State Procurement Division (SPD) Postage Fund (0001) U/F (0999)	Total (Exhibit II)
REVENUES				
Legislative Appropriations:				
Original Appropriations	\$ 303,691,939.00	\$	\$	\$ 303,691,939.00
Additional Appropriations	51,742,169.27			51,742,169.27
Licenses, Fees and Permits	1,593,295.00			1,593,295.00
Settlement of Claims	2,416.55			2,416.55
Sales of Goods and Services	2,889,082.03			2,889,082.03
Other	398,300.00			398,300.00
Total Revenues	<u>360,317,201.85</u>	<u>0.00</u>	<u>0.00</u>	<u>360,317,201.85</u>
EXPENDITURES				
Salaries and Wages	187,604,335.57			187,604,335.57
Payroll-Related Costs	54,835,807.32			54,835,807.32
Professional Fees and Services	53,987,873.17			53,987,873.17
Travel	601,053.95			601,053.95
Materials and Supplies	7,956,594.38			7,956,594.38
Communication and Utilities	3,679,762.28			3,679,762.28
Repairs and Maintenance	13,033,230.56			13,033,230.56
Rentals and Leases	16,925,530.95			16,925,530.95
Printing and Reproduction	268,336.80			268,336.80
Other Expenditures	3,884,592.88			3,884,592.88
Capital Outlay (Note 2)	4,444,389.08			4,444,389.08
Total Expenditures/Expenses	<u>347,221,506.94</u>	<u>0.00</u>	<u>0.00</u>	<u>347,221,506.94</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>13,095,694.91</u>	<u>0.00</u>	<u>0.00</u>	<u>13,095,694.91</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,020,008.18)			(1,020,008.18)
Lapsed Committed Revenue Appropriations	(21,206,787.00)			(21,206,787.00)
Sale of Capital Assets	832.57			832.57
Total Other Financing Sources and Uses	<u>(22,225,962.61)</u>	<u>0.00</u>	<u>0.00</u>	<u>(22,225,962.61)</u>
Net Change in Fund Balances/Net Position	<u>(9,130,267.70)</u>	<u>0.00</u>	<u>0.00</u>	<u>(9,130,267.70)</u>
FUND FINANCIAL STATEMENT –				
FUND BALANCES				
Fund Balances – Beginning September 1, 2020	90,977,272.99			90,977,272.99
Restatements (Note 14)				
Fund Balances, September 1, 2020, as Restated	<u>90,977,272.99</u>	<u>0.00</u>	<u>0.00</u>	<u>90,977,272.99</u>
Fund Balances – August 31, 2021	<u>\$ 81,847,005.29</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 81,847,005.29</u>

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

Comptroller's Judiciary Section (241)

BASIC FINANCIAL STATEMENTS

UNAUDITED
Comptroller's Judiciary Section (241)

UNAUDITED
Comptroller's Judiciary Section (241)

EXHIBIT I

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

August 31, 2021

	General Funds (Exh A-1)	Special Revenue Funds (Exh B-1)	Governmental Funds Total
ASSETS			
Current Assets:			
Cash			
Cash In State Treasury	\$ 4,246.19	\$ 19,669,342.29	\$ 19,673,588.48
Legislative Appropriations	24,095,991.37		24,095,991.37
Due From Other Agencies	237,185.48		237,185.48
Total Current Assets	<u>24,337,423.04</u>	<u>19,669,342.29</u>	<u>44,006,765.33</u>
Total Assets	<u>\$24,337,423.04</u>	<u>\$19,669,342.29</u>	<u>\$44,006,765.33</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts Payable	\$ 2,682,809.77	\$ 5,337,250.00	\$ 8,020,059.77
Payroll	10,730,562.64		10,730,562.64
Due To Other Funds	479,862.52		
Total Current Liabilities	<u>13,893,234.93</u>	<u>5,337,250.00</u>	<u>18,750,622.41</u>
Total Liabilities	<u>13,893,234.93</u>	<u>5,337,250.00</u>	<u>18,750,622.41</u>
FUND FINANCIAL STATEMENT			
Fund Balances (Deficits):			
Committed		14,332,092.29	14,332,092.29
Unassigned	10,444,188.11		10,444,188.11
Total Fund Balances	<u>10,444,188.11</u>	<u>14,332,092.29</u>	<u>24,776,280.40</u>
Total Liabilities and Fund Balances	<u>\$24,337,423.04</u>	<u>\$19,669,342.29</u>	<u>\$44,006,765.33</u>

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

UNAUDITED
Comptroller's Judiciary Section (241)

EXHIBIT II

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

For the Fiscal Year Ended August 31, 2021

	General Funds (Exh A-2)	Special Revenue Funds (Exh B-2)	Governmental Funds Total
REVENUES			
Legislative Appropriations:			
Original Appropriations	\$104,997,676.00	\$	\$104,997,676.00
Additional Appropriations	22,862,967.96		22,862,967.96
State Grant Pass-Through Revenue (Schedule 1B)	1,503,230.50		1,503,230.50
Licenses, Fees & Permits	2,180,055.48	69,680,266.27	71,860,321.75
Other	91,951.19		91,951.19
Total Revenues	<u>131,635,881.13</u>	<u>69,680,266.27</u>	<u>201,316,147.40</u>
EXPENDITURES			
Salaries and Wages	78,904,246.26	26,447,209.17	105,351,455.43
Payroll Related Costs	22,378,877.69	6,039,378.43	28,418,256.12
Travel	342,354.19		342,354.19
Intergovernmental Payments	21,760,977.90	30,182,238.18	51,943,216.08
Other Expenditures	1,531,785.56	298,025.81	1,829,811.37
Total Expenditures/Expenses	<u>124,918,241.60</u>	<u>62,966,851.59</u>	<u>187,885,093.19</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,717,639.53</u>	<u>6,713,414.68</u>	<u>13,431,054.21</u>
OTHER FINANCING SOURCES (USES)			
Transfers In		13,449,413.11	13,449,413.11
Transfers Out	<u>(15,926,966.58)</u>	<u>(15,672,767.50)</u>	<u>(31,599,734.08)</u>
Total Other Financing Sources (Uses)	<u>(15,926,966.58)</u>	<u>(2,223,354.39)</u>	<u>(18,150,320.97)</u>
Net Change in Fund Balances/Net Position	<u>(9,209,327.05)</u>	<u>4,490,060.29</u>	<u>(4,719,266.76)</u>
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances – Beginning			
Restatements			
Fund Balances, September 1, 2020, as Restated	20,335,722.08	9,842,032.00	30,177,754.08
Appropriations Lapsed	<u>(682,206.92)</u>		<u>(682,206.92)</u>
Fund Balances – August 31, 2021	<u>\$ 10,444,188.11</u>	<u>\$ 14,332,092.29</u>	<u>\$ 24,776,280.40</u>

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

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

ENTITY

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

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

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to be in compliance with generally accepted accounting principles (GAAP). The financial report will be considered for audit by the State Auditor as part of the audit of the state's *Annual Comprehensive Financial Report*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

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

FUND STRUCTURE

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

GOVERNMENTAL FUND TYPES

General Fund

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

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

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

USPS - Direct Deposit Return Money (Fund 0001 UF Fund 9014)

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

Special Revenue Funds

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

The Felony Prosecutor Supplement (Fund 0303)

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

The Jury Service Fund (Fund 0328)

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

The Judicial Fund (Fund 0573)

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

BASIS OF ACCOUNTING

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

Governmental fund types that will build the fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end.

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

BUDGETS AND BUDGETARY ACCOUNTING

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

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

ASSETS, LIABILITIES, AND FUND BALANCES/NET POSITION

ASSETS

Cash and Cash Equivalents

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

LIABILITIES

Accounts Payable

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

FUND BALANCE/NET POSITION

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

Fund Balance Components

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

- Committed fund balance can be used only for specific purposes pursuant to constraints imposed through legislation passed into law by a formal action of the Texas Legislature, the state's highest level of decision making authority.
- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

INTERFUND ACTIVITIES AND TRANSACTIONS

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

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

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

NOTE 2: Capital Assets

(Not Applicable)

NOTE 3: Deposits, Investments & Repurchase Agreements

(Not Applicable)

NOTE 4: Short-Term Debt

(Not Applicable)

NOTE 5: Long-Term Liabilities

Employees' Compensable Leave

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

NOTE 6: Bonded Indebtedness

(Not Applicable)

NOTE 7: Derivatives

(Not Applicable)

NOTE 8: Leases

(Not Applicable)

NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan

(Not Applicable)

NOTE 10: Deferred Compensation

(Not Applicable)

NOTE 11: Postemployment Health Care and Life Insurance Benefits

(Not Applicable)

NOTE 12: Interfund Activity and Transactions

(Not Applicable)

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustment to Fund Balances/Net Position

(Not Applicable)

NOTE 15: Contingencies and Commitments

(Not Applicable)

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

The Comptroller Judiciary Section may be exposed to civil claims.

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

The agency's claim and judgement liability activity for fiscal 2017, 2018, 2019, 2020 and 2021 are reported below:

	Beginning Balance	Increases	Decreases	Ending Balance
2021	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2020	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2019	\$ 180.25	\$ 0.00	\$ (180.25)	\$ 0.00
2018	\$ 180.25	\$ 0.00	\$ 0.00	\$ 180.25
2017	\$ 0.00	\$ 180.25	\$ 0.00	\$ 180.25

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

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

NOTE 19: The Financial Reporting Entity

(Not Applicable)

NOTE 20: Stewardship, Compliance and Accountability

(Not Applicable)

NOTE 21: Not Applicable to the AFR

(Not Applicable)

NOTE 22: Donor Restricted Endowments

(Not Applicable)

NOTE 23: Extraordinary and Special Items

(Not Applicable)

NOTE 24: Disaggregation of Receivable and Payable Balances

(Not Applicable)

NOTE 25: Termination Benefits

(Not Applicable)

NOTE 26: Segment Information

(Not Applicable)

NOTE 27: Service Concession Arrangements

(Not Applicable)

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

(Not Applicable)

NOTE 29: Troubled Debt Restructuring

(Not Applicable)

NOTE 30: Non-Exchange Financial Guarantees

(Not Applicable)

NOTE 31: Tax Abatements

(Not Applicable)

UNAUDITED
Comptroller's Judiciary Section (241)

NOTE 32: Fund Balances

241-Comptroller Judiciary Section has the following restrictions/covenants causing fund balances to be committed as of Aug. 31, 2021:

GAAP Fund	Fund	AFR 54 Class	Amount	Citation	Comments
0303	0303	Committed	\$ 133,058.31	TX Govt Code §41.258	Established in the treasury to receive two-thirds of \$15 cost paid by each surety posting a bail bond. NTE \$30 for all bonds posted for an individual. Used to fund longevity supplements for eligible assistant prosecutors. The remaining one-third is deposited to GR Account - Fair Defense (5073)
0328	0328	Committed	\$ 5,689,079.10	TX Govt Code §61.001	A person who reports for jury service in response of a court is entitled to receive as reimbursement for travel and other expenses an amount: 1) not less than \$5 for the first day or fraction of the first day the person is in attendance in court in response to the process and discharges the person's duty for that day; and 2) not less than \$40 for each day or fraction of each day the person is in attendance in court in response to the process after the first day and discharge the person's duty for that day.
0573	0573	Committed	\$ 8,509,954.88	TX Govt Code §21.006, §51.0051, §51.208, §402.007	To receive one-half of judicial fees collected by 14 Courts of Appeals (Revenue Code 3711) and filing fee collected by District Courts (Revenue Code 3709). Money in the fund to be used only for court-related purposes for support of judicial branch of the state, for child support and court management as provided by §21.007, Government Code and for basic legal services to the indigent as provided by §51.943, Government Code.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS

UNAUDITED
Comptroller's Judiciary Section (241)

UNAUDITED
Comptroller's Judiciary Section (241)

EXHIBIT A-1

**Combined Balance Sheet –
All General Funds**

August 31, 2021

	General Revenue (0001) U/F (0001)	Child Support Addenda Deducts - Suspense (0001) U/F (8070)	USPS - Direct Deposit Return Money (0001) U/F (9014)	Total (Exh I)
ASSETS				
Current Assets:				
Cash				
Cash In State Treasury	\$	\$ 3,376.00	\$ 870.19	\$ 4,246.19
Legislative Appropriations	24,095,991.37			24,095,991.37
Due From Other Agencies	237,185.48			237,185.48
Total Current Assets	<u>24,333,176.85</u>	<u>3,376.00</u>	<u>870.19</u>	<u>24,337,423.04</u>
Total Assets	<u>\$24,333,176.85</u>	<u>\$ 3,376.00</u>	<u>\$ 870.19</u>	<u>\$24,337,423.04</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts Payable	\$ 2,682,809.77	\$	\$ 870.19	\$ 2,682,809.77
Payroll	10,726,316.45	3,376.00	870.19	10,730,562.64
Due To Other Funds	479,862.52			479,862.52
Total Current Liabilities	<u>13,888,988.74</u>	<u>3,376.00</u>	<u>870.19</u>	<u>13,893,234.93</u>
Total Liabilities	<u>13,888,988.74</u>	<u>3,376.00</u>	<u>870.19</u>	<u>13,893,234.93</u>
FUND FINANCIAL STATEMENT				
Fund Balances (Deficits):				
Committed				
Unassigned	10,444,188.11			10,444,188.11
Total Fund Balances	<u>10,444,188.11</u>	<u>0.00</u>	<u>0.00</u>	<u>10,444,188.11</u>
Total Liabilities and Fund Balances	<u>\$24,333,176.85</u>	<u>\$ 3,376.00</u>	<u>\$ 870.19</u>	<u>\$24,337,423.04</u>

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

UNAUDITED
Comptroller's Judiciary Section (241)

EXHIBIT A-2

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

For the Fiscal Year Ended August 31, 2021

	General Revenue (0001) U/F (0001)	Child Support Addenda Deducts - Suspense (0001) U/F (8070)	USPS - Direct Deposit Return Monedy (0001) U/F (9014)	Total (Exh II)
REVENUES				
Legislative Appropriations:				
Original Appropriations	\$ 104,997,676.00	\$	\$	\$ 104,997,676.00
Additional Appropriations	22,862,967.96			22,862,967.96
State Grant Pass-Through Revenue (Schedule 1B)	1,503,230.50			1,503,230.50
Licenses, Fees & Permits	2,180,055.48			2,180,055.48
Other	91,951.19			91,951.19
Total Revenues	<u>131,635,881.13</u>	<u>0.00</u>	<u>0.00</u>	<u>131,635,881.13</u>
EXPENDITURES				
Salaries and Wages	78,904,246.26			78,904,246.26
Payroll Related Costs	22,378,877.69			22,378,877.69
Travel	342,354.19			342,354.19
Intergovernmental Payments	21,760,977.90			21,760,977.90
Other Expenditures	1,531,785.56			1,531,785.56
Total Expenditures/Expenses	<u>124,918,241.60</u>	<u>0.00</u>	<u>0.00</u>	<u>124,918,241.60</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>6,717,639.53</u>	<u>0.00</u>	<u>0.00</u>	<u>6,717,639.53</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				
Transfers Out	(15,926,966.58)			(15,926,966.58)
Total Other Financing Sources (Uses)	<u>(15,926,966.58)</u>	<u>0.00</u>	<u>0.00</u>	<u>(15,926,966.58)</u>
Net Change in Fund Balances/Net Position	<u>(9,209,327.05)</u>	<u>0.00</u>	<u>0.00</u>	<u>(9,209,327.05)</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances – Beginning	20,335,722.08			20,335,722.08
Restatements				
Fund Balances, September 1, 2020, as Restated	<u>20,335,722.08</u>	<u>0.00</u>	<u>0.00</u>	<u>20,335,722.08</u>
Appropriations Lapsed	(682,206.92)			(682,206.92)
Fund Balances – August 31, 2021	<u>\$ 10,444,188.11</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 10,444,188.11</u>

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

UNAUDITED
Comptroller's Judiciary Section (241)

EXHIBIT B-1

Combining Balance Sheet – Special Revenue Funds

August 31, 2021

	Special Revenue Felony Prosecutor (0303) U/F (0303)	Special Revenue Jury Service Fund (0328) U/F (0328)	Special Revenue Judicial (0573) U/F (0573, 1573)	Totals (Exh I)
ASSETS				
Current Assets:				
Cash				
Cash In State Treasury	\$ 133,058.31	\$ 5,689,079.10	\$ 13,847,204.88	\$ 19,669,342.29
Total Current Assets	<u>133,058.31</u>	<u>5,689,079.10</u>	<u>13,847,204.88</u>	<u>19,669,342.29</u>
Total Assets	<u>\$ 133,058.31</u>	<u>\$ 5,689,079.10</u>	<u>\$ 13,847,204.88</u>	<u>\$ 19,669,342.29</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts Payable	\$	\$	\$ 5,337,250.00	\$ 5,337,250.00
Total Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>5,337,250.00</u>	<u>5,337,250.00</u>
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>5,337,250.00</u>	<u>5,337,250.00</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances (Deficits):				
Committed	<u>133,058.31</u>	<u>5,689,079.10</u>	<u>8,509,954.88</u>	<u>14,332,092.29</u>
Total Fund Balances	<u>133,058.31</u>	<u>5,689,079.10</u>	<u>8,509,954.88</u>	<u>14,332,092.29</u>
Total Liabilities and Fund Balances	<u>\$ 133,058.31</u>	<u>\$ 5,689,079.10</u>	<u>\$ 13,847,204.88</u>	<u>\$ 19,669,342.29</u>

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

UNAUDITED
Comptroller's Judiciary Section (241)

EXHIBIT B-2

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

For the Fiscal Year Ended August 31, 2021

	Special Revenue Felony Prosecutor (0303) U/F (0303)	Special Revenue Jury Service Fund (0328) U/F (0328)	Special Revenue Judicial (0573) U/F (0573, 1573)	Totals (Exh II)
REVENUES				
Licenses, Fees & Permits	\$ 3,475,770.78	\$ 8,204,301.10	\$ 58,000,194.39	\$ 69,680,266.27
Total Revenues	<u>3,475,770.78</u>	<u>8,204,301.10</u>	<u>58,000,194.39</u>	<u>69,680,266.27</u>
EXPENDITURES				
Salaries and Wages			26,447,209.17	26,447,209.17
Payroll Related Costs			6,039,378.43	6,039,378.43
Intergovernmental Payments	3,342,712.47	2,515,222.00	24,324,303.71	30,182,238.18
Other Expenditures			298,025.81	298,025.81
Total Expenditures/Expenses	<u>3,342,712.47</u>	<u>2,515,222.00</u>	<u>57,108,917.12</u>	<u>62,966,851.59</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>133,058.31</u>	<u>5,689,079.10</u>	<u>891,277.27</u>	<u>6,713,414.68</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			13,449,413.11	13,449,413.11
Transfers Out			(15,672,767.50)	(15,672,767.50)
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>(2,223,354.39)</u>	<u>(2,223,354.39)</u>
Net Change in Fund Balances/Net Position	<u>133,058.31</u>	<u>5,689,079.10</u>	<u>(1,332,077.12)</u>	<u>4,490,060.29</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances – September 1, 2020			9,842,032.00	9,842,032.00
Restatements				
Fund Balances, September 1, 2020, as Restated	<u>0.00</u>	<u>0.00</u>	<u>9,842,032.00</u>	<u>9,842,032.00</u>
Appropriations Lapsed				
Fund Balances – August 31, 2021	<u>\$ 133,058.31</u>	<u>\$ 5,689,079.10</u>	<u>\$ 8,509,954.88</u>	<u>\$ 14,332,092.29</u>

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

SUPPLEMENTARY SCHEDULES

UNAUDITED
Comptroller's Judiciary Section (241)

SCHEDULE 1B

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

For the Fiscal Year Ended August 31, 2021

Pass-through From	Grant ID	Agency Number	Amount
Disaster Grants Governor – Fiscal	300.0001	300	\$ 6,217.48
Criminal Justice Planning Grants Governor – Fiscal	300.0004	300	1,497,013.02
Total Pass-Through from Other Agencies (Exh. II):			<u>\$1,503,230.50</u>

UNAUDITED
Comptroller's Judiciary Section (241)

Comptroller – Fiscal (902)

BASIC FINANCIAL STATEMENTS

UNAUDITED
Comptroller – Fiscal (902)

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT I

Combined Balance Sheet – Governmental Funds

August 31, 2021

	Governmental Fund Types			Governmental Funds Total
	General Funds (Exhibit A-1)	Special Revenue Funds (Exhibit B-1)	Permanent Funds (Exhibit C-1)	
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash in State Treasury	\$ 11,991,710,545.50	\$ 1,007,303,825.45	\$ 56,187,688.81	\$ 13,055,202,059.76
Cash in Bank (Note 3)		8,117,760.94		8,117,760.94
Legislative Appropriations	(39,491,445.53)			(39,491,445.53)
Short Term Investments (Note 3)	176,504,918.99	18,337,596.51	94,861,403.97	289,703,919.47
Receivables:				
Accounts	297,200,000.00			297,200,000.00
Interest and Dividends	948,693.29	11,448.49	573,596.74	1,533,738.52
Taxes (Note 27)	3,085,192,786.16			3,085,192,786.16
Due From Other Agencies	1,521,137,265.66	2,817,790.72	182,739.00	1,524,137,795.38
Total Current Assets	<u>17,033,202,764.07</u>	<u>1,036,588,422.11</u>	<u>151,805,428.52</u>	<u>18,221,596,614.70</u>
Non-Current Assets:				
Taxes Receivable (Note 27)	55,619,099.92			55,619,099.92
Investments (Note 3)	5,097,392,843.87	696,746,163.69	661,491,458.92	6,455,630,466.48
Total Non-Current Assets	<u>5,153,011,943.79</u>	<u>696,746,163.69</u>	<u>661,491,458.92</u>	<u>6,511,249,566.40</u>
Total Assets	<u>\$22,186,214,707.86</u>	<u>\$ 1,733,334,585.80</u>	<u>\$813,296,887.44</u>	<u>\$24,732,846,181.10</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts	\$ 1,381,221.26	\$ 4,641,704.19	\$ 1,007,162.17	\$ 7,030,087.62
Interest			38,945.27	38,945.27
Federal				
Investment Trade Payable				
Hedging Derivative Investment Liability				
Other Intergovernmental	25,673,607.04			25,673,607.04
Unclaimed Property Claimant Liabilities				
Taxes Refund Payable	131,274,040.64			131,274,040.64
Due To Other Agencies	3,653,923,914.09		54,235,622.77	3,708,159,536.86
Unearned Revenues	358,435,020.09			358,435,020.09
Other Current Liabilities	304,967,643.63			304,967,643.63
Total Current Liabilities	<u>4,475,655,446.75</u>	<u>4,641,704.19</u>	<u>55,281,730.21</u>	<u>4,535,578,881.15</u>
Total Liabilities	<u>4,475,655,446.75</u>	<u>4,641,704.19</u>	<u>55,281,730.21</u>	<u>4,535,578,881.15</u>
DEFERRED INFLOWS				
Deferred Inflow of Resources (Note 29)	295,846,276.17	715,083,760.20		1,010,930,036.37
Total Deferred Inflows	<u>295,846,276.17</u>	<u>715,083,760.20</u>	<u>0.00</u>	<u>1,010,930,036.37</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances (Deficits):				
Nonspendable	55,619,099.92			55,619,099.92
Restricted	399,139,437.82	1,008,871,993.76	758,015,157.23	2,166,026,588.81
Committed	18,671,805.63	4,737,127.65		23,408,933.28
Unassigned	16,941,282,641.57			16,941,282,641.57
Total Fund Balances	<u>17,414,712,984.94</u>	<u>1,013,609,121.41</u>	<u>758,015,157.23</u>	<u>19,186,337,263.58</u>
Total Liabilities and Fund Balances	<u>\$22,186,214,707.86</u>	<u>\$ 1,733,334,585.80</u>	<u>\$813,296,887.44</u>	<u>\$24,732,846,181.10</u>

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, 2021

	Governmental Fund Types			Governmental Funds Total
	General Funds (Exhibit A-2)	Special Revenue Funds (Exhibit B-2)	Permanent Funds (Exhibit C-2)	
REVENUES				
Taxes	\$ 52,471,259,832.73	\$ 3,352,337,041.86	\$	\$ 55,823,596,874.59
Federal Revenue		1,200,872.09		1,200,872.09
Licenses, Fees & Permits	1,351,798,276.53	4.41		1,351,798,280.94
Interest and Other Investment Income	207,218,836.35	399,494.86	153,128,653.47	360,746,984.68
Land Income	2,894,776.76			2,894,776.76
Settlement of Claims	713,698,685.21			713,698,685.21
Sales of Goods and Services	40,284,882.35			40,284,882.35
Other	555,162,535.42	45,071,296.03	25,476,562.16	625,710,393.61
Total Revenues	<u>55,342,317,825.35</u>	<u>3,399,008,709.25</u>	<u>178,605,215.63</u>	<u>58,919,931,750.23</u>
EXPENDITURES				
Payroll Related Costs	892,886,704.68			892,886,704.68
Professional Fees and Services	11,781,271.66	690,195.00	1,091,336.20	13,562,802.86
Materials and Supplies	116,762.29			116,762.29
Communications and Utilities				
Repairs and Maintenance	362,070.94			362,070.94
Claims and Judgments	9,616,738.68			9,616,738.68
Intergovernmental Payments	446,260,305.66	50,100,577.08	1,078,811.00	497,439,693.74
Other Expenditures	62,204,086.22	152,513.88		62,356,600.10
Capital Outlay				
Total Expenditures	<u>1,423,227,940.13</u>	<u>50,943,285.96</u>	<u>2,170,147.20</u>	<u>1,476,341,373.29</u>
Excess (Deficiency) of Revenues over Expenditures	<u>53,919,089,885.22</u>	<u>3,348,065,423.29</u>	<u>176,435,068.43</u>	<u>57,443,590,376.94</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	2,472,329,570.84	1,004,657,365.72	1,115,151.09	3,478,102,087.65
Transfer Out	(23,637,578,975.93)	(3,353,602,101.26)	(45,551,509.58)	(27,036,732,586.77)
Legislative Transfer Out	(25,540,064,585.65)			(25,540,064,585.65)
Insurance Recoveries	314,479.51			314,479.51
Total Other Financing Sources (Uses)	<u>(46,704,999,511.23)</u>	<u>(2,348,944,735.54)</u>	<u>(44,436,358.49)</u>	<u>(49,098,380,605.26)</u>
Net Change in Fund Balances	<u>7,214,090,373.99</u>	<u>999,120,687.75</u>	<u>131,998,709.94</u>	<u>8,345,209,771.68</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances, September 1, 2020	10,200,622,610.95	14,488,433.66	626,016,447.29	10,841,127,491.90
Restatements (Note 14)				
Fund Balances, September 1, 2020, as Restated	<u>10,200,622,610.95</u>	<u>14,488,433.66</u>	<u>626,016,447.29</u>	<u>10,841,127,491.90</u>
Fund Balances, August 31, 2021	<u>\$ 17,414,712,984.94</u>	<u>\$ 1,013,609,121.41</u>	<u>\$ 758,015,157.23</u>	<u>\$ 19,186,337,263.58</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, 2021

	Private Purpose Trust Funds (Exhibit I-1)	Custodial Funds (Exhibit J-1)	Totals
ASSETS			
Cash and Cash Equivalents:			
Cash in State Treasury	\$	\$1,357,644,811.36	\$1,357,644,811.36
Investments (Note 3):			
U.S. Government Obligations			
Corporate Obligations			
Corporate Equity			
Pooled Investments			
Other Investments			
Receivables:			
Federal			
Interest and Dividends			
Total Assets	<u>0.00</u>	<u>1,357,644,811.36</u>	<u>1,357,644,811.36</u>
LIABILITIES			
Payables:			
Accounts Payables			
Intergovernmental Payables			
Deferred Revenues			
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
NET POSITION			
Held in Trust for:			
Individuals, Organizations, and			
Other Governments		1,357,644,811.36	1,357,644,811.36
Total Net Position	<u>\$ 0.00</u>	<u>\$1,357,644,811.36</u>	<u>\$1,357,644,811.36</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, 2021

	Private Purpose Trust Funds (Exhibit I-2)	Custodial Funds (Exhibit J-2)	Totals
ADDITIONS			
Contributions:			
Investment Income:			
From Investing Activities			
Interest and Investment Income	\$ 0.00	\$ 7,326,834.65	\$ 7,326,834.65
Total Investing Income	0.00	7,326,834.65	7,326,834.65
Other Additions			
Federal Revenue			
Other Revenue		10,587,253,646.87	10,587,253,646.87
Transfers-In	75,630,577.00		75,630,577.00
Total Other Additions	75,630,577.00	10,587,253,646.87	10,662,884,223.87
Total Additions	75,630,577.00	10,594,580,481.52	10,670,211,058.52
DEDUCTIONS			
Interest Expense		7,309,878.80	7,309,878.80
Intergovernmental Payments	75,630,577.00	10,437,770,961.06	10,513,401,538.06
Transfers-Out			
Total Deductions	75,630,577.00	10,445,080,839.86	10,520,711,416.86
NET INCREASE (DECREASE)	0.00	149,499,641.66	149,499,641.66
Net Position, August 31, 2020	0.00	1,208,145,169.70	1,208,145,169.70
Restatements			
Net Position, August 31, 2020, as Restated	0.00	1,208,145,169.70	1,208,145,169.70
Net Position – August 31, 2021	\$ 0.00	\$ 1,357,644,811.36	\$ 1,357,644,811.36

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 *Annual Comprehensive Financial Report*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

GOVERNMENTAL FUND TYPES AND GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

Governmental Funds

General Funds

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

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

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

County and Road District Highway Fund (0057) – To 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Special Revenue Funds

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

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

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

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

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

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

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

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

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

Permanent Funds

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

Permanent Fund Supporting Graduate Education Fund (0179) – To receive transfers or appropriated amounts, gifts or grants, and investments returns. Receives assets transferred from the Texas Medical Liability Insurance Underwriting Association. Distributions from the fund are for graduate medical education planning and partnership grants to hospitals, medical

schools, and community-based, ambulatory patient care centers. For the development of new graduate medical education programs with first-year residency positions.

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

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

FIDUCIARY FUNDS

Private-Purpose Trust Funds

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

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

Custodial Funds

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

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

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

BASIS OF ACCOUNTING

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

Budgets and Budgetary Accounting

The budget is prepared biennially and represents appropriations authorized by the Legislature and approved by the Governor (the General Appropriations Act). Unobligated appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

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

ASSETS, LIABILITIES AND FUND EQUITY

Assets

Taxes Receivables

Amounts shown as taxes receivable represent various state taxes due to the state at Aug. 31, 2021.

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, 2021. 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, 2021, is presented below:

	Balance Sept. 1, 2020	Adjustments	Reclassifications	Additions	Deletions	Balance Aug. 31, 2021
Depreciable Assets:						
Furniture and Equipment	\$ 303,467.20	\$	\$	\$	\$	\$ 303,467.20
Less Accumulated Depreciation	(303,467.20)					(303,467.20)
Depreciable Assets, Net	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Computer Software	3,591,951.10				(182,866.48)	3,409,084.62
Less Accumulated Amortization	(3,591,951.10)				182,866.48	(3,409,084.62)
Amortizable Assets, Net	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Capital Assets	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

NOTE 3: Deposits, Investments and Repurchase Agreements

INVESTMENTS

The Comptroller- State 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, 2021, the carrying value and fair value of investments are as presented below.

Special Revenue – Unclaimed Property	Fair Value					
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Fair Value
U.S. Government Treasuries	\$	\$ 125,617.88	\$	\$	\$	\$ 125,617.88
U.S. Government Agency Obligations		9,565.31				9,565.31
Government Sponsored Enterprises		53,966.60				53,966.60
Non-Agency Collateral Mortgage Obligations		9,044,707.73				9,044,707.73
Corporate Obligations		2,034,955.59				2,034,955.59
Political Subdivisions		7,068,783.40				7,068,783.40
Equity	378,132,564.07					378,132,564.07
Fixed Income Money Market and Bond Mutual Funds	318,613,599.62					318,613,599.62
Total	\$ 696,746,163.69	\$ 18,337,596.51	\$ 0.00	\$ 0.00	\$ 0.00	\$ 715,083,760.20
Fair Value						
Permanent Fund – 0210	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Fair Value
Fixed Income Money Market and Bond Mutual Funds	\$ 39,412,126.41	\$	\$	\$	\$	\$ 39,412,126.41
Equity	410,906.84					410,906.84
Externally Managed Investments		338,958.49			280,501,632.66	280,840,591.15
Pooled Investments	3,420,727.65					3,420,727.65
Total	\$ 43,243,760.90	\$ 338,958.49	\$ 0.00	\$ 0.00	\$ 280,501,632.66	\$ 324,084,352.05
Fair Value						
Permanent Fund – 0179	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Fair Value
Fixed Income Money Market and Bond Mutual Funds	\$ 55,449,277.56	\$	\$	\$	\$	\$ 55,449,277.56
Equity	456,104.39					456,104.39
Externally Managed Investments		573,915.85			369,997,324.37	370,571,240.22
Pooled Investments	5,791,888.67					5,791,888.67
Total	\$ 61,697,270.62	\$ 573,915.85	\$ 0.00	\$ 0.00	\$ 369,997,324.37	\$ 432,268,510.84
Fair Value						
General Fund – 0599	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Fair Value
Fixed Income Money Market and Bond Mutual Funds	\$ 4,217,313,478.88	\$	\$	\$	\$	\$ 4,217,313,478.88
Externally Managed Investments – Domestic					880,079,364.99	880,079,364.99
Pooled Investments	176,504,918.99					176,504,918.99
Total	\$ 4,393,818,397.87	\$ 0.00	\$ 0.00	\$ 0.00	\$ 880,079,364.99	\$ 5,273,897,762.86

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, 2021, the agency’s credit risk quality distribution for securities with credit risk exposure was as follows:

		Standard & Poor’s					
Fund Type	GAAP Fund	Investment Type	Market Value	AAA	AA	A	BBB
02	0001	Asset Back Security					
		U.S. Government Treasuries	\$ 125,617.88		\$ 125,617.88		
		U.S. Government Agencies	53,966.60				
		REFCo Strip					
		Govt Mortgage Backed Securities	9,565.31				
		Non Agency Collateral Mortgage Obligation	9,044,707.73		2,058.07		
		Certificates of Deposit					
		Corporate Obligations	2,034,955.59		6,210.42	\$ 93,000.00	\$ 153,186.29
		Political Subdivisions	573,180.77	\$ 42,633.64	69,252.71	9,154.26	
		Mutual Funds	318,613,599.62				
			<u>\$ 330,455,593.50</u>	<u>\$ 42,633.64</u>	<u>\$ 203,139.08</u>	<u>\$ 102,154.26</u>	<u>\$ 153,186.29</u>
19	0210	Corporate Obligations					
		International Corp. Obligations					
		Mutual – Global Fixed Income	\$ 3,265,491.41				
		Mutual – Domestic Fixed Income					
		Investments in STIF	39,412,126.41	\$ 39,412,126.41			
		Repurchase Agreements					
			<u>\$ 42,677,617.82</u>	<u>\$ 39,412,126.41</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
19	0179	Corporate Obligations					
		International Corp. Obligations					
		Mutual – Global Fixed Income	\$ 5,529,046.63				
		Mutual – Domestic Fixed Income					
		Investments in STIF	55,449,277.56	\$ 55,449,277.56			
		Repurchase Agreements					
			<u>\$ 60,978,324.19</u>	<u>\$ 55,449,277.56</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
01	0599	Corporate Obligations					
		International Corp. Obligations					
		Mutual – Global Fixed Income	\$ 4,217,313,478.88				
		Mutual – Domestic Fixed Income					
		Investments in STIF	176,504,918.99	\$ 176,504,918.99			
		Repurchase Agreements					
			<u>\$ 4,393,818,397.87</u>	<u>\$ 176,504,918.99</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					
			BB	B	C	Not Rated	Not Applicable	
02	0001	Asset Back Security						\$
		U.S. Government Treasuries						
		U.S. Government Agencies				\$	53,966.60	
		REFCo Strip						
		Govt Mortgage Backed Securities					9,565.31	
		Non Agency Collateral Mortgage Obligation					9,042,649.66	
		Certificates of Deposit						
		Corporate Obligations					1,782,558.88	
		Political Subdivisions	\$ 4,844.88				447,295.28	
		Mutual Funds						318,613,599.62
			<u>\$ 4,844.88</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>		<u>\$ 11,336,035.73</u>	<u>\$ 318,613,599.62</u>
19	0210	Corporate Obligations						
		International Corp. Obligations						
		Mutual – Global Fixed Income				\$	3,265,491.41	
		Mutual – Domestic Fixed Income						
		Investments in STIF						
		Repurchase Agreements						
			<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>		<u>\$ 3,265,491.41</u>	<u>\$ 0.00</u>
19	0179	Corporate Obligations						
		International Corp. Obligations						
		Mutual – Global Fixed Income				\$	5,529,046.63	
		Mutual – Domestic Fixed Income						
		Investments in STIF						
		Repurchase Agreements						
			<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>		<u>\$ 5,529,046.63</u>	<u>\$ 0.00</u>
01	0599	Corporate Obligations						
		International Corp. Obligations						
		Mutual – Global Fixed Income				\$	4,217,313,478.88	
		Mutual – Domestic Fixed Income						
		Investments in STIF						
		Repurchase Agreements						
			<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>		<u>\$ 4,217,313,478.88</u>	<u>\$ 0.00</u>

DEPOSITS OF CASH IN BANK

As of Aug. 31, 2021 the carrying amount and the total balance of cash deposits was \$8,117,760.94. These deposits are from the Habitat Protection Fund's activities and are held with the Texas Treasury Safekeeping Trust Company.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that an asset or investment denominated in a foreign currency will lose value as a result of unfavorable exchange rate fluctuations between the investment's foreign currency and the investment holder's domestic currency. The exposure to foreign currency risk for alternative investments in fund type 19 totals \$13,508,178.32 Euros.

NOTE 4: Short-Term Debt

(Not Applicable)

NOTE 5: Summary of Long-Term Liabilities

(Not Applicable)

NOTE 6: Bonded Indebtedness

(Not Applicable)

NOTE 7: Derivatives

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

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

The fair value, changes in fair value, and notional value of the Fund’s derivatives investments, classified by derivative type, are displayed in the following table as of Aug. 31, 2021. Note 3 also discloses details about these investment derivatives.

	Changes in Fair Value		Fair Value as of August 31, 2021		Notional Amount
	Classification	Amount	Classification	Amount	
Permanent Fund Supporting Graduate Education (Appd Fund 0179)					
<i>Futures</i>					
Commodities Futures	Investment Revenue		Investment	-	-
Equity Index Futures	Investment Revenue		Investment	-	-
<i>Swaps</i>					
Total Return Swap – Fixed Income	Investment Revenue	(167,416.16)	Investment	121,964.04	27,771,024.12
Total Return Swap – Equity	Investment Revenue	15,180,697.14	Investment	451,951.81	47,380,827.37
Permanent Fund Supporting Military and Veterans Exemptions (Appd Fund 0210)					
<i>Futures</i>					
Commodities Futures	Investment Revenue		Investment	-	-
Equity Index Futures	Investment Revenue		Investment	-	-
<i>Swaps</i>					
Total Return Swap –	Investment Revenue	(98,877.00)	Investment	72,032.77	16,401,750.00
Total Return Swap –	Investment Revenue	8,965,820.00	Investment	266,925.72	27,983,429.00

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, 2021, pending litigation filed by taxpayers seeking refunds of state taxes totaled \$227 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

The Comptroller of Public Accounts – State Fiscal pays for certain miscellaneous claims and judgments against the state out of funds appropriated that are specifically approved by the Legislature for payment pursuant to 86th Leg, HB 4071, pays for state agencies’ miscellaneous claims pursuant to Gov’t Code 403.074 (the Miscellaneous Claims Act) from available funds appropriated for this purpose, pays for identifiable attorney’s fees for settlements and judgments recovered against the state and claimant or plaintiff for settlements and judgments, and other legal expenses (excluding attorney’s fees) that are recovered against the state under TEX. CIV. PRAC. & REM. CODE ANN. § 104.003, federal court judgments, medical malpractice claims under Chapter 59, EDUCATION CODE, and other statutes and pays for compensation payments authorized by the Crime Victims Compensation Act to victims of crimes previously not located by local departments within five (5) years after the court has ordered restitution.

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

The agency’s claim and judgement liability activity at Aug. 31, 2021, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
2021	0	9,616,738.68	9,616,738.68	0
2020	0	21,830,935.19	21,830,935.19	0
2019	0	10,255,858.44	10,255,858.44	0

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

NOTE 18: Management Discussion and Analysis

The General Revenue Fund 0001 cash balance increased to \$6.5 billion in fiscal 2021, an increase of 6.7 billion from the balance of \$(160) million in fiscal 2020. 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 *Annual Comprehensive Financial Report* is completed.

The Economic Stabilization Fund (ESF) ended fiscal 2021 with a total balance of \$10.3 billion, an increase of \$278 million over fiscal 2020. The ESF ending balance was comprised of \$5.0 billion in cash, and investments having a fair market value

of \$5.3 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.

The Property Tax Relief Fund had a \$1.0 billion ending cash balance. This year, revenues were \$3.2 billion and \$2.2 billion was 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 7.1 percent increase from fiscal 2020. Growth in sales tax collections increased again in 2021, with revenue up 5.6 percent over 2020, and motor vehicle sales tax collections increased by 19.0 percent. Sales tax collections account for 58.6 percent of all tax collections. Motor fuels taxes on gasoline, diesel and other fuels increased 2.0 percent from 2020. Oil production and regulation taxes also increased 6.8 percent from fiscal 2020, and natural gas production tax collections increased by 69.5 percent in 2021 to \$1.6 billion. A non-tax category for agency 902, licenses, fees, fines & permits, increased 1.7 percent from fiscal 2020. On a statewide basis, this category accounts for 3.7 percent of total net revenue and contributed \$6.3 billion in fiscal 2021.

NOTE 19: The Financial Reporting Entity

There were no significant related party transactions in agency 902 in fiscal 2021.

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 2021 *State of Texas Annual Comprehensive Financial Report*.

NOTE 21: Tobacco Settlement

The state of Texas settled a lawsuit against certain tobacco manufacturers in 1998. The settlement included monetary and injunctive relief. The settling tobacco manufacturers agreed to remit annual payments to the state. Estimates made at the time of the agreement projected that these payments could total \$15.1 billion over the first 25 years of the agreement. The court-ordered annual payment amounts are subject to adjustments on the tobacco companies' domestic cigarette sales, the general consumer inflation rate, the profitability of the tobacco companies and any other court-ordered factors. A revenue accrual and deferred revenue of \$297.2 million has been calculated on estimated sales from Jan. 1 to the end of the fiscal year. Actual tobacco settlement revenues were \$653.0 million in fiscal 2021 and \$438.5 million in fiscal 2020. Cumulative actual tobacco settlement revenues as of fiscal 2021 were \$11.8 billion.

NOTE 22: Donor-Restricted Endowments

(Not Applicable)

NOTE 23: Extraordinary and Special Items

(Not Applicable)

NOTE 24: Disaggregation of Receivables and Payables

See Note 1 for disaggregation of Other Payables.

NOTE 25: Termination Benefits

(Not Applicable)

NOTE 26: Segment Information

(Not Applicable)

NOTE 27: Taxes Receivables/Payables

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.

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 of Texas Annual Comprehensive Financial Report (ACFR)*.

As of Nov. 20, 2021 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, 2021, are processed. The tax returns are due Nov. 15, 2021. Adjustments will be made if necessary prior to publication of the ACFR.

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	\$ 1,923,454,651.99
Motor Vehicle & MFG Housing	128,837,588.89
Motor Fuels	7,466,102.73
Oil & Natural Gas Production	438,384,339.14
Franchise	
Insurance	297,078,672.01
Cigarette & Tobacco	25,420,463.90
Other	188,896,026.78
Total Net Taxes Receivable	<u>\$ 3,009,537,845.44</u>
As Reported on the Financial Statements	
Current Taxes Receivable	\$ 3,085,192,786.16
Noncurrent Taxes Receivable	55,619,099.92
Total Taxes Receivable	<u>\$ 3,140,811,886.08</u>
Refunds Payable	<u>\$ (131,274,040.64)</u>
Total Net Taxes Receivable	<u>\$ 3,009,537,845.44</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, 2021, there was an estimated \$468 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 \$296 million consists of tax revenues earned but not available within 60 days after the fiscal year end to finance expenditures of the current fiscal period. The deferred inflow revenue in special revenue of \$715 million consists of unclaimed property held in trust in marketable securities and mutual funds. Details about unclaimed property are disclosed in Note 30.

NOTE 30: Unclaimed Property

The state holds certain property that is escheated to the state in the absence of legal claimants or heirs. Although a rightful owner can reclaim escheat property unto perpetuity, large portions of escheated property are never reclaimed. Additionally, the revenue generated from escheat property has always exceeded the amount needed to pay current claims. In fiscal year 2021, the unclaimed property fund received \$793 million in gross revenues, made \$285 million in claimant payments and transferred \$506 million to the general fund. The claimant liability in the general fund of \$305 million represents the probable amount that will be reclaimed and paid to claimants in the following year. As of Aug. 31, 2021, a balance of \$715 million in marketable securities and mutual funds were held in trust. The state also holds an insignificant amount of personal property, such as jewelry.

NOTE 31: Fund Balances

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

GAAP Fund	Fund	AFR 54 Class	Citation	Comments
0116	0116	Committed	TEX. LOC. GOV'T CODE ANN. sec. 133.102	Funds committed for allocation to local law enforcement agencies for continuing education of law enforcement personnel as stipulated by the legislature. There are no significant external restrictions.
0210	0210 / 1210	Restricted	TEX. EDUC. CODE ANN. sec. 54.3411	Funds restricted to a specific purpose, to higher education institutions to offset the cost of the exemptions to certain veterans and/or dependents. Distributions are determined by the Legislative Budget Board based on each institution's respective share of the aggregate cost to all institutions of the exemptions.
0214	0214	Restricted	TEX. CONST. art. VII sec. 20(a)	Funds restricted to a specific purpose, to eligible institutions only for the support and maintenance of educational and general activities that promote increased research capacity at the institution.
0494	0494	Restricted	TX Const. Art I , sec. 31	Funds restricted to a specific purpose, delivering victim-related compensation, services or assistance.
0838	8380	Committed	TX Tax Code, 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.
0886	0886	Committed	TX Tax Code, sec. 162.003(g)	The comptroller has broad authority to transfer funds as necessary to carry out the purposes of the International Fuels Tax Agreement (IFTA). There are no significant external restrictions.
0903	2903	Restricted	TX GOV'T CODE ANN. sec. 403.101; 33 U.S.C. Sec. 701c-3	To hold money allocated by the Federal Government to be distributed to counties and political subdivisions of the state based on the tax rate applied to lands acquired for flood control purposes.
5040	5040	Restricted	The State of Texas v. The American Tobacco Company, et. Al, No. 5.96cv91 (U.S. District Court, Texarkana Division)	Restrictions are externally imposed by the court-ordered settlement.

UNAUDITED
Comptroller – Fiscal (902)

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT A-1

Combining Balance Sheet – All General and Consolidated Funds

August 31, 2021

	Consolidated Funds				
	General Revenue Fund (0001)	County & Road District Highway Fund (0057)	Law Enforcement Standards/Educ Fd (0116)	Compensation Victims Crime Fd (0494)	Federal Resource Receipt Distribution Fund (0521)
	U/F (0001, Various)	U/F (0057)	U/F (0116)	U/F (0494)	U/F (1521)
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash in State Treasury	\$ 6,589,409,283.42	\$	\$	\$ 7,207,421.91	\$ 32,579.81
Legislative Appropriations	(39,491,445.53)				
Short-Term Investments (Note 3)					
Receivables:					
Accounts					
Interest and Dividends	2,033.25			1,363.31	
Taxes (Note 27)	3,085,192,786.16				
Due From Other Agencies	47,114,946.33		16,762,804.63		
Total Current Assets	<u>9,682,227,603.63</u>	<u>0.00</u>	<u>16,762,804.63</u>	<u>7,208,785.22</u>	<u>32,579.81</u>
Non-Current Assets:					
Taxes Receivable (Note 27)	55,619,099.92				
Investments (Note 3)					
Total Non-Current Assets	<u>55,619,099.92</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Assets	<u>\$ 9,737,846,703.55</u>	<u>\$ 0.00</u>	<u>\$ 16,762,804.63</u>	<u>\$ 7,208,785.22</u>	<u>\$ 32,579.81</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current Liabilities:					
Payables From:					
Accounts	\$ 1,381,221.26	\$	\$	\$	\$
Federal Payable					
Other Intergovernmental	25,673,607.04				
Unclaimed Property Claimant Liabilities					
Taxes Refund Payable	131,274,040.64				
Due To Other Agencies	3,530,218,064.05			9,460.30	
Unearned Revenues	55,793,765.54				15,095.58
Other Current Liabilities	304,967,643.63				
Total Current Liabilities	<u>4,049,308,342.16</u>	<u>0.00</u>	<u>0.00</u>	<u>9,460.30</u>	<u>15,095.58</u>
Total Liabilities	<u>4,049,308,342.16</u>	<u>0.00</u>	<u>0.00</u>	<u>9,460.30</u>	<u>15,095.58</u>
DEFERRED INFLOWS					
Deferred Inflow of Resources (Note 29)	295,846,276.17				
Total Deferred Inflows	<u>295,846,276.17</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances (Deficits):					
Nonspendable for Long-Term Taxes Receivable	55,619,099.92				
Restricted				7,199,324.92	
Committed	1,909,000.00		16,762,804.63		
Unassigned	5,335,163,985.30				17,484.23
Total Fund Balances	<u>5,392,692,085.22</u>	<u>0.00</u>	<u>16,762,804.63</u>	<u>7,199,324.92</u>	<u>17,484.23</u>
Total Liabilities and Fund Balances	<u>\$ 9,737,846,703.55</u>	<u>\$ 0.00</u>	<u>\$ 16,762,804.63</u>	<u>\$ 7,208,785.22</u>	<u>\$ 32,579.81</u>

Continued on the following page

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT A-1 (continued)

Combining Balance Sheet – All General and Consolidated Funds

August 31, 2021

	Consolidated Funds				
	Economic Stabilization Fund (0599) U/F (0599,5990,5991)	License Plate Trust Fund (0802) U/F (0802, 8020)	Events Trust Fund for Municipality/ County (0830) U/F (0830, 8300)	Major Events Trust Fund (0869) U/F (0869)	Sexual Assault Program Fund (5010) U/F (5010)
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash in State Treasury	\$ 5,000,594,507.10	\$	\$	\$	\$
Legislative Appropriations					
Short-Term Investments (Note 3)	176,504,918.99				
Receivables:					
Accounts					
Interest and Dividends	945,295.73	1.00			
Taxes (Note 27)					
Due From Other Agencies	1,457,259,514.70				
Total Current Assets	6,635,304,236.52	1.00	0.00	0.00	0.00
Non-Current Assets:					
Taxes Receivable (Note 27)					
Investments (Note 3)	5,097,392,843.87				
Total Non-Current Assets	5,097,392,843.87	0.00	0.00	0.00	0.00
Total Assets	\$ 11,732,697,080.39	\$ 1.00	\$ 0.00	\$ 0.00	\$ 0.00
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current Liabilities:					
Payables From:					
Accounts	\$	\$	\$	\$	\$
Federal Payable					
Other Intergovernmental					
Unclaimed Property Claimant Liabilities					
Taxes Refund Payable					
Due To Other Agencies	121,169,749.38				
Unearned Revenues					5,426,158.97
Other Current Liabilities					
Total Current Liabilities	121,169,749.38	0.00	0.00	0.00	5,426,158.97
Total Liabilities	121,169,749.38	0.00	0.00	0.00	5,426,158.97
DEFERRED INFLOWS					
Deferred Inflow of Resources (Note 29)					
Total Deferred Inflows	0.00	0.00	0.00	0.00	0.00
FUND FINANCIAL STATEMENT –					
FUND BALANCES					
Fund Balances (Deficits):					
Nonspendable for Long-Term Taxes Receivable					
Restricted					
Committed		1.00			
Unassigned	11,611,527,331.01				(5,426,158.97)
Total Fund Balances	11,611,527,331.01	1.00	0.00	0.00	(5,426,158.97)
Total Liabilities and Fund Balances	\$ 11,732,697,080.39	\$ 1.00	\$ 0.00	\$ 0.00	\$ 0.00

Concluded on the following page

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT A-1 (concluded)

Combining Balance Sheet – All General and Consolidated Funds

August 31, 2021

	Consolidated Funds		
	Tobacco Settlement Temporary Hold (5040) U/F (5040)	Disabled Veterans Local Gov. Assistance (5160) U/F (5160)	Total (Exhibit I) 2021
ASSETS			
Current Assets:			
Cash and Cash Equivalents:			
Cash in State Treasury	\$ 394,466,753.26	\$	\$ 11,991,710,545.50
Legislative Appropriations			(39,491,445.53)
Short-Term Investments (Note 3)			176,504,918.99
Receivables:			
Accounts	297,200,000.00		297,200,000.00
Interest and Dividends			948,693.29
Taxes (Note 27)			3,085,192,786.16
Due From Other Agencies			1,521,137,265.66
Total Current Assets	<u>691,666,753.26</u>	<u>0.00</u>	<u>17,033,202,764.07</u>
Non-Current Assets:			
Taxes Receivable (Note 27)			55,619,099.92
Investments (Note 3)			5,097,392,843.87
Total Non-Current Assets	<u>0.00</u>	<u>0.00</u>	<u>5,153,011,925.32</u>
Total Assets	<u>\$ 691,666,753.26</u>	<u>\$ 0.00</u>	<u>\$ 22,186,214,707.86</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts	\$	\$	\$ 1,381,221.26
Federal Payable			
Other Intergovernmental			25,673,607.04
Unclaimed Property Claimant Liabilities			
Taxes Refund Payable			131,274,040.64
Due To Other Agencies	2,526,640.36		3,653,923,914.09
Unearned Revenues	297,200,000.00		358,435,020.09
Other Current Liabilities			304,967,643.63
Total Current Liabilities	<u>299,726,640.36</u>	<u>0.00</u>	<u>4,475,655,446.75</u>
Total Liabilities	<u>299,726,640.36</u>	<u>0.00</u>	<u>4,475,655,446.75</u>
DEFERRED INFLOWS			
Deferred Inflow of Resources (Note 29)			295,846,177.99
Total Deferred Inflows	<u>0.00</u>	<u>0.00</u>	<u>295,846,177.99</u>
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances (Deficits):			
Nonspendable for Long-Term Taxes Receivable			55,619,099.92
Restricted	391,940,112.90		399,139,437.82
Committed			18,671,805.63
Unassigned			16,941,282,641.57
Total Fund Balances	<u>391,940,112.90</u>	<u>0.00</u>	<u>17,414,712,984.94</u>
Total Liabilities and Fund Balances	<u>\$ 691,666,753.26</u>	<u>\$ 0.00</u>	<u>\$ 22,186,214,707.86</u>

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, 2021

	Consolidated Funds				
	General Revenue Fund (0001) U/F (0001, 9000)	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)	Federal Resource Receipt Distribution Fund (0521) U/F (1521)
REVENUES					
Taxes	\$ 52,432,146,279.44	\$	\$	\$	\$
Licenses, Fees & Permits	1,348,063,125.43		3,734,155.63		
Interest and Other Investment Income	6,423,931.42			28,473.50	
Land Income	2,894,776.76				
Settlement of Claims	59,088,540.08			1,147,755.76	
Sales of Goods and Services	40,284,882.35				
Other	555,162,535.42				
Total Revenues	<u>54,444,064,070.90</u>	<u>0.00</u>	<u>3,734,155.63</u>	<u>1,176,229.26</u>	<u>0.00</u>
EXPENDITURES					
Payroll Related Costs	892,886,704.68				
Professional Fees and Services	9,263,875.17				
Materials and Supplies	116,762.29				
Communications and Utilities					
Repairs and Maintenance	362,070.94				
Claims and Judgments	9,047,454.73			569,283.95	
Intergovernmental Payments	423,063,183.93	7,300,000.00	5,397,121.73		
Other Expenditures	62,204,086.22				
Capital Outlay					
Total Expenditures	<u>1,396,944,137.96</u>	<u>7,300,000.00</u>	<u>5,397,121.73</u>	<u>569,283.95</u>	<u>0.00</u>
Excess (Deficiency) of Revenues over Expenditures	<u>53,047,119,932.94</u>	<u>(7,300,000.00)</u>	<u>(1,662,966.10)</u>	<u>606,945.31</u>	<u>0.00</u>
OTHER FINANCING SOURCES (USES)					
Transfer In	393,184,867.51	7,300,000.00			
Transfer Out	(21,365,031,497.72)			(1,653,556.29)	
Legislative Transfer Out	(25,608,907,633.83)				
Insurance Recoveries	314,479.51				
Total Other Financing Sources (Uses)	<u>(46,511,596,736.35)</u>	<u>7,300,000.00</u>	<u>0.00</u>	<u>(1,653,556.29)</u>	<u>0.00</u>
Net Change in Fund Balances	<u>6,535,523,196.59</u>	<u>0.00</u>	<u>(1,662,966.10)</u>	<u>(1,046,610.98)</u>	<u>0.00</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances, September 1, 2020	(1,142,831,111.37)		18,425,770.73	8,245,935.90	17,484.23
Restatements (Note 14)					
Fund Balances, September 1, 2020, as Restated	<u>(1,142,831,111.37)</u>	<u>0.00</u>	<u>18,425,770.73</u>	<u>8,245,935.90</u>	<u>17,484.23</u>
Fund Balances, August 31, 2021	<u>\$ 5,392,692,085.22</u>	<u>\$ 0.00</u>	<u>\$ 16,762,804.63</u>	<u>\$ 7,199,324.92</u>	<u>\$ 17,484.23</u>

Continued on the following page

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, 2021

	Consolidated Funds				
	Economic Stabilization Fund (0599) U/F (0599) 5990, 5991	License Plate Trust Fund (0802) U/F (0802, 8020)	Events Trust Fund for Municipality/ County (0830) U/F (0830, 8300)	Major Events Trust Fund (0869) U/F (0869)	Sexual Assault Program Fund (5010) U/F (5010)
REVENUES					
Taxes	\$	\$	\$ 23,079,777.36	\$ 16,033,775.93	\$
Licenses, Fees & Permits		995.47			
Interest and Other Investment Income	200,766,410.69	20.74			
Land Income					
Settlement of Claims					
Sales of Goods and Services					
Other					
Total Revenues	<u>200,766,410.69</u>	<u>1,016.21</u>	<u>23,079,777.36</u>	<u>16,033,775.93</u>	<u>0.00</u>
EXPENDITURES					
Payroll Related Costs					
Professional Fees and Services	2,517,396.49				
Materials and Supplies					
Communications and Utilities					
Repairs and Maintenance					
Claims and Judgments					
Intergovernmental Payments					
Other Expenditures					
Capital Outlay					
Total Expenditures	<u>2,517,396.49</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Excess (Deficiency) of Revenues over Expenditures	<u>198,249,014.20</u>	<u>1,016.21</u>	<u>23,079,777.36</u>	<u>16,033,775.93</u>	<u>0.00</u>
OTHER FINANCING SOURCES (USES)					
Transfer In	2,061,344,703.33				
Transfer Out	(1,905,688,724.44)	(1,017.72)	(23,079,777.36)	(16,033,775.93)	(698,806.50)
Legislative Transfer Out					
Insurance Recoveries					
Total Other Financing Sources (Uses)	<u>155,655,978.89</u>	<u>(1,017.72)</u>	<u>(23,079,777.36)</u>	<u>(16,033,775.93)</u>	<u>(698,806.50)</u>
Net Change in Fund Balances	<u>353,904,993.09</u>	<u>(1.51)</u>	<u>0.00</u>	<u>0.00</u>	<u>(698,806.50)</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances, September 1, 2020	11,257,622,337.92	2.51			(4,727,352.47)
Restatements (Note 14)					
Fund Balances, September 1, 2020, as Restated	<u>11,257,622,337.92</u>	<u>2.51</u>	<u>0.00</u>	<u>0.00</u>	<u>(4,727,352.47)</u>
Fund Balances, August 31, 2021	<u>\$ 11,611,527,331.01</u>	<u>\$ 1.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ (5,426,158.97)</u>

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UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT A-2 (concluded)

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

For the Fiscal Year Ended August 31, 2021

	Consolidated Funds		
	Tobacco Settlement Temporary Hold (5040) U/F (5040)	Disabled Veterans Local Gov. Assistance (5160) U/F (5160)	Total (Exhibit II) 2021
REVENUES			
Taxes	\$	\$	\$ 52,471,259,832.73
Licenses, Fees & Permits			1,351,798,276.53
Interest and Other Investment Income			207,218,836.35
Land Income			2,894,776.76
Settlement of Claims	653,462,389.37		713,698,685.21
Sales of Goods and Services			40,284,882.35
Other			555,162,535.42
Total Revenues	<u>653,462,389.37</u>	<u>0.00</u>	<u>55,342,317,825.35</u>
EXPENDITURES			
Payroll Related Costs			892,886,704.68
Professional Fees and Services			11,781,271.66
Materials and Supplies			116,762.29
Communications and Utilities			
Repairs and Maintenance			362,070.94
Claims and Judgments			9,616,738.68
Intergovernmental Payments		10,500,000.00	446,260,305.66
Other Expenditures			62,204,086.22
Capital Outlay			
Total Expenditures	<u>0.00</u>	<u>10,500,000.00</u>	<u>1,423,227,940.13</u>
Excess (Deficiency) of Revenues over Expenditures	<u>653,462,389.37</u>	<u>(10,500,000.00)</u>	<u>53,919,089,885.22</u>
OTHER FINANCING SOURCES (USES)			
Transfer In		10,500,000.00	2,472,329,570.84
Transfer Out	(325,391,819.97)		(23,637,578,975.93)
Legislative Transfer Out			(25,608,907,633.83)
Insurance Recoveries			314,479.51
Total Other Financing Sources (Uses)	<u>(325,391,819.97)</u>	<u>10,500,000.00</u>	<u>(46,704,999,511.23)</u>
Net Change in Fund Balances	<u>328,070,569.40</u>	<u>0.00</u>	<u>7,214,090,373.99</u>
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances, September 1, 2020	63,869,543.50		10,200,622,610.95
Restatements (Note 14)			
Fund Balances, September 1, 2020, as Restated	<u>63,869,543.50</u>	<u>0.00</u>	<u>10,200,622,610.95</u>
Fund Balances, August 31, 2021	<u>\$ 391,940,112.90</u>	<u>\$ 0.00</u>	<u>\$ 17,414,712,984.94</u>

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT B-1

Combining Balance Sheet – Special Revenue Funds

August 31, 2021

	Unclaimed Property Securities Fund (0001) U/F (4113)	Property Tax Relief Fund (0304) U/F (0304)	Tax Reduction and Excellence In Educ Fund (0305) U/F (0305)	General Land Office County Right of Way Leases (0808) U/F (2521)	Binding Arbitration Trust Fund (0838) U/F (8380)
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash in State Treasury	\$	\$ 1,000,000,000.00	\$	\$	\$ 24,900.00
Cash in Bank					
Short-Term Investments (Note 3)	18,337,596.51				
Receivables From:					
Interest and Dividends		11,448.49			
Due From Other Agencies				2,817,317.50	
Total Current Assets	<u>18,337,596.51</u>	<u>1,000,011,448.49</u>	<u>0.00</u>	<u>2,817,317.50</u>	<u>24,900.00</u>
Non-Current Assets:					
Investments (Note 3)	<u>696,746,163.69</u>				
Total Non-Current Assets:	<u>696,746,163.69</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Assets	<u>\$ 715,083,760.20</u>	<u>\$ 1,000,011,448.49</u>	<u>\$ 0.00</u>	<u>\$ 2,817,317.50</u>	<u>\$ 24,900.00</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current Liabilities:					
Accounts Payable	\$	\$	\$	\$ 2,817,317.50	\$
Total Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,817,317.50</u>	<u>0.00</u>
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,817,317.50</u>	<u>0.00</u>
DEFERRED INFLOWS					
Deferred Inflow of Resources (Note 29)	<u>715,083,760.20</u>				
Total Deferred Inflows	<u>715,083,760.20</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND FINANCIAL STATEMENT –					
FUND BALANCES					
Fund Balances (Deficits):					
Restricted		1,000,011,448.49			
Committed					24,900.00
Total Fund Balances	<u>0.00</u>	<u>1,000,011,448.49</u>	<u>0.00</u>	<u>0.00</u>	<u>24,900.00</u>
Total Liabilities and Fund Balances	<u>\$ 715,083,760.20</u>	<u>\$ 1,000,011,448.49</u>	<u>\$ 0.00</u>	<u>\$ 2,817,317.50</u>	<u>\$ 24,900.00</u>

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UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT B-1 (concluded)

Combining Balance Sheet – Special Revenue Funds

August 31, 2021

	International Fuels Tax Agreement Trust Fund (0886) U/F (0886)	Flood Area School and Road Trust Fund (0903) U/F (2903)	Habitat Protection Fund (9999) U/F (2999)	Total (Exhibit I) 2021
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash in State Treasury	\$ 4,712,227.65	\$ 2,566,697.80	\$ 8,117,760.94	\$ 1,007,303,825.45
Cash in Bank				8,117,760.94
Short-Term Investments (Note 3)				18,337,596.51
Receivables From:				
Interest and Dividends				11,448.49
Due From Other Agencies		473.22		2,817,790.72
Total Current Assets	<u>4,712,227.65</u>	<u>2,567,171.02</u>	<u>8,117,760.94</u>	<u>1,036,588,422.11</u>
Non-Current Assets:				
Investments (Note 3)				696,746,163.69
Total Non-Current Assets:	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>696,746,163.69</u>
Total Assets	<u>\$ 4,712,227.65</u>	<u>\$ 2,567,171.02</u>	<u>\$ 8,117,760.94</u>	<u>\$ 1,733,334,585.80</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Accounts Payable	\$	\$ 1,293,504.26	\$ 530,882.43	\$ 4,641,704.19
Total Current Liabilities	<u>0.00</u>	<u>1,293,504.26</u>	<u>530,882.43</u>	<u>4,641,704.19</u>
Total Liabilities	<u>0.00</u>	<u>1,293,504.26</u>	<u>530,882.43</u>	<u>4,641,704.19</u>
DEFERRED INFLOWS				
Deferred Inflow of Resources (Note 29)				715,083,760.20
Total Deferred Inflows	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>715,083,760.20</u>
FUND FINANCIAL STATEMENT –				
FUND BALANCES				
Fund Balances (Deficits):				
Restricted		1,273,666.76	7,586,878.51	1,008,871,993.76
Committed	4,712,227.65			4,737,127.65
Total Fund Balances	<u>4,712,227.65</u>	<u>1,273,666.76</u>	<u>7,586,878.51</u>	<u>1,728,692,881.61</u>
Total Liabilities and Fund Balances	<u>\$ 4,712,227.65</u>	<u>\$ 2,567,171.02</u>	<u>\$ 8,117,760.94</u>	<u>\$ 1,733,334,585.80</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, 2021

	Unclaimed Securities Fund (0001) U/F (4113)	Property Tax Relief Fund (0304) U/F (0304)	Tax Reduction and Excellence In Educ Fund (0305) U/F (0305)	General Land Office County Right of Way Leases (0808) U/F (2521)	Binding Arbitration Trust Fund (0838) U/F (8380)
REVENUES					
Taxes	\$	\$ 2,195,637,041.86	\$ 1,156,700,000.00	\$	\$
Federal Revenue					
Licenses, Fees & Permits					
Interest and Other Investment Income		374,158.55			
Other					710,195.00
Total Revenues	<u>0.00</u>	<u>2,196,011,200.41</u>	<u>1,156,700,000.00</u>	<u>0.00</u>	<u>710,195.00</u>
EXPENDITURES					
Intergovernmental Payments				4,657,365.72	
Professional Fees and Services					690,195.00
Claims and Judgments					
Other Expenditures					
Total Expenditures	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>4,657,365.72</u>	<u>690,195.00</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>0.00</u>	<u>2,196,011,200.41</u>	<u>1,156,700,000.00</u>	<u>(4,657,365.72)</u>	<u>20,000.00</u>
OTHER FINANCING SOURCES (USES)					
Transfer In		1,000,000,000.00		4,657,365.72	
Transfer Out		(2,196,639,519.84)	(1,156,700,000.00)		
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>(1,196,639,519.84)</u>	<u>(1,156,700,000.00)</u>	<u>4,657,365.72</u>	<u>0.00</u>
Net Change in Fund Balances	<u>0.00</u>	<u>999,371,680.57</u>	<u>0.00</u>	<u>0.00</u>	<u>20,000.00</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances, September 1, 2020		639,767.92			4,900.00
Restatements (Note 14)					
Fund Balances, September 1, 2020, as Restated	<u>0.00</u>	<u>639,767.92</u>	<u>0.00</u>	<u>0.00</u>	<u>4,900.00</u>
Fund Balances, August 31, 2021	<u>\$ 0.00</u>	<u>\$ 1,000,011,448.49</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 24,900.00</u>

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UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT B-2 (concluded)

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

For the Fiscal Year Ended August 31, 2021

	International Fuels Tax Agreement Trust Fund (0886) U/F (0886)	Flood Area School and Road Trust Fund (0903) U/F (2903)	Habitat Protection Fund (9999) U/F (2999)	Total (Exhibit I) 2021
REVENUES				
Taxes	\$	\$	\$	\$ 3,352,337,041.86
Federal Revenue		1,200,872.09		1,200,872.09
Licenses, Fees & Permits			4.41	4.41
Interest and Other Investment Income	12,581.42	10,802.90	1,951.99	399,494.86
Other	44,361,101.03			45,071,296.03
Total Revenues	<u>44,373,682.45</u>	<u>1,211,674.99</u>	<u>1,956.40</u>	<u>3,399,008,709.25</u>
EXPENDITURES				
Intergovernmental Payments	42,738,672.64	1,200,872.09	1,503,666.63	50,100,577.08
Professional Fees and Services				690,195.00
Claims and Judgments				
Other Expenditures			152,513.88	152,513.88
Total Expenditures	<u>42,738,672.64</u>	<u>1,200,872.09</u>	<u>1,656,180.51</u>	<u>50,943,285.96</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>1,635,009.81</u>	<u>10,802.90</u>	<u>(1,654,224.11)</u>	<u>3,348,065,423.29</u>
OTHER FINANCING SOURCES (USES)				
Transfer In				1,004,657,365.72
Transfer Out	(12,581.42)		(250,000.00)	(3,353,602,101.26)
Total Other Financing Sources (Uses)	<u>(12,581.42)</u>	<u>0.00</u>	<u>(250,000.00)</u>	<u>(2,348,944,735.54)</u>
Net Change in Fund Balances	<u>1,622,428.39</u>	<u>10,802.90</u>	<u>(1,904,224.11)</u>	<u>999,120,687.75</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances, September 1, 2020	3,089,799.26	1,262,863.86	9,491,102.62	14,488,433.66
Restatements (Note 14)				
Fund Balances, September 1, 2020, as Restated	<u>3,089,799.26</u>	<u>1,262,863.86</u>	<u>9,491,102.62</u>	<u>14,488,433.66</u>
Fund Balances, August 31, 2021	<u>\$ 4,712,227.65</u>	<u>\$ 1,273,666.76</u>	<u>\$ 7,586,878.51</u>	<u>\$ 1,013,609,121.41</u>

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT C-1

Combining Balance Sheet – Permanent Funds

August 31, 2021

	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) 2021
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash in State Treasury	\$	\$ 3,769,912.04	\$ 52,417,776.77	\$ 56,187,688.81
Cash in Bank				
Short-Term Investments (Note 3)	55,449,277.56	39,412,126.41		94,861,403.97
Receivables From:				
Interest and Dividends	359,190.18	213,212.28	1,194.28	573,596.74
Due From Other Agencies		182,739.00		182,739.00
Total Current Assets	<u>55,808,467.74</u>	<u>43,577,989.73</u>	<u>52,418,971.05</u>	<u>151,805,428.52</u>
Non-Current Assets:				
Investments (Note 3)	376,819,233.27	284,672,225.65		661,491,458.92
Total Non-Current Assets:	<u>376,819,233.27</u>	<u>284,672,225.65</u>	<u>0.00</u>	<u>661,491,458.92</u>
Total Assets	<u>\$ 432,627,701.01</u>	<u>\$ 328,250,215.38</u>	<u>\$ 52,418,971.05</u>	<u>\$ 813,296,887.44</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Accounts Payable	\$ 633,193.76	\$ 373,968.41	\$	\$ 1,007,162.17
Interest Payable	24,484.54	14,460.73		38,945.27
Investment Trade Payable				
Hedging Derivative Investment Liability				
Due To Other Agencies		1,819,855.83	52,415,766.94	54,235,622.77
Total Current Liabilities	<u>657,678.30</u>	<u>2,208,284.97</u>	<u>52,415,766.94</u>	<u>55,281,730.21</u>
Total Liabilities	<u>657,678.30</u>	<u>2,208,284.97</u>	<u>52,415,766.94</u>	<u>55,281,730.21</u>
FUND FINANCIAL STATEMENT –				
FUND BALANCES				
Fund Balances (Deficits):				
Nonspendable				
Restricted	431,970,022.71	326,041,930.41	3,204.11	758,015,157.23
Committed				
Total Fund Balances	<u>431,970,022.71</u>	<u>326,041,930.41</u>	<u>3,204.11</u>	<u>758,015,157.23</u>
Total Liabilities and Fund Balances	<u>\$ 432,627,701.01</u>	<u>\$ 328,250,215.38</u>	<u>\$ 52,418,971.05</u>	<u>\$ 813,296,887.44</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, 2021

	Supporting Graduate Education Fund (0179) U/F (1179)	Military & Veterans Exemptions Fund (0210) U/F (0210)	Available Nat'l Research University Fund (0214) U/F (0214)	Total (Exhibit I) 2021
REVENUES				
Licenses, Fees & Permits	\$	\$	\$	\$
Interest and Other Investment Income	86,775,413.63	66,352,048.31	1,191.53	153,128,653.47
Other			25,476,562.16	25,476,562.16
Total Revenues	<u>86,775,413.63</u>	<u>66,352,048.31</u>	<u>25,477,753.69</u>	<u>178,605,215.63</u>
EXPENDITURES				
Professional Fees and Services	625,372.19	465,964.01		1,091,336.20
Intergovernmental Payments		1,078,811.00		1,078,811.00
Other Expenditures				
Total Expenditures	<u>625,372.19</u>	<u>1,544,775.01</u>	<u>0.00</u>	<u>2,170,147.20</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>86,150,041.44</u>	<u>64,807,273.30</u>	<u>25,477,753.69</u>	<u>176,435,068.43</u>
OTHER FINANCING SOURCES (USES)				
Transfer In		1,115,151.09		1,115,151.09
Distributions from Permanent Fund Principal	(11,914,359.00)	(8,160,588.42)	(25,476,562.16)	(45,551,509.58)
Total Other Financing Sources (Uses)	<u>(11,914,359.00)</u>	<u>(7,045,437.33)</u>	<u>(25,476,562.16)</u>	<u>(44,436,358.49)</u>
Net Change in Fund Balances	<u>74,235,682.44</u>	<u>57,761,835.97</u>	<u>1,191.53</u>	<u>131,998,709.94</u>
FUND FINANCIAL STATEMENT –				
FUND BALANCES				
Fund Balances, September 1, 2020	357,734,340.27	268,280,094.44	2,012.58	626,016,447.29
Restatements (Note 14)				
Fund Balances, September 1, 2020, as Restated	<u>357,734,340.27</u>	<u>268,280,094.44</u>	<u>2,012.58</u>	<u>626,016,447.29</u>
Fund Balances, August 31, 2021	<u>\$ 431,970,022.71</u>	<u>\$ 326,041,930.41</u>	<u>\$ 3,204.11</u>	<u>\$ 758,015,157.23</u>

EXHIBIT I-1

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

August 31, 2021

	Private Purpose Tobacco Settlement Subdivision Trust (0872) U/F (2872)	Total (Exhibit VI) 2021
ASSETS		
Cash and Cash Equivalents:		
Cash in State Treasury	\$	\$
Receivables:		
Federal		
Interest and Dividends		
Total Assets	0.00	0.00
LIABILITIES		
Accounts Payable		
Unearned Revenues		
Total Liabilities	0.00	0.00
NET POSITION		
Held In Trust For:		
Individuals, Organizations, and		
Other Governments		
Total Net Position	\$ 0.00	\$ 0.00

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, 2021

	Private Purpose Tobacco Settlement Subdivision Trust (0872) U/F (2872)	Total (Exhibit VII) 2021
ADDITIONS		
Contributions:		
Investment Income:		
From Investing Activities		
Interest and Investment Income	\$	\$
Total Investment Income	0.00	0.00
Other Additions:		
Federal Revenue		
Other Revenue		
Transfers-In	75,630,577.00	75,630,577.00
Total Other Additions	75,630,577.00	75,630,577.00
Total Additions	75,630,577.00	75,630,577.00
DEDUCTIONS		
Interest Expense		
Intergovernmental Payments	75,630,577.00	75,630,577.00
Transfers-Out		
Total Deductions	75,630,577.00	75,630,577.00
NET INCREASE (DECREASE)	0.00	0.00
Net Position, September 1, 2020		
Restatements (Note 14)		
Net Position, September 1, 2020, as Restated		
Net Position – August 31, 2021	\$ 0.00	\$ 0.00

EXHIBIT J-1

Combining Statement of Fiduciary Net Position – Custodial Funds

August 31, 2021

	Economic Development Custodial Funds (3425) U/F (0874, 1874, 2874, 3874, 4874, 5874, 0882)	Total (Exhibit VII) 2021
ASSETS		
Cash and Cash Equivalents:		
Cash in State Treasury	\$ 1,357,644,811.36	\$ 1,357,644,811.36
Receivables:		
Federal		
Interest and Dividends		
Total Assets	<u>1,357,644,811.36</u>	<u>1,357,644,811.36</u>
LIABILITIES		
Accounts Payable		
Unearned Revenues		
Total Liabilities	<u>0.00</u>	<u>0.00</u>
NET POSITION		
Held In Trust For:		
Individuals, Organizations, and		
Other Governments	1,357,644,811.36	1,357,644,811.36
Total Net Position	<u>\$ 1,357,644,811.36</u>	<u>\$ 1,357,644,811.36</u>

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT J-2

Combining Statement of Changes in Fiduciary Net Position - Custodial Funds

For the Fiscal Year Ended August 31, 2021

	Economic Development Custodial Funds (3425) U/F (0874, 1874, 2874, 3874, 4874, 5874, 0882)	Total (Exhibit VII) 2021
ADDITIONS		
Contributions:		
Investment Income:		
From Investing Activities		
Interest and Investment Income	\$ 7,326,834.65	\$ 7,326,834.65
Total Investment Income	<u>7,326,834.65</u>	<u>7,326,834.65</u>
Other Additions:		
Federal Revenue		
Other Revenue	10,587,253,646.87	10,587,253,646.87
Transfers-In		
Total Other Additions	<u>10,587,253,646.87</u>	<u>10,587,253,646.87</u>
Total Additions	<u>10,594,580,481.52</u>	<u>10,594,580,481.52</u>
DEDUCTIONS		
Interest Expense	7,309,878.80	7,309,878.80
Intergovernmental Payments	10,437,770,961.06	10,437,770,961.06
Transfers-Out		
Total Deductions	<u>10,445,080,839.86</u>	<u>10,445,080,839.86</u>
NET INCREASE (DECREASE)	<u>149,499,641.66</u>	<u>149,499,641.66</u>
Net Position, September 1, 2020	1,208,145,169.70	1,208,145,169.70
Restatements (Note 14)		
Net Position, September 1, 2020, as Restated	<u>1,208,145,169.70</u>	<u>1,208,145,169.70</u>
Net Position – August 31, 2021	<u>\$ 1,357,644,811.36</u>	<u>\$ 1,357,644,811.36</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, 2021

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	\$	\$	\$ 1,200,872.09	\$ 1,200,872.09
Total U.S. Dept of Defense		<u>0.00</u>	<u>0.00</u>	<u>1,200,872.09</u>	<u>1,200,872.09</u>
Total Federal Financial Assistance		<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,200,872.09</u>	<u>\$ 1,200,872.09</u>

NOTE 2 – RECONCILIATION

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

Federal Revenues	\$ 1,200,872.09
Reconciling Items	<u>0.00</u>
Total Pass-Through and Expenditures Per Federal Schedule	<u>\$ 1,200,872.09</u>

NOTE 7 – FEDERAL DEFERRED REVENUE

CFDA	Balance 09/01/20	Net Change	Balance 08/31/21
15.227	\$ 17,484.23	\$ 15,095.58	\$ 32,579.81

The deferred revenue of \$32,579.81 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)

Pass-Through To		Expenditures Amount	Total Pass- Through & Expenditures
State Agy. Or Univ. Amount	Non-State Entities Amount		
\$	\$	\$ 1,200,872.09	\$ 1,200,872.09
0.00	0.00	1,200,872.09	1,200,872.09
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,200,872.09</u>	<u>\$ 1,200,872.09</u>

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

August 31, 2021

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
ASSETS					
Current Assets:					
Cash in State Treasury	\$ 13,055,202,059.76	\$	\$	\$	\$ 13,055,202,059.76
Cash in Bank	8,117,760.94				8,117,760.94
Legislative Appropriations	(39,491,445.53)				(39,491,445.53)
Short Term Investments	289,703,919.47				289,703,919.47
Receivables:					
Accounts Receivable	297,200,000.00				297,200,000.00
Interest and Dividends	1,533,738.52				1,533,738.52
Taxes	3,085,192,786.16				3,085,192,786.16
Due From Other Agencies	1,524,137,795.38				1,524,137,795.38
Total Current Assets	18,221,596,614.70	0.00	0.00	0.00	18,221,596,614.70
Non-Current Assets:					
Taxes Receivable	55,619,081.45				55,619,081.45
Investments	6,455,630,466.48				6,455,630,466.48
Capital Assets:					
Depreciable					
Furniture and Equipment		303,467.20			303,467.20
Accumulated Depreciation		(303,467.20)			(303,467.20)
Computer Software		3,409,084.62			3,409,084.62
Accumulated Amortization		(3,409,084.62)			(3,409,084.62)
Total Non-Current Assets	6,511,249,566.40	0.00	0.00	0.00	6,511,249,566.40
Total Assets	\$ 24,732,846,181.10	\$ 0.00	\$ 0.00	\$ 0.00	\$ 24,732,846,181.10
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Payables From:					
Accounts Payable	\$ 7,030,087.62	\$	\$	\$	\$ 7,030,087.62
Federal Payable					
Interest Payable	38,945.27				38,945.27
Investment Trade Payable					
Hedging Derivative Investment Liability					
Other Intergovernmental	25,673,607.04				25,673,607.04
Unclaimed Property Claimant Liabilities					
Taxes Refund Payable	131,274,040.64				131,274,040.64
Due to Other Agencies	3,708,159,536.86				3,708,159,536.86
Other Current Liabilities	304,967,643.63				304,967,643.63
Unearned Revenues	358,435,020.09				358,435,020.09
Total Current Liabilities	4,535,578,881.15	0.00	0.00	0.00	4,535,578,881.15
Total Liabilities	4,535,578,881.15	0.00	0.00	0.00	4,535,578,881.15
DEFERRED INFLOWS					
Deferred Inflow of Resources (Note 29)	1,010,930,036.37			(1,010,930,036.37)	
Total Deferred Inflows	1,010,930,036.37	0.00	0.00	(1,010,930,036.37)	0.00
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances (Deficits):					
Nonspendable for LT Taxes Receivable	55,619,099.92				
Restricted	2,166,026,588.81				
Committed	23,408,933.28				
Unassigned	16,941,282,641.57				
Total Fund Balances	19,186,337,263.58				
Total Liabilities and Fund Balance	\$ 24,732,846,181.10				
GOVERNMENT-WIDE STATEMENT – NET POSITION					
Net Position:					
Net Investment in Capital Assets		\$	\$	\$	\$
Unrestricted				(1,010,930,036.37)	20,197,267,299.95
Total Net Position		\$ 0.00	\$ 0.00	(1,010,930,036.37)	\$ 20,197,267,299.95

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, 2021

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
REVENUES					
Taxes	\$ 55,823,596,874.59	\$	\$	\$ 295,846,276.17	\$ 56,119,443,150.76
Federal Revenue	1,200,872.09				1,200,872.09
Licenses, Fees & Permits	1,351,798,280.94				1,351,798,280.94
Interest and Other Investment Income	360,746,984.68				360,746,984.68
Land Income	2,894,776.76				2,894,776.76
Settlement of Claims	713,698,685.21				713,698,685.21
Sales of Goods and Services	40,284,882.35				40,284,882.35
Other	625,710,393.61			715,083,760.20	1,340,794,153.81
Total Revenues	<u>58,919,931,750.23</u>	<u>0.00</u>	<u>0.00</u>	<u>1,010,930,036.37</u>	<u>59,930,861,786.60</u>
EXPENDITURES					
Payroll Related Costs	892,886,704.68				892,886,704.68
Professional Fees and Services	13,562,802.86				13,562,802.86
Materials and Supplies	116,762.29				116,762.29
Communications and Utilities					
Repairs and Maintenance	362,070.94				362,070.94
Claims and Judgments	9,616,738.68				9,616,738.68
Intergovernmental Payments	497,439,693.74				497,439,693.74
Other Expenditures	62,356,600.10				62,356,600.10
Capital Outlay					
Depreciation/Amortization Expense					
Total Expenditures	<u>1,476,341,373.29</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,476,341,373.29</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>57,443,590,376.94</u>	<u>0.00</u>	<u>0.00</u>	<u>1,010,930,036.37</u>	<u>58,454,520,413.31</u>
OTHER FINANCING SOURCES (USES)					
Net Inc (Dec) on Transfer of Capital Assets					
Transfer In	3,478,102,087.65				3,478,102,087.65
Transfer Out	(27,036,732,586.77)				(27,036,732,586.77)
Legislative Transfer Out	(25,540,064,585.65)				(25,540,064,585.65)
Insurance Recoveries	314,479.51				314,479.51
Total Other Financing Sources and Uses	<u>(49,098,380,605.26)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(49,098,380,605.26)</u>
Net Change in Fund Balances/Net Assets	<u>8,345,209,771.68</u>	<u>0.00</u>	<u>0.00</u>	<u>1,010,930,036.37</u>	<u>9,356,139,808.05</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances, September 1, 2019	10,841,127,491.90				
Restatements					
Fund Balances, September 1, 2019, as Restated	<u>10,841,127,491.90</u>				
Fund Balances, August 31, 2020	<u>\$ 19,186,337,263.58</u>				
GOVERNMENT-WIDE STATEMENT – NET POSITION					
Net Position/Net Change in Net Position	<u>\$ 8,345,209,771.68</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,010,930,036.37</u>	<u>\$ 9,356,139,808.05</u>
Net Position, September 1, 2020	10,841,127,491.90				10,841,127,491.90
Restatements					
Net Position, September 1, 2020, as Restated	<u>10,841,127,491.90</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>10,841,127,491.90</u>
Net Position, August 31, 2021	<u>\$ 19,186,337,263.58</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,010,930,036.37</u>	<u>\$ 20,197,267,299.95</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, 2021

Tax Type	Tax Revenue		Taxes Receivable	Refunds Payable	Net Taxes Receivable
	Modified Accrual	Full Accrual			
Sales and Use	\$37,433,223,010.61	\$37,433,231,014.95	\$1,923,454,651.99		\$1,923,454,651.99
Motor Vehicle & MFG Housing	5,767,354,045.57	5,769,642,982.00	128,837,588.89		128,837,588.89
Motor Fuels*	114,954,146.57	114,954,140.50	7,466,102.73		7,466,102.73
Oil & Natural Gas Production	5,320,976,072.70	5,320,976,072.70	569,658,379.78	(131,274,040.64)	438,384,339.14
Franchise	3,352,936,605.32	3,352,936,605.32			
Insurance	2,707,376,782.67	2,944,568,171.38	297,078,672.01		297,078,672.01
Cigarette & Tobacco	587,464,173.75	590,676,728.06	25,420,463.90		25,420,463.90
Other Taxes:					
Alcoholic Beverage	1,271,188,651.86	1,271,188,651.86	74,962,581.05		74,962,581.05
Utility	531,016,045.30	584,161,345.51	73,090,695.86		73,090,695.86
Hotel and Motel	490,112,093.07	490,112,093.07	40,842,749.87		40,842,749.87
Other	92,580,808.34	92,580,808.34			
Total Taxes	<u>\$57,669,182,435.76</u>	<u>\$57,965,028,613.68</u>	<u>\$3,140,811,886.07</u>	<u>\$(131,274,040.64)</u>	<u>\$3,009,537,845.43</u>

* 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	\$ 8,004.34
Motor Vehicle & MFG Housing	2,288,936.43
Motor Fuels*	92.18
Oil & Natural Gas Production	
Franchise	
Insurance	237,191,388.71
Cigarette & Tobacco	3,212,554.30
Other Taxes:	
Alcoholic Beverage	
Utility	53,145,300.21
Hotel and Motel	
Total Taxes	<u>\$ 295,846,276.17</u>

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, 2021

	General Funds (Ex A-1)	Special Revenue Funds (Ex B-1)	Permanent Funds (Ex E-1)	Governmental Funds Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash in Bank	\$	\$ 113,575.50	\$	\$ 113,575.50
Cash in State Treasury	2,765,980.44			2,765,980.44
Short Term Investments	2,172,538.44	46,667,760.55	113,664,697.02	162,504,996.01
Receivables From:				
Interest and Dividends	1.21	242.66	2,271.57	2,515.44
Trade Receivables		61,729.37	643,949.14	705,678.51
Due From Other Agencies	7,306,184.65			7,306,184.65
Non-Current Assets:				
Investments		128,907,037.89	872,559,129.06	1,001,466,166.95
Total Assets	<u>\$ 12,244,704.74</u>	<u>\$ 175,750,345.97</u>	<u>\$ 986,870,046.79</u>	<u>\$ 1,174,865,097.50</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts Payable	\$	\$ 109,157.18	\$ 1,138,707.17	\$ 1,247,864.35
Trade Payable				
Interest Payable		4,220.92	44,031.90	48,252.82
Due to Other Agencies				
Futures Contracts at Fair Value				
Swaps at Fair Value				
Other Liabilities	7,306,184.65			7,306,184.65
Total Liabilities	<u>7,306,184.65</u>	<u>113,378.10</u>	<u>1,182,739.07</u>	<u>8,602,301.82</u>
FUND FINANCIAL STATEMENT				
Fund Balances (Deficits):				
Restricted				
Committed	5,463,520.09	175,636,967.87	985,687,307.72	1,166,787,795.68
Unassigned				
Total Fund Balances	<u>5,463,520.09</u>	<u>175,636,967.87</u>	<u>985,687,307.72</u>	<u>1,166,787,795.68</u>
Total Liabilities and Fund Balances	<u>\$ 12,769,704.74</u>	<u>\$ 175,750,345.97</u>	<u>\$ 986,870,046.79</u>	<u>\$ 1,175,390,097.50</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT II

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

For the Fiscal Year Ended August 31, 2021

	General Funds (Ex A-2)	Special Revenue Funds (Ex B-2)	Permanent Funds (Ex E-2)	Governmental Funds Total
REVENUES				
Interest and Other Investment Income	\$ 295,620,159.52	\$ 4,279,079.10	\$ 10,759,435.02	\$ 310,658,673.64
Net Increase (Decrease) in Fair Value		27,015,570.40	191,947,505.61	218,963,076.01
Other Revenue	3,388,716.44			3,388,716.44
Total Revenues	<u>299,008,875.96</u>	<u>31,294,649.50</u>	<u>202,706,940.63</u>	<u>533,010,466.09</u>
EXPENDITURES				
Professional Fees and Services	293,493.50	140,382.02	1,402,971.34	1,836,846.86
Travel				
Interest	282,476,714.44			282,476,714.44
Information Technology Service	18,000.00			18,000.00
Purchased Contracted Service				
Rentals and Leases				
Prompt Payment Interest				
Fees and other charges	200.00	459.63		659.63
Other Expenses	2,398,844.96			2,398,844.96
Total Expenditures/Expenses	<u>285,187,252.90</u>	<u>140,841.65</u>	<u>1,402,971.34</u>	<u>286,731,065.89</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>13,821,623.06</u>	<u>31,153,807.85</u>	<u>201,303,969.29</u>	<u>246,279,400.20</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	12,882,476,714.44	21,516,357.44		12,903,993,071.88
Transfers Out	(12,895,946,538.59)	(23,811,773.47)	(28,061,471.08)	(12,947,819,783.14)
Total Other Financing Sources and Uses	<u>(13,469,824.15)</u>	<u>(2,295,416.03)</u>	<u>(28,061,471.08)</u>	<u>(43,826,711.26)</u>
Net Change in Fund Balances/Net Assets	<u>351,798.91</u>	<u>28,858,391.82</u>	<u>173,242,498.21</u>	<u>202,452,688.94</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances, September 1, 2020, as Restated	5,111,721.18	146,778,576.02	812,444,809.53	964,335,106.73
Restatements				
Fund Balances, September 1, 2020, as Restated	<u>5,111,721.18</u>	<u>146,778,576.02</u>	<u>812,444,809.53</u>	<u>964,335,106.73</u>
Fund Balances – August 31, 2021	<u>\$ 5,463,520.09</u>	<u>\$ 175,636,967.84</u>	<u>\$ 985,687,307.74</u>	<u>\$ 1,166,787,795.67</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT VI

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

August 31, 2021

	Private- Purpose Trust (Exhibit I-1)	Totals
ASSETS		
Cash and Cash Equivalents:		
Cash in Bank	\$	\$
Cash in State Treasury		
Other Short Term Investments		
Investments (Note 3)		
U.S. Government and Agency Obligations		
Corporate Equity	3,756,834.88	3,756,834.88
Corporate Obligations		
Foreign Securities	68,272,052.89	68,272,052.89
Other Investments	2,724,674,431.83	2,724,674,431.83
Repurchase Agreements		
Receivables:		
Interest and Dividends	7,690.54	7,690.54
Trade Receivables	2,065,575.40	2,065,575.40
Due From Other Fund		
Other Assets		
Total Assets	2,798,776,585.54	2,798,776,585.54
LIABILITIES		
Payables:		
Accounts Payable	3,652,595.09	3,652,595.09
Trade Payable		
Interest Payable	141,239.75	141,239.75
Due to Other Agencies		
Obligations/Securities Lending		
Swaps at Fair Value		
Funds Held for Others		
Total Liabilities	3,793,834.84	3,793,834.84
NET ASSETS		
Held in trust for:		
Individuals, Organizations, and		
Other Governments	3,180,441,375.82	3,180,441,375.82
Total Net Assets	\$3,180,441,375.82	\$3,180,441,375.82

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT VII

Combined Statement of Changes in Net Position – Fiduciary Funds

August 31, 2021

	Private Purpose Trust (Exhibit I-2)	Totals
ADDITIONS		
Investment Income:		
From Investing Activities:		
Net appreciation (Depreciation) in		
Fair Value of Investments	\$ 613,831,151.71	\$ 613,831,151.71
Interest and Investment Income	34,399,216.55	34,399,216.55
Total Investing Income (Loss)	648,230,368.26	648,230,368.26
Less Investing Activities Expense		
Net Income from Investing Activities	648,230,368.26	648,230,368.26
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)	648,230,368.26	648,230,368.26
Total Additions	648,230,368.26	648,230,368.26
DEDUCTIONS		
Transfer out	75,630,577.00	75,630,577.00
Professional Fees and Services	4,554,533.07	4,554,533.07
Total Deductions	80,185,110.07	80,185,110.07
INCREASE (DECREASE) IN NET ASSETS	568,045,258.19	568,045,258.19
NET POSITION		
Net Position September 1, 2020	2,612,396,117.64	2,612,396,117.64
Restatements		
Net Position, September 1, 2020, as Restated	2,612,396,117.64	2,612,396,117.64
Net Position – August 31, 2021	\$ 3,180,441,375.83	\$ 3,180,441,375.83

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

FUND STRUCTURE

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

GOVERNMENTAL FUND TYPES

General Fund

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

Permanent Funds

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

Special Revenue Funds

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

FIDUCIARY FUND TYPES

Agency Funds

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

Private-Purpose Trust Funds

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

BASIS OF ACCOUNTING

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

BUDGETS AND BUDGETARY ACCOUNTING

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

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

ASSETS, LIABILITIES AND FUND BALANCES/NET ASSETS

ASSETS

Investments

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

Securities Lending Collateral

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

Interest and Dividend Receivables

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

Investment Trade Receivables

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

Other Assets

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

LIABILITIES

Accounts Payable

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

Notes Payable

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

Investment Trade Payables

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

Other Liabilities

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

FUND BALANCE/NET POSITION

Fund Balance/Net Position

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

Fund Balance Components

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

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

Restricted Net Position

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

Unrestricted Net Position

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

INTERFUND ACTIVITIES AND BALANCES

The Treasury has the following types of transactions between funds:

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

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

NOTE 2: Capital Assets

(Not Applicable)

NOTE 3: Deposits, Investments & Repurchase Agreements

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

INVESTMENT AUTHORITY

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

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

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

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

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

DEPOSITS OF CASH IN BANK

Custodial Operations

As of Aug. 31, 2021, the carrying amount and the total bank balance of deposits is presented below:

Custodial Operations	
Cash in Bank – Carrying Amount	\$ 538,313,682.88
Total Cash in Bank	<u>\$ 538,313,682.88</u>

The Trust Company’s contract with the Federal Reserve Bank permits the Trust Company to wire transfer funds for the purpose of facilitating investment transactions. Correspondingly, a minimum cash balance is maintained in the account to generate earnings credits sufficient to offset the costs of the services received. As these investment transactions occur, the Federal Reserve Bank requires that the Trust Company maintain a positive cash balance in the account intraday and at the end of the day. The Trust Company met those requirements throughout fiscal 2021.

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

Securities pledged as collateral on Aug. 31, 2021, were categorized as follows:

Political Subdivision Securities	
<u>Moody's Investors Service Ratings</u>	<u>Percent of Collateral Pledged</u>
AAA	12.73%
AA	20.37%
A	4.51%
Subtotal	<u>37.61%</u>

U.S. Government Securities	
<u>Description</u>	<u>Percent of Collateral Pledged</u>
Federal Farm Credit Bank	1.03%
Federal Home Loan Bank Debentures	1.87%
Federal Home Mtg. Corp-Mtg. backed	29.80%
Federal Home Loan Mortgage Corp	0.69%
Federal National Mortgage Assn	0.26%
Federal National Mtg. Assn-Mtg. backed	2.59%
Government National Mortgage Assn	8.85%
Federal Home Loan Bank Letters of Credit	17.30%
Subtotal	<u>62.39%</u>
TOTAL	<u>100.00%</u>

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

During fiscal year 2021, 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 million or more.

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All deposits in financial institutions for Comptroller custodial operations, as of Aug. 31, 2021, were fully secured by FDIC insurance and securities pledged to the Comptroller.

Departmental Operations

As of Aug. 31, 2021, the carrying amount and the total bank balance of deposits is presented below:

Departmental Operations	
Governmental Funds	
Cash in Bank – Carrying Amount	\$ 113,575.50
Total Cash in Bank per AFR	<u>\$ 113,575.50</u>
Governmental Funds Cash in Bank	<u>\$ 113,575.50</u>
Cash in Bank per AFR	<u>\$ 113,575.50</u>
Governmental Funds Cash in Bank	

INVESTMENTS AND REPURCHASE AGREEMENTS

Custodial Operations

As of Aug. 31, 2021, the fair value of investments is as presented below.

Investments for the Treasury Pool, as of Aug. 31, 2021 are as follows:

Fair Value of Investments					
As of 08/31/2021					
Treasury Portfolio	Level 1	Level 2	Level 3	Amortized Cost	Fair Value
Investment Type					
U.S. Government Agencies	\$	\$ 2,117,803,603.00	\$	\$	\$ 2,117,803,603.00
U.S. Government Treasuries		31,648,462,202.55			31,648,462,202.55
Government Mortgage Backed Securities		2,520,495,083.66			2,520,495,083.66
Commercial paper		14,492,545,292.81			14,492,545,292.81
Repurchase Agreements				2,300,000,000.00	2,300,000,000.00
Supranationals/Israel Bonds		2,882,595,260.40			2,882,595,260.40
Corporate Obligations		1,943,546,117.04			1,943,546,117.04
Asset Backed Securities		2,966,338,994.78			2,966,338,994.78
Small Business Administration		6,330,778.18			6,330,778.18
Stock In Texas Trust Company			1,000,000.00		1,000,000.00
Money Market Mutual Funds	<u>2,608,000,000.00</u>				<u>2,608,000,000.00</u>
Total Treasury Pool without Lottery Securities	<u>2,608,000,000.00</u>	<u>58,578,117,332.42</u>	<u>1,000,000.00</u>	<u>2,300,000,000.00</u>	<u>63,487,117,332.42</u>
U. S. Government Agencies - Lottery - Refco		178,448,691.34			178,448,691.34
U. S. Government Agencies - Lottery - Treasury Strips		195,532,654.21			195,532,654.21
Total Investments	<u>\$ 2,608,000,000.00</u>	<u>\$ 58,952,098,677.97</u>	<u>\$ 1,000,000.00</u>	<u>\$ 2,300,000,000.00</u>	<u>\$ 63,861,098,677.97</u>

Credit risk. The risk that an issuer or other counterparty to an investment will not fulfill its obligation. Pursuant to Government Code section 404.024(a) and (b), Treasury funds may be invested in fully collateralized repurchase agreements secured by obligations of the U.S., its agencies, or Government Sponsored Enterprises (GSEs), including mortgage-backed securities of such agencies and GSEs. The Comptroller may purchase direct obligations of or obligations, the principal and interest of which are guaranteed by the U.S.; and direct obligations of, or obligations guaranteed by U.S. agencies or GSEs. Mortgage-backed securities are eligible for purchase except those specifically prohibited by section 404.024 (e) of the Government Code. Treasury funds may invest in commercial paper that does not exceed 270 days to maturity and that has received the highest short-term

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credit rating by a nationally recognized statistical rating organization or “NRSRO”. “Highest short-term credit rating” includes at least one of the following short-term credit ratings, Moody’s (P-1), Standard & Poor’s (A-1), or Fitch, Inc. (F-1). Money market funds must be rated AAAM by a NRSRO. Treasury funds may invest in asset-backed securities that are rated at least A or its equivalent by a NRSRO and that have a weighted-average maturity of five years or less, as well as corporate debt obligations that are rated at least A or its equivalent by a NRSRO and mature in five years or less from the date on which the obligations were acquired. The Treasury portfolio is rated AAAF by Standard & Poor’s. The following table lists Standard & Poor’s credit rating by investment type for the Treasury Pool securities that are subject to credit risk.

Standard & Poor's						
Fund	Investment Type	AAA	AA	A	A-1	Unrated
Treasury Portfolio	U.S. Government Agencies	\$	\$ 2,117,803,603	\$	\$	\$
Treasury Portfolio	Government Mortgage Backed Securities		2,520,495,084			
Treasury Portfolio	Commercial paper				14,492,545,293	
Treasury Portfolio	Repurchase Agreements		2,300,000,000			
Treasury Portfolio	Small Business Administration		6,330,778			
Treasury Portfolio	Supranationals	2,807,595,260	75,000,000			
Treasury Portfolio	Corporate Obligations	379,875,888	1,434,564,792	129,105,437		
Treasury Portfolio	Asset Backed Securities	2,611,722,932				354,616,063
Treasury Portfolio	Mutual Funds (2A 7-Like)	2,608,000,000				

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

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

Investment Type	Modified Duration (Years)
U.S. Government Agencies	2.920
U.S. Government Treasuries	0.272
Government Mortgage Backed Securities	3.730
Commercial Paper	0.248
Repurchase Agreements	0.003
Small Business Administration	13.625
Supranationals	1.402
Corporate Obligations	1.334
Asset Backed Securities	1.087
Placement of deposits with financial institutions	0.306
Treasury Portfolio Modified Duration	0.616

Reverse Repurchase Agreements. The Treasury Pool may enter into reverse repurchase agreements for up to 35% of the pool’s assets. The Treasury Pool’s aggregate amount of reverse repurchase agreement obligations at Aug. 31, 2021 was \$11,370,641 including accrued interest. The aggregate fair value of the securities underlying those agreements, including accrued interest, was \$11,376,606. There was no credit exposure at year-end.

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Departmental Operations

As of Aug. 31, 2021, the fair value of investments is as presented below:

Investments Measured at Net Asset Value				
As of 08/31/2021				
Governmental Funds	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds – Fund of funds	\$ 37,854,518.68	N/A	Daily, Monthly, Quarterly, Annually	1-95 days
Hedge Funds – Direct funds	394,022,079.72	N/A	Quarterly, Semi-annual, Annually	1-90 days
Domestic Alternative Investments	490,923,896.50	292,357,860.11	N/A	N/A
International Alternative Investments	23,469,415.87	8,957,765.51	N/A	N/A
Total Investments	<u>\$ 946,269,910.77</u>	<u>\$ 301,315,625.62</u>		
Fiduciary Funds	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds – Fund of funds	\$ 110,803,096.73	N/A	Daily, Monthly, Quarterly, Annually	1-95 days
Hedge Funds – Direct funds	1,153,071,675.72	N/A	Monthly, Quarterly, Semi-annual, Annually	1-90 days
Domestic Alternative Investments	1,424,078,346.00	847,526,816.42	N/A	N/A
International Alternative Investments	68,272,052.89	26,371,649.02	N/A	N/A
Total Investments	<u>\$ 2,756,225,171.34</u>	<u>\$ 873,898,465.44</u>		

Investments by Fair Value Hierarchy					
As of 08/31/2021					
Governmental Funds	Level 1	Level 2	Level 3	Net Asset Value	Fair Value
Mutual Market Funds	\$ 124,853,273.57	\$	\$	\$	\$ 124,853,273.57
Mutual Funds – Global Fixed Income	10,896,348.64				10,896,348.64
Mutual Funds – Global Equities	517,994.99				517,994.99
Global Equities	1,279,124.58				1,279,124.58
Total Return SWAP - Fixed Income		240,360.20			240,360.20
Total Return SWAP - Equity		890,682.40			890,682.40
Corporate Equities	11,025,332.39	2,905,969.62			13,931,302.01
Corporate Obligations		2,110,803.33			2,110,803.33
International Other Comingled Funds	7,769,401.62	4,051,097.05			11,820,498.67
Other Investments			13,509,141.34		13,509,141.34
Short Term Investments	844,321.33				844,321.33
Total Investments	<u>\$ 157,185,797.12</u>	<u>\$ 10,198,912.60</u>	<u>\$ 13,509,141.34</u>	<u>\$ 0.00</u>	<u>\$ 180,893,851.06</u>
Fiduciary Funds	Level 1	Level 2	Level 3	Net Asset Value	Fair Value
Mutual Market Funds	\$ 385,458,625.12	\$	\$	\$	\$ 385,458,625.12
Mutual Funds – Global Fixed Income	31,894,453.13				31,894,453.13
Mutual Funds – Global Equities	1,516,211.31				1,516,211.31
Global Equities	3,756,834.88				3,756,834.88
Total Return SWAP - Fixed Income		703,552.84			703,552.84
Total Return SWAP - Equity		2,607,096.09			2,607,096.09
Total Investments	<u>\$ 422,626,124.44</u>	<u>\$ 3,310,648.93</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 425,936,773.37</u>

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

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

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

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

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Standard & Poor's			
Fund Type	Investment Type	AAA	Unrated
02	Mutual Funds – Global Fixed Income	\$	\$ 953,160.32
02	Investments in Short-Term Investment Fund	11,188,576.53	
19	Mutual Funds – Global Fixed Income		9,943,188.32
19	Investments in Short-Term Investment Fund	113,664,697.03	
20	Mutual Funds – Global Fixed Income		31,894,453.13
20	Investments in Short Term Investment Fund	385,458,625.12	

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

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

Investment Type	Effective Duration (Years)
Mutual Funds – Global Fixed Income	1.39
Investment Type	Weighted Average Maturity (Days)
Investments in Short-Term Investment Fund	23

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

Fair Market Value As of August 31, 2021			
Fund Type	Foreign Currency	Alternative Investments International	Other Investments
02	Euro	\$ 2,239,185.79	\$ 3,316,776.44
19	Euro	21,230,230.08	-
20	Euro	68,272,052.89	-
	Total	<u>\$91,741,468.76</u>	<u>\$ 3,316,776.44</u>

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

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. 19, 2020 (with an issue date of Sept. 2, 2020), \$7,200,000,000 in State of Texas Tax and Revenue Anticipation Notes, Series 2020 were sold for the purpose of coordinating the cash flow of the State for the fiscal year ended Aug. 31, 2021. 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. 26, 2021 and bore an interest rate of 4.00% and was priced to yield at 0.2483% as determined by the bids of the initial purchasers.

Gross note proceeds were \$7,464,941,505.00. Interest and other investment income on gross TRAN proceeds were \$295,619,572.39. Debt service payments included \$7,200,000,000 for principal and \$282,476,714.44 in interest expense.

For Fiscal Year 2022, the State Comptroller announced that the state did not issue State of Texas Tax and Revenue Anticipation Notes.

TAX AND REVENUE ANTICIPATION NOTES

For the Year Ended Aug. 31, 2021 (Amounts In Thousands):

	Beginning Balance September 1, 2020	Issued	Redeemed	Ending Balance August 31, 2021
Tax and Revenue Anticipation Notes	\$ 0	7,200,000	7,200,000	\$ 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.

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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 2021. All the Fund’s derivative instruments are considered investment derivatives and therefore are measured and reported at fair value.

The fair value, changes in fair value, and notional value of the Fund’s derivatives investments, classified by derivative type, are displayed in the following table as of Aug. 31, 2021.

Derivative Instruments					
As of 08/31/2021					
	<u>Changes in Fair Value</u>		<u>Fair Value as of August 31, 2021</u>		Notional Amount
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	
Governmental Activities					
<i>Investment Derivatives</i>					
Total Return Swaps	Investment Revenue	\$ 29,587,369.16	Investment	\$ 1,131,042.59	\$ 148,105,239.30
Futures	Investment Revenue	\$ 0.00		\$ 0.00	\$ 0.00
Fiduciary Activities					
<i>Investment Derivatives</i>					
Total Return Swaps	Investment Revenue	\$ 86,604,512.26	Investment	\$ 3,310,648.93	\$ 433,515,462.09
Futures	Investment Revenue	\$ 0.00		\$ 0.00	\$ 0.00

NOTE 8: Leases

(Not Applicable)

NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan

(Not Applicable)

NOTE 10: Deferred Compensation (administering agencies only)

(Not Applicable)

NOTE 11: Post-employment Benefits Other Than Pensions

(Not Applicable)

NOTE 12: Interfund Activity and Transactions

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

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

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Individual balances and activity at Aug. 31, 2021, are as follows:

August 31, 2021	Transfers In	Transfers Out	Purpose
GENERAL (01)			
Appd Fund 0577, Fund 0577 (Agency 902, Fund 0001)	\$	\$ 12,620,520.45	Net FYE Bal Transfer
Appd Fund 5044, Fund 5044 (Agency 537, Fund 5044)		424,993.00	Distribution
Appd Fund 5045, Fund 5045 (Agency 347, Fund 5045)		212,504.00	Distribution
Appd Fund 5046, Fund 5046 (Agency 347, Fund 5046)		212,503.00	Distribution
SPECIAL REVENUE (02)			
Appd Fund 0823, Fund 0823 (Agency 781, Fund 0823)		1,604,837.30	Distribution
Appd Fund 0824, Fund 0824 (Agency 781, Fund 0824)		1,727,503.36	Distribution
Appd Fund 0825, Fund 0825 (Agency 781, Fund 0825)		960,568.68	Distribution
PERMANENT (19)			
Appd Fund 5047, Fund 5047 (Agency 551 Fund 5047)		1,683,298.28	Distribution
Appd Fund 5048, Fund 5048 (Agency 537, Fund 5048)		901,610.64	Distribution
PRIVATE PURPOSE (20)			
Appd Fund 0872, Fund 0872 (Agency 902, Fund 2872)		75,630,577.00	Distribution
Total Transfers	<u>\$ 0.00</u>	<u>\$ 95,978,915.71</u>	
	Due From Other Agencies	Due To Other Agencies	Source
Appd Fund 0001, Fund 1900 (Agency 902, Fund 0001)	\$ 7,306,184.65	\$	Shared Cash
Total Due From/To Other Agencies	<u>\$ 7,306,184.65</u>	<u>\$ 0.00</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% 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)

EXHIBIT A-1

Balance Sheet – All General and Consolidated Funds

August 31, 2021

	General Revenue Fund (0001) U/F (1900)	Tax and Revenue Anticipation Note Fund (0577) U/F (0577)	Departmental Suspense Fund (0900) U/F (0900)	Bond and Investment Companies Trust Account Fund (0908) U/F (0908)
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash in Bank	\$	\$	\$	\$
Cash in State Treasury			2,765,980.44	
Overnight Repurchase Agreement				
Receivables From:				
Interest				
Trades				
Due From Other Agencies	7,306,184.65			
Other Assets				525,000.00
Non-Current Assets:				
Investments				
Total Assets	<u>\$ 7,306,184.65</u>	<u>\$ 0.00</u>	<u>\$ 2,765,980.44</u>	<u>\$ 525,000.00</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts Payable	\$	\$	\$	\$
Trades Payable				
Due to Other Agencies				
Other Liabilities	7,306,184.65			
Total Liabilities	<u>7,306,184.65</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances (Deficits):				
Restricted				
Committed			2,765,980.44	525,000.00
Unassigned				
Total Fund Balances	<u>0.00</u>	<u>0.00</u>	<u>2,765,980.44</u>	<u>525,000.00</u>
Total Liabilities and Fund Balances	<u>\$ 7,306,184.65</u>	<u>\$ 0.00</u>	<u>\$ 2,765,980.44</u>	<u>\$ 525,000.00</u>

Concluded on the following page

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT A-1 (concluded)

Balance Sheet – All General and Consolidated Funds

August 31, 2021

	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)
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash in Bank	\$	\$	\$	\$
Cash in State Treasury				2,765,980.44
Overnight Repurchase Agreement	1,287,864.03	544,077.49	340,596.92	2,172,538.44
Receivables From:				
Interest	0.72	0.30	0.19	1.21
Trades				
Due From Other Agencies				7,306,184.65
Other Assets				
Non-Current Assets:				
Investments				
Total Assets	<u>\$ 1,287,864.75</u>	<u>\$ 544,077.79</u>	<u>\$ 340,597.11</u>	<u>\$ 12,244,704.74</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts Payable	\$	\$	\$	\$
Trades Payable				
Due to Other Agencies				
Other Liabilities				7,306,184.65
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>7,306,184.65</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances (Deficits):				
Restricted				
Committed	1,287,864.75	544,077.79	340,597.11	5,463,520.09
Unassigned				
Total Fund Balances	<u>1,287,864.75</u>	<u>544,077.79</u>	<u>340,597.11</u>	<u>5,463,520.09</u>
Total Liabilities and Fund Balances	<u>\$ 1,287,864.75</u>	<u>\$ 544,077.79</u>	<u>\$ 340,597.11</u>	<u>\$ 12,769,704.74</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, 2021

	General Revenue Fund (0001) U/F (1900)	Tax and Revenue Anticipation Note Fund (0577) U/F (0577)	Departmental Suspense Fund (0900) U/F (0900)	Bond and Investment Companies Trust Account Fund (0908) U/F (0908)
REVENUES				
Interest and Other Investment Income	\$	\$ 295,619,572.39	\$	\$
Net Increase (Decrease) in Fair Value				
Other Revenue			3,388,716.44	
Total Revenues	<u>0.00</u>	<u>295,619,572.39</u>	<u>3,388,716.44</u>	<u>0.00</u>
EXPENDITURES				
Professional Fees and Services		293,493.50		
Travel				
Interest		282,476,714.44		
Information Technology Service		18,000.00		
Purchased Contracted Service				
Rentals and Leases				
Prompt Payment Interest				
Fees and other charges		200.00		
Other Expenses			2,398,844.96	
Total Expenditures/Expenses	<u>0.00</u>	<u>282,788,407.94</u>	<u>2,398,844.96</u>	<u>0.00</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>0.00</u>	<u>12,831,164.45</u>	<u>989,871.48</u>	<u>0.00</u>
OTHER FINANCING SOURCES (USES)				
Transfer In		12,882,476,714.44		
Transfers Out		(12,895,097,234.89)		
Total Other Financing Sources and Uses	<u>0.00</u>	<u>(12,620,520.45)</u>	<u>0.00</u>	<u>0.00</u>
Net Change in Fund Balances/Net Assets	<u>0.00</u>	<u>210,644.00</u>	<u>989,871.48</u>	<u>0.00</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances, September 1, 2020		(210,644.00)	1,776,108.96	525,000.00
Restatements				
Fund Balances, September 1, 2020, as Restated	<u>0.00</u>	<u>(210,644.00)</u>	<u>1,776,108.96</u>	<u>525,000.00</u>
Fund Balances – August 31, 2021	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 2,765,980.44</u>	<u>\$ 525,000.00</u>

Concluded on the following page

UNAUDITED
Comptroller Treasury – Fiscal (311)

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, 2021

	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)
REVENUES				
Interest and Other Investment Income	\$ 336.79	\$ 146.98	\$ 103.36	\$ 295,620,159.52
Net Increase (Decrease) in Fair Value				
Other Revenue				3,388,716.44
Total Revenues	<u>336.79</u>	<u>146.98</u>	<u>103.36</u>	<u>299,008,875.96</u>
EXPENDITURES				
Professional Fees and Services				293,493.50
Travel				
Interest				282,476,714.44
Information Technology Service				18,000.00
Purchased Contracted Service				
Rentals and Leases				
Prompt Payment Interest				
Fees and other charges				200.00
Other Expenses				2,398,844.96
Total Expenditures/Expenses	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>285,187,252.90</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>336.79</u>	<u>146.98</u>	<u>103.36</u>	<u>13,821,623.06</u>
OTHER FINANCING SOURCES (USES)				
Transfer In				12,882,476,714.44
Transfers Out	(424,332.22)	(212,155.85)	(212,815.63)	(12,895,946,538.59)
Total Other Financing Sources and Uses	<u>(424,332.22)</u>	<u>(212,155.85)</u>	<u>(212,815.63)</u>	<u>(13,469,824.15)</u>
Net Change in Fund Balances/Net Assets	<u>(423,995.43)</u>	<u>(212,008.87)</u>	<u>(212,712.27)</u>	<u>351,798.91</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances, September 1, 2020	1,711,860.18	756,086.66	553,309.38	5,111,721.18
Restatements				
Fund Balances, September 1, 2020, as Restated	<u>1,711,860.18</u>	<u>756,086.66</u>	<u>553,309.38</u>	<u>5,111,721.18</u>
Fund Balances – August 31, 2021	<u>\$ 1,287,864.75</u>	<u>\$ 544,077.79</u>	<u>\$ 340,597.11</u>	<u>\$ 5,463,520.09</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT B-1

Combining Balance Sheet – Special Revenue Funds

August 31, 2021

	Permanent Endowment Fund-Baylor College of Medicine (0823) U/F (2823)	Permanent Fund for Higher Education Nursing, Allied Health and Other Health Related Programs (0824) U/F (0824)	Permanent Fund for Minority and Research Educaton Fund (0825) U/F (0825)	Cigarette Stamp Tax Recovery Trust Fund Fund (9999) U/F (3000)	Totals (Ex I)
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash in Bank	\$	\$	\$	\$ 113,575.50	\$ 113,575.50
Cash in State Treasury					
Securities Lending Collateral					
Short Term Investments	844,321.33	7,190,427.50	3,998,149.03	34,634,862.69	46,667,760.55
Receivables From:					
Interest and Dividends		143.58	79.84	19.24	242.66
Trade Receivables		39,670.18	22,059.19		61,729.37
Due From Other Agencies					
Total Current Assets	<u>844,321.33</u>	<u>7,230,241.26</u>	<u>4,020,288.06</u>	<u>34,748,457.43</u>	<u>46,843,308.08</u>
Non-Current Assets:					
Investments	41,371,745.36	56,255,142.94	31,280,149.59		128,907,037.89
Total Noncurrent Assets	<u>41,371,745.36</u>	<u>56,255,142.94</u>	<u>31,280,149.59</u>	<u>0.00</u>	<u>128,907,037.89</u>
Total Assets	<u>\$ 42,216,066.69</u>	<u>\$ 63,485,384.20</u>	<u>\$ 35,300,437.65</u>	<u>\$ 34,748,457.43</u>	<u>\$ 175,750,345.97</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current Liabilities:					
Payables From:					
Accounts Payable	\$	\$ 70,149.50	\$ 39,007.68	\$	\$ 109,157.18
Trade Payable					
Interest Payable		2,712.56	1,508.36		4,220.92
Futures Contracts at Fair Value					
Swaps at Fair Value					
Total Current Liabilities	<u>0.00</u>	<u>72,862.06</u>	<u>40,516.04</u>	<u>0.00</u>	<u>113,378.10</u>
Total Liabilities	<u>0.00</u>	<u>72,862.06</u>	<u>40,516.04</u>	<u>0.00</u>	<u>113,378.10</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances (Deficits):					
Unreserved/Designated for:					
Restricted					
Committed	42,216,066.69	63,412,522.14	35,259,921.61	34,748,457.43	175,636,967.87
Total Fund Balances	<u>42,216,066.69</u>	<u>63,412,522.14</u>	<u>35,259,921.61</u>	<u>34,748,457.43</u>	<u>175,636,967.87</u>
Total Liabilities and Fund Balances	<u>\$ 42,216,066.69</u>	<u>\$ 63,485,384.20</u>	<u>\$ 35,300,437.65</u>	<u>\$ 34,748,457.43</u>	<u>\$ 175,750,345.97</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT B-2

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

For the Fiscal Year Ended August 31, 2021

	Permanent Endowment Fund-Baylor College of Medicine (0823) U/F (2823)	Permanent Fund for Higher Education Nursing, Allied Health and Other Health Related Programs (0824) U/F (2824)	Permanent Fund for Minority and Research Educaton Fund (0825) U/F (0825)	Cigarette Stamp Tax Recovery Trust Fund Fund (9999) U/F (3000)	Totals (Ex II)
REVENUES					
Interest and Other Investment Income	\$ 3,154,714.27	\$ 717,719.86	\$ 399,068.65	\$ 7,576.32	\$ 4,279,079.10
Income from Securities Lending					
Net Increase (Decrease) in Fair Value	<u>7,738,262.88</u>	<u>12,388,677.17</u>	<u>6,888,630.35</u>		<u>27,015,570.40</u>
Total Revenues	<u>10,892,977.15</u>	<u>13,106,397.03</u>	<u>7,287,699.00</u>	<u>7,576.32</u>	<u>31,294,649.50</u>
EXPENDITURES					
Professional Fees and Services		90,217.44	50,164.58		140,382.02
Fees and Other Charges				459.63	459.63
Total Expenditures/Expenses	<u>0.00</u>	<u>90,217.44</u>	<u>50,164.58</u>	<u>459.63</u>	<u>140,841.65</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,892,977.15</u>	<u>13,016,179.59</u>	<u>7,237,534.42</u>	<u>7,116.69</u>	<u>31,153,807.85</u>
OTHER FINANCING SOURCES (USES)					
Contributions				21,516,357.44	21,516,357.44
Distributions	(1,604,837.30)	(1,727,503.36)	(960,568.68)	(19,518,864.13)	(23,811,773.47)
Total Other Financing Sources and Uses	<u>(1,604,837.30)</u>	<u>(1,727,503.36)</u>	<u>(960,568.68)</u>	<u>1,997,493.31</u>	<u>(2,295,416.03)</u>
Net Change in Fund Balances/Net Assets	<u>9,288,139.85</u>	<u>11,288,676.23</u>	<u>6,276,965.74</u>	<u>2,004,610.00</u>	<u>28,858,391.82</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances, September 1, 2020 Restatements	32,927,926.84	52,123,845.89	28,982,955.86	32,743,847.43	146,778,576.02
Fund Balances, September 1, 2020, as Restated	<u>32,927,926.84</u>	<u>52,123,845.89</u>	<u>28,982,955.86</u>	<u>32,743,847.43</u>	<u>146,778,576.02</u>
Fund Balances – August 31, 2021	<u>\$ 42,216,066.69</u>	<u>\$ 63,412,522.12</u>	<u>\$ 35,259,921.60</u>	<u>\$ 34,748,457.43</u>	<u>\$ 175,636,967.84</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT E-1

Combining Balance Sheet – Permanent Funds

August 31, 2021

	National University Research Fund (0214) U/F (0214)	Permanent Fund for Rural Health Facility Capital Improvement Fund (5047) U/F (5047)	Permanent Fund for Community Hospital Capital Improvement Fund (5048) U/F (5048)	Totals (Ex I)
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash in Bank	\$	\$	\$	\$
Cash in State Treasury				
Securities Lending Collateral				
Short Term Investments	103,179,883.30	7,005,683.07	3,479,130.65	113,664,697.02
Receivables From:				
Interest and Dividends	2,062.20	139.89	69.48	2,271.57
Trade Receivables	586,051.90	38,641.52	19,255.72	643,949.14
Total Current Assets	<u>103,767,997.40</u>	<u>7,044,464.48</u>	<u>3,498,455.85</u>	<u>114,310,917.73</u>
Non-Current Assets:				
Investments	790,377,195.00	54,815,212.94	27,366,721.12	872,559,129.06
Total Noncurrent Assets	<u>790,377,195.00</u>	<u>54,815,212.94</u>	<u>27,366,721.12</u>	<u>872,559,129.06</u>
Total Assets	<u>\$ 894,145,192.40</u>	<u>\$ 61,859,677.42</u>	<u>\$ 30,865,176.97</u>	<u>\$ 986,870,046.79</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts Payable	\$ 1,036,326.40	\$ 68,330.52	\$ 34,050.25	\$ 1,138,707.17
Trade Payable				
Interest Payable	40,073.00	2,642.23	1,316.67	44,031.90
Futures Contracts at Fair Value				
Swaps at Fair Value				
Total Current Liabilities	<u>1,076,399.40</u>	<u>70,972.75</u>	<u>35,366.92</u>	<u>1,182,739.07</u>
Total Liabilities	<u>1,076,399.40</u>	<u>70,972.75</u>	<u>35,366.92</u>	<u>1,182,739.07</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances (Deficits):				
Unreserved/Designated for:				
Restricted				
Committed	893,068,793.00	61,788,704.67	30,829,810.05	985,687,307.72
Total Fund Balances	<u>893,068,793.00</u>	<u>61,788,704.67</u>	<u>30,829,810.05</u>	<u>985,687,307.72</u>
Total Liabilities and Fund Balances	<u>\$ 894,145,192.40</u>	<u>\$ 61,859,677.42</u>	<u>\$ 30,865,176.97</u>	<u>\$ 986,870,046.79</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, 2021

	National University Research Fund (0214) U/F (0214)	Permanent Fund for Rural Health Facility Capital Improvement Fund (5047) U/F (5047)	Permanent Fund for Community Hospital Capital Improvement Fund (5048) U/F (5048)	Totals (Ex II)
REVENUES				
Interest and Other Investment Income	\$ 9,710,206.52	\$ 699,480.34	\$ 349,748.16	\$ 10,759,435.02
Income from Securities Lending				
Net Increase (Decrease) in Fair Value	<u>173,842,742.71</u>	<u>12,071,901.06</u>	<u>6,032,861.84</u>	<u>191,947,505.61</u>
Total Revenues	<u>183,552,949.23</u>	<u>12,771,381.40</u>	<u>6,382,610.00</u>	<u>202,706,940.63</u>
EXPENDITURES				
Professional Fees and Services	1,271,138.60	87,906.34	43,926.40	1,402,971.34
Borrower Rebate and Agent Fees				
Total Expenditures/Expenses	<u>1,271,138.60</u>	<u>87,906.34</u>	<u>43,926.40</u>	<u>1,402,971.34</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>182,281,810.63</u>	<u>12,683,475.06</u>	<u>6,338,683.60</u>	<u>201,303,969.29</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				
Distributions ^(A)	<u>(25,476,562.16)</u>	<u>(1,683,298.28)</u>	<u>(901,610.64)</u>	<u>(28,061,471.08)</u>
Total Other Financing Sources and Uses	<u>(25,476,562.16)</u>	<u>(1,683,298.28)</u>	<u>(901,610.64)</u>	<u>(28,061,471.08)</u>
Net Change in Fund Balances/Net Assets	<u>156,805,248.47</u>	<u>11,000,176.78</u>	<u>5,437,072.96</u>	<u>173,242,498.21</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances, September 1, 2020 Restatements	736,263,544.54	50,788,527.90	25,392,737.09	812,444,809.53
Fund Balances, September 1, 2020, as Restated	<u>736,263,544.54</u>	<u>50,788,527.90</u>	<u>25,392,737.09</u>	<u>812,444,809.53</u>
Fund Balances – August 31, 2021	<u>\$ 893,068,793.01</u>	<u>\$ 61,788,704.68</u>	<u>\$ 30,829,810.05</u>	<u>\$ 985,687,307.74</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, 2021

	Tobacco Settlement Permanent Trust Fund (0872) U/F (0872)	Totals (Ex VI)
ASSETS		
Current Assets:		
Cash and Cash Equivalents:		
Cash in Bank	\$	\$
Securities Lending Collateral		
Short Term Investments (Note 3)	385,458,625.12	385,458,625.12
Other Short Term Investments		
Investments (Note 3)		
U.S. Government and Agency Obligations		
Corporate Equity	3,756,834.88	3,756,834.88
Corporate Obligations		
Foreign Securities	68,272,052.89	68,272,052.89
Other Investments	2,724,674,431.83	2,724,674,431.83
Receivables From:		
Interest and Dividends	7,690.54	7,690.54
Trade Receivables	2,065,575.40	2,065,575.40
Due From Other Fund		
Total Assets	3,184,235,210.66	3,184,235,210.66
LIABILITIES		
Payables:		
Accounts Payable	3,652,595.09	3,652,595.09
Trade Payable		
Interest Payable	141,239.75	141,239.75
Due To Other Agencies		
Obligations/Securities Lending		
Swaps at Fair Value		
Total Liabilities	3,793,834.84	3,793,834.84
NET ASSETS		
Held in Trust for:		
Individuals, Organizations, and Other Governments	3,180,441,375.82	3,180,441,375.82
Total Net Position	\$ 3,180,441,375.82	\$ 3,180,441,375.82

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, 2021

	Tobacco Settlement Permanent Trust Fund (0872) U/F (0872)	Total (Ex VII)
ADDITIONS		
Investment Income:		
From Investing Activities:		
Net Appreciation (Depreciation) in		
Fair Value of Investments	\$ 613,831,151.71	\$ 613,831,151.71
Interest and Investment Income	34,399,216.55	34,399,216.55
Total Investing Income (Loss)	648,230,368.26	648,230,368.26
Less Investing Activities Expense		
Net Income from Investing Activities	648,230,368.26	648,230,368.26
From Securities Lending Activities:		
Securities Lending Income		
Less Securities Lending Expense:		
Borrower Rebates and Agent Fees		
Net Income from Securities Lending Activities	0.00	0.00
Total Net Investment Income (Loss)	648,230,368.26	648,230,368.26
Total Additions	648,230,368.26	648,230,368.26
DEDUCTIONS		
Transfers Out	75,630,577.00	75,630,577.00
Professional Fees and Services	4,554,533.07	4,554,533.07
Total Deductions	80,185,110.07	80,185,110.07
INCREASE (DECREASE) IN NET POSITION	568,045,258.19	568,045,258.19
NET POSITION		
Net Position September 1, 2020	2,612,396,117.64	2,612,396,117.64
Restatements		
Net Position September 1, 2020, as Restated	2,612,396,117.64	2,612,396,117.64
Net Position August 31, 2021	\$ 3,180,441,375.83	\$ 3,180,441,375.83

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, 2021

(With Comparative Totals for August 31, 2020)

	August 31, 2021	August 31, 2020
ASSETS		
Cash		
Cash on Hand		
Cash in Vault	\$ 170,131.07	\$ 107,031.12
Checks Returned by State Depositories	932,604.80	1,012,535.59
Total Cash Items on Hand	<u>1,102,735.87</u>	<u>1,119,566.71</u>
State Funds and Suspense and Trust		
Accounts in Depositories Banks		
Demand Accounts	22,745,411.19	34,741,667.99
Time Accounts and Bid TX	514,998,500.00	573,598,500.00
Total Cash in State Depositories	<u>537,743,911.19</u>	<u>608,340,167.99</u>
Cash in TTSTC Treasury Fed Acct.	569,771.69	839,149,726.36
Total Cash in State Depositories and TTSTC Treasury Fed Acct.	<u>538,313,682.88</u>	<u>1,447,489,894.35</u>
Total Cash on Hand and In Banks	539,416,418.75	1,448,609,461.06
Total Trust Funds on Deposit with U.S. Treasury Unemployment Trust Fund	980,326,145.36	128,545,788.01
Total Cash	<u>1,519,742,564.11</u>	<u>1,577,155,249.07</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	28,608,342,302.56	13,296,877,378.41
Commercial Paper	14,492,545,292.81	9,066,134,451.13
Money Market Funds	2,608,000,000.00	2,111,000,000.00
Repurchase Agreements	<u>2,300,000,000.00</u>	<u>1,600,000,000.00</u>
Total Short-Term Investments	<u>48,008,887,595.37</u>	<u>26,074,011,829.54</u>
Long-Term Investments		
United States Government Securities	5,157,099,328.55	3,623,367,207.53
Government Mortgage Backed Securities	2,349,818,370.29	2,818,325,360.12
Asset backed Securities	2,966,338,994.78	3,199,242,691.04
Agency Commercial Mortgage Back Securities	170,676,713.37	152,537,193.14
Corporate Obligations	1,943,546,117.04	2,912,040,061.86
Supranational (includes Israel Bonds)	2,882,595,260.40	2,340,921,419.52
SBA's	6,330,778.18	8,068,892.64
United States Government Securities – Lottery	373,981,345.55	447,308,438.71
Total Long-Term Investments	<u>15,850,386,908.16</u>	<u>15,501,811,264.56</u>
Securities Held in Trust – Both Corporate and Governmental		
State Funds Investment Accounts	18,700,000.00	22,818,000.00
Bonds and Securities Pledged to Guarantee State Depositories' Deposits	1,166,989,821.00	943,912,056.00
Other Securities Pledged under Statutory Requirements	<u>572,182,262.70</u>	<u>280,332,734.88</u>
Total Securities Held in Trust – Both Corporate and Governmental	<u>1,757,872,083.70</u>	<u>1,247,062,790.88</u>
Accounts Receivable		
Interest Receivable	<u>39,695,360.29</u>	<u>45,388,567.23</u>
Total Assets – Arising From Custodial Operations	<u>\$ 67,177,584,511.63</u>	<u>\$ 44,446,429,701.28</u>

Concluded on the following page

UNAUDITED
Comptroller Treasury – Fiscal (311)

SCHEDULE 1 (concluded)

Balance Sheet – Arising from Custodial Operations

August 31, 2021

(With Comparative Totals for August 31, 2020)

	August 31, 2021	August 31, 2020
LIABILITIES AND ACCOUNTABILITY		
Liabilities		
Accounts Payable – Warrants Outstanding – State Funds and Suspense and Trust Accounts	\$ 799,712,070.13	\$ 814,424,924.27
Obligations under Reverse Repurchase Agreements	11,370,637.50	15,222,723.75
Pending Purchases	45,906,112.50	47,732,354.00
Options Written, at Fair Value		
Interest Payable	3.17	4.24
Total Liabilities	856,988,823.30	877,380,006.26
Accountability		
Available Cash Balance and Investments:		
State Funds and Suspense and Trust Accounts	63,208,416,113.72	41,746,132,677.42
Fund 0895 Lottery Prize Trust Fund	373,981,345.55	447,308,438.71
Total Available Cash Balances and Investments	63,582,397,459.27	42,193,441,116.13
Trust Account – Unemployment Trust Fund	980,326,145.36	128,545,788.01
State Fund Investments	18,700,000.00	22,818,000.00
Trust Fund Securities:		
Collateral of Deposits	1,166,989,821.00	943,912,056.00
Pledged under Statutory Requirements	572,182,262.70	280,332,734.88
Total Trust Fund Securities	1,739,172,083.70	1,224,244,790.88
Total Accountability	66,320,595,688.33	43,569,049,695.02
Total Liabilities and Accountability – Arising from Custodial Operations	\$ 67,177,584,511.63	\$ 44,446,429,701.28

UNAUDITED
Comptroller Treasury – Fiscal (311)

SCHEDULE 2

Comparative Summary of Securities Held For State Investment Accounts

For the Fiscal Year Ended August 31, 2021

(With Comparative Memorandum Totals for the Fiscal Year Ended August 31, 2020)

	<u>Percent</u>	<u>2021</u>	<u>2020</u>	<u>Increase- (Decrease)</u>
BY CATEGORY				
Texas Water Development Board Funds				
Texas Water Resource Finance Authority Fund No. 0751		\$	\$ 2,668,000	\$ (2,668,000)
Total Water Resources Funds		<u>0</u>	<u>2,668,000</u>	<u>(2,668,000)</u>
Other Funds				
T.P.F.A.G.O. Refunding Bonds (TMVLRP) No. 7065		18,700,000	20,150,000	(1,450,000)
Total Other Funds		<u>18,700,000</u>	<u>20,150,000</u>	<u>(1,450,000)</u>
Total All Funds		<u>\$ 18,700,000</u>	<u>\$ 22,818,000</u>	<u>\$ (4,118,000)</u>
BY TYPE OF SECURITY				
School Districts, Junior College Districts, Cities, Counties and District Bonds	<u>100.00%</u>	\$ 18,700,000	\$ 22,818,000	\$ (4,118,000)
Totals	<u>100.00%</u>	<u>\$ 18,700,000</u>	<u>\$ 22,818,000</u>	<u>\$ (4,118,000)</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

SCHEDULE 3

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

For the Fiscal Year Ended August 31, 2021

	<u>PAR Value</u>	<u>Market Value</u>
BY LOCATION		
In Custody Texas Treasury Safekeeping Trust Company:		
Demand and Time Accounts	\$	\$
Total Held by Texas Treasury Safekeeping Trust Company	<u>0</u>	<u>0</u>
In Vaults of Trustee Banks:		
Demand and Time Accounts:		
Clearing Banks	15,000,000	5,200,000
Other Banks	<u>950,061,821</u>	<u>530,374,000</u>
Total in Vaults of Trustee Banks	<u>965,061,821</u>	<u>535,574,000</u>
Letters of Credit held by Texas Comptroller	201,928,000	201,928,000 A
Total Pledged Collateral	<u>\$ 1,166,989,821</u>	<u>\$ 737,502,000 B</u>
BY FUND		
Time Depository Bonds Guaranty Account Fund No. 0910	<u>\$ 1,166,989,821</u>	<u>\$ 737,502,000</u>
Total Pledged Collateral	<u>\$ 1,166,989,821</u>	<u>\$ 737,502,000</u>

Note A: 18 FHLB Letters of Credit from 9 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, 2021

Agency No.	Trust Fund No.	Agency/Fund Name	Securities Pledged
454	0893	TEXAS DEPARTMENT OF INSURANCE: Texas Worker's Compensation Self Insurance Trust Account	\$ 304,615,691
311	0908	TREASURY OPERATIONS Bond and Investment Companies Account	525,000
454	0921	TEXAS DEPARTMENT OF INSURANCE: Life, Health, Accident and Casualty Insurance Companies Account	174,201,052
320	0936	TEXAS WORKFORCE COMMISSION: Unemployment Compensation Clearance Account	244
405	0940	TEXAS DEPARTMENT OF PUBLIC SAFETY: Motor Vehicle Proof of Responsibility Account	3,717,083
537	5096	DEPARTMENT OF STATE HEALTH SERVICES: GR – Perpetual Care	89,123,192
TOTALS			<u>\$ 572,182,263</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, 2021

	Total Proprietary Funds Fund (1004) U/F (1004)
ASSETS	
Current Assets:	
Cash and Cash Equivalents:	
Cash in Bank	\$ 10,053,552.24
Cash in State Treasury	1,090,285.95
Restricted cash in bank	217,021.00
Investments in repurchase agreements	60,212,131.99
Restricted investment	504,995.24
Receivables from:	
Management Fees	3,268,199.88
Interest	572.58
Other	6,937.83
Prepaid Expenses	1,224,794.09
Total Current Assets	76,578,490.80
Non-Current Assets:	
Capital Assets:	
Depreciable or Amortizable, Net	1,882,936.00
Total Non-Current Assets	1,882,936.00
Total Assets	78,461,426.80
LIABILITIES	
Current Liabilities:	
Payables from:	
Accounts Payable	10,943,047.33
Payroll Payable	2,840,608.82
Employees' Compensable Leave	839,049.16
Total Current Liabilities	14,622,705.31
Non-Current Liabilities: (Note 5)	
Employees' Compensable Leave	470,666.99
Total Non-Current Liabilities	470,666.99
Total Liabilities	15,093,372.30
NET POSITION	
Invested in Capital Assets, Net of Related Debt	1,882,936.00
Unrestricted	61,485,118.50
Total Net Position	\$ 63,368,054.50

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, 2021

	Total Proprietary Funds Fund (1004) U/F (1004)
OPERATING REVENUES	
Operating Revenues – Management Fees	\$ 15,245,583.12
Total Operating Revenues	<u>15,245,583.12</u>
OPERATING EXPENSES	
Salaries and Wages	10,683,134.46
Payroll Related Costs	2,530,894.83
Professional Fees and Services	6,053,669.60
Travel	341.53
Materials and Supplies	2,888,288.32
Communication and Utilities	1,798,983.55
Repairs and Maintenance	1,624,711.98
Rentals and Leases	17,712.00
Printing and Reproduction	10,862.80
Depreciation and Amortization	217,950.75
Other Operating Expenses	913,796.63
Total Operating Expenses	<u>26,740,346.45</u>
Operating (Loss)	<u>(11,494,763.33)</u>
NONOPERATING REVENUE	
Investment Income	116,945.91
Settlement of Claims	873.83
Total Nonoperating Revenues	<u>116,072.08</u>
Income (loss) before Other Revenues, Expenses, Gains/Losses and Transfers	<u>(11,378,691.25)</u>
Change in Net Position	<u>(11,378,691.25)</u>
Total Net Position, September 1, 2020	75,417,875.11
Restatements	(671,129.36)
Total Net Position, September 1, 2020, as Restated	<u>74,746,745.75</u>
Total Net Position, August 31, 2021	<u>\$ 63,368,054.50</u>

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

UNAUDITED
Texas Treasury Safekeeping Trust Company (930)

Exhibit V

Combined Statement of Cash Flows – Proprietary Fund

For the Fiscal Year Ended August 31, 2021

	Total Proprietary Funds Fund (1004) U/F (1004), (1050)
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Other Revenues	\$ 17,927,011.66
Payments to Employees	(12,695,288.42)
Payments for Other Expenses	(4,221,877.62)
Net Cash Provided by Operating Activities	<u>1,009,845.62</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from the Sale of Capital Assets	2,684.22
Net Cash Used for Capital and Related Financing Activities	<u>2,684.22</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Interest and Investment Income	142,847.54
Payments to Acquire Investments	(19,394.52)
Net Cash Provided by Investing Activities	<u>123,453.02</u>
Net Increase in Cash and Cash Equivalents	1,135,982.86
Cash and Cash Equivalents – September 1, 2020	70,437,008.32
Cash and Cash Equivalents – August 31, 2021	<u><u>\$ 71,572,991.18</u></u>
Reconciliation of Operating Income to Net Cash Used by Operating Activities:	
Operating (Loss)	\$ (11,494,763.33)
Adjustments to Operating Income to Net Cash Used by Operating Activities:	
Classification Differences	(873.83)
Depreciation Expense	217,950.75
Changes in Assets/Liabilities:	
(Increase) Decrease in Accounts Receivables	2,681,428.54
(Increase) Decrease in Prepaid Expenses	(265,161.32)
Increase (Decrease) in Payables	9,871,264.81
Net Cash Provided by Operating Activities	<u><u>\$ 1,009,845.62</u></u>
Displayed As:	
Cash at Bank	\$ 10,053,552.24
Cash in State Treasury	1,090,285.95
Cash Equivalents – Repurchase Agreements	60,212,131.99
Restricted Cash and Cash Equivalents	217,021.00
	<u><u>\$ 71,572,991.18</u></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, 2021

	External Investment Trust Funds (Exhibit H-1)	Texas Public Finance Authority Custodial Funds (Exhibit J-1)	Totals
ASSETS			
Cash and Cash Equivalents (Note 3)			
Cash in Bank	\$ 5.36	\$ 2,358,369.86	\$ 2,358,375.22
Investments (Note 3)			
US Government and Agency Obligations	12,781,765,042.63	173,788,341.63	12,955,553,384.26
Repurchase Agreements	9,929,035,578.04		9,929,035,578.04
Commercial Paper	6,587,835,431.65		6,587,835,431.65
Mutual Funds	2,227,226,548.11		2,227,226,548.11
Interest Receivable	11,272,105.97	456,588.73	11,728,694.70
Total Assets	<u>31,537,134,711.76</u>	<u>176,603,300.22</u>	<u>31,713,738,011.98</u>
LIABILITIES			
Payables From:			
Dividends Payable	924,088.80		924,088.80
Other Liabilities	329,468.43		329,468.43
Total Liabilities	<u>1,253,557.23</u>	<u>0.00</u>	<u>1,253,557.23</u>
NET POSITION			
Held in Trust For			
Pool Participants	31,535,881,154.53	176,603,300.22	31,712,484,454.75
Total Net Position	<u>\$ 31,535,881,154.53</u>	<u>\$ 176,603,300.22</u>	<u>\$ 31,712,484,454.75</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, 2021

	External Investment Trust Funds (Exhibit H-2)	Texas Public Finance Authority Custodial Funds (Exhibit J-2)	Totals
ADDITIONS			
Investment Income			
Net (decrease) in fair value of investments	\$	\$ (830,340.33)	\$ (830,340.33)
Interest and Investment Income	52,208,994.65	1,310,586.24	53,519,580.89
Expenses:			
Management Fees and Expenses	(14,923,749.47)		(14,923,749.47)
Net Income from Investing Activities	37,285,245.18	480,245.91	37,765,491.09
Total Additions	37,285,245.18	480,245.91	37,765,491.09
DEDUCTIONS			
Withdrawals from Other Governments		100,586,318.92	100,586,318.92
Total Deductions	0.00	100,586,318.92	100,586,318.92
Net (Decrease) in Participant Investments	(501,845,602.72)	0.00	(501,845,602.72)
Net (Decrease) in Net Position	(464,560,357.54)	(100,106,073.01)	(564,666,430.55)
Net Position – Beginning			
Net Position, September 1, 2020	32,000,441,512.07	276,709,373.23	32,277,150,885.30
Net Position, August 31, 2021	\$ 31,535,881,154.53	\$ 176,603,300.22	\$ 31,712,484,454.75

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 Texas Comptroller of Public Accounts (Comptroller's office) is the single shareholder of the Texas Trust and is charged with managing the Texas Trust. The Texas Trust is one of only two state-owned trust companies with direct access to the Federal Reserve System.

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

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

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

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

FUND STRUCTURE

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

Proprietary Fund Types

Enterprise Funds

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

Fiduciary Fund Types

Custodial Funds

Agencies use custodial funds to account for assets the government holds on behalf of others in a custodial capacity. Custodial funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations,

or other governments. The Texas Trust has the Texas Public Finance Authority Bond Escrow, which is used to hold funds for various defeased or refunded bonds.

External Investment Trust Funds

Agencies use external investment trust funds to account for the state's external portion of investment pools reported by the sponsoring government. The Texas Government Investment Pools (TexPool and TexPool Prime) are local government investment pools administered by the Texas Treasury Safekeeping Trust Company – Comptroller's office. The participants in the Texas Government Investment Pools consist of cities, counties, school districts, institutions of higher education, special districts, and other public entities of Texas.

BASIS OF ACCOUNTING

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

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

ASSETS, LIABILITIES, AND FUND BALANCES/NET POSITION

CURRENT ASSETS

Cash and Cash Equivalents

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

The Texas Trust has agreed to maintain a positive clearing balance within its Federal Reserve account. Earnings on the clearing balance are used to offset fees associated with its use of Federal Reserve services. The Texas Trust Federal Reserve account balance reported in cash on Aug. 31, 2021 was \$10,000,000.47 from the Texas Trusts' Enterprise Fund.

Restricted Cash

The Texas Trust maintains an account with the Depository Trust Company (DTC). In accordance with the agreement between DTC and the Texas Trust, \$217,021.00 in cash was held at DTC as of Aug. 31, 2021, in order to maintain the account.

Investments

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

Restricted Investments

The Texas Trust has a balance of \$504,995.24 in stock with the Depository Trust Company as of Aug. 31, 2021.

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, 2021 were

\$3,268,199.88. The amount due from other agencies as of Aug. 31, 2021 was \$6,937.83. This balance consisted of fees for agency return items and Bloomberg Terminals for Comptroller's office.

NON-CURRENT ASSETS

Capital Assets

Assets with an initial, individual cost of more than \$5,000 for furniture and equipment and building and building improvements of more than \$100,000 and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or, if any purchased, at appraised fair value as of the date of acquisition. Depreciation is charged to operations over the estimated useful life of each asset, using the straight-line method.

LIABILITIES

Accounts Payable

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

Employees' Compensable Leave

Employees' compensable leave balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the statement of net position.

FUND BALANCE/NET POSITION

The difference between fund assets and liabilities is Net Position on the proprietary and fiduciary fund statements, 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 Position

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

Unrestricted Net Position

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

NOTE 2: Capital Assets

A summary of changes in General Fixed Assets for the year ended Aug. 31, 2021, is presented below:

	PRIMARY GOVERNMENT					Balance Aug. 31, 2021
	Balance Sept. 1, 2020	Adjustments *	Reclassifications	Additions	Deletions	
BUSINESS-TYPE ACTIVITIES						
Depreciable Assets:						
Building and Building Improvements	\$ 2,372,646.79	\$	\$	\$	\$(2,684.22)	\$ 2,369,962.57
Furniture and Equipment	<u>1,412,771.05</u>					<u>1,412,771.05</u>
Total Depreciable Assets at Historical Costs	3,785,417.84	0.00	0.00	0.00	(2,684.22)	3,782,733.62
Less Accumulated Depreciation For:						
Building and Building Improvements	(626,940.81)			(137,363.91)		(764,304.72)
Furniture and Equipment	<u>(1,054,906.06)</u>			<u>(80,586.84)</u>		<u>(1,135,492.90)</u>
Total Accumulated Depreciation	<u>(1,681,846.87)</u>	0.00	0.00	<u>(217,950.75)</u>	0.00	<u>(1,899,797.62)</u>
Depreciable Assets, Net	<u>2,103,570.97</u>	0.00	0.00	<u>(217,950.75)</u>	<u>(2,684.22)</u>	<u>1,882,936.00</u>
Amortizable assets-intangible						
Computer software	<u>2,910,356.42</u>					<u>2,910,356.42</u>
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	<u>(2,910,356.42)</u>					<u>(2,910,356.42)</u>
Total accumulated amortization	<u>(2,910,356.42)</u>	0.00	0.00	0.00	0.00	<u>(2,910,356.42)</u>
Amortizable assets-Intangible, net	0.00	0.00	0.00	0.00	0.00	0.00
Business-type Activities Capital Assets, Net	<u>2,103,570.97</u>	0.00	0.00	<u>(217,950.75)</u>	<u>(2,684.22)</u>	<u>1,882,936.00</u>

NOTE 3: Deposits, Investments & Repurchase Agreements

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

1. Investment Authority

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

1. time deposits in state depositories;
2. direct security repurchase agreements;
3. reverse security repurchase agreements;
4. direct obligations of or obligations the principal and interest of which are guaranteed by the United States, its' agencies and instrumentalities;
5. bankers' acceptances that: (i) are eligible for purchase by the Federal Reserve System, (ii) do not exceed 270 days to maturity, and (iii) are issued by a bank that has received the highest short-term credit rating by a nationally recognized statistical rating organization;
6. commercial paper that has received the highest short-term credit rating by a nationally recognized statistical rating organization and does not exceed 270 days to maturity;
7. contracts written by the Comptroller's office in which the Comptroller's office grants the purchaser the right, for a fee, to purchase securities in the Texas Trust's marketable securities portfolio at a specified price over a specified period. These contracts are commonly known as covered call options. Uncovered option trading is specifically prohibited;
8. direct obligations of or obligations guaranteed by the Inter-American Development Bank, the International Bank for Reconstruction and Development (the World Bank), the African Development

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Bank, the Asian Development Bank, and the International Finance Corporation that have received the highest long-term rating categories for debt obligations by a nationally recognized statistical rating organization;

9. bonds issued, assumed, or guaranteed by the State of Israel;
 10. obligations of a state or an agency, county, city, or other political subdivision of a state;
 11. mutual funds secured by obligations that are described in (2) through (6) above or by obligations consistent with Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated by the Securities and Exchange Commission;
 12. foreign currency for the sole purpose of facilitating investment by state agencies that have the authority to invest in foreign securities;
 13. asset-backed securities, as defined by the Securities and Exchange Commission in Rule 2a-7 (17 C.F.R. Section 270.2a-7), that are rated at least A or its equivalent by a nationally recognized statistical rating organization and that have a weighted-average maturity of five years or less; and
 14. corporate debt obligations that are rated at least A or its equivalent by a nationally recognized statistical rating organization and mature in five years or less from the date on which the obligations were “acquired,” as defined by the Securities and Exchange Commission in Rule 2a-7.
- B. No more than 5% of the treasury’s total investments will be invested in the aggregate value of derivative investments.
- C. Repurchase and reverse repurchase agreements may be entered into by the Comptroller’s office only with state or national banks doing business in Texas or primary dealers approved by the Federal Reserve System.
2. There were no significant violations of legal provisions during the period.
3. DEPOSITS OF CASH IN BANK

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

Securities pledged as collateral on Aug. 31, 2021 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.

As of Aug. 31, 2021, the balance of cash at bank and carrying amount of cash is presented below:

Bank Balance	\$ 13,046,196.89
Carrying Amount	\$ 12,628,948.46
Business-Type Activities	
Proprietary Funds Cash at Bank	\$ 10,053,552.24
Proprietary Funds Current Assets Restricted Cash at Bank	217,021.00
Cash in Bank per AFR	<u>\$ 10,270,573.24</u>
Fiduciary Funds	
Fiduciary Funds Cash at Bank	\$ 2,358,375.22
Total Cash at Bank	\$ 12,628,948.46

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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, 2021, 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.

Carrying Value and Market Value		
As of 08/31/2021		
	Carrying Value	Fair Value
Business-Type Activities		
Repurchase Agreements	\$ 60,212,131.99	\$ 60,212,131.99
Equities	504,995.24	504,995.24
Total Business-Type Activities	60,717,127.23	60,717,127.23
Fiduciary Funds-TPFA Escrow		
US Government Agencies	173,788,341.63	173,788,341.63
Total TPFA Escrow	173,788,341.63	173,788,341.63
Fiduciary Funds-TEXPOOL & TEXPOOL PRIME		
US Treasury Securities	9,463,792,297.07	9,464,103,726.84
US Government Agencies	3,317,972,745.56	3,319,807,098.90
Mutual Funds	2,227,226,548.11	2,226,997,558.30
Repurchase Agreements	9,929,035,578.04	9,929,035,578.04
Commercial Paper	6,587,835,431.65	6,588,402,077.80
Total Texpool & Texpool Prime	31,525,862,600.43	31,528,346,039.88
Total Fiduciary Investments	31,699,650,942.06	31,702,134,381.51
Total Categorized Investments	<u>\$31,760,368,069.29</u>	<u>\$31,762,851,508.74</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, 2021 and 2020:

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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)	
2021					
Investments by Fair Value Level		Fair Value			
Equity securities		504,995.24	-	504,995.24	-
Total investments at fair value		504,995.24	-	504,995.24	-
Investments measured at amortized cost:		Carrying Value			
Repurchase Agreements		60,212,131.99			
Total investments at amortized cost		60,212,131.99			
Total investments		60,717,127.23			
2020					
Investments by Fair Value Level		Fair Value			
Equity securities		485,600.72	-	485,600.72	-
Total investments at fair value		485,600.72	-	485,600.72	-
Investments measured at amortized cost:		Carrying Value			
Repurchase Agreements		59,370,086.43			
Total investments at amortized cost		59,370,086.43			
Total investments		59,855,687.15			
TPFA Escrow					
		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)	
2021					
Investments by Fair Value Level		Carrying Amount	Fair Value		
Debt securities:					
United States government treasuries					
United States government agencies		173,788,341.63	173,788,341.63	-	173,788,341.63
Total debt securities		173,788,341.63	173,788,341.63	-	173,788,341.63
Total investments by carrying and fair value level		173,788,341.63	173,788,341.63	-	173,788,341.63
Investments measured at the net asset value (NAV)					
Mutual Funds					
Total investments measured at the NAV		-			
Total investments		173,788,341.63			
2020					
Investments by Fair Value Level		Carrying Amount	Fair Value		
Debt securities:					
United States government agencies					
United States government agencies		267,117,471.54	267,117,471.54	-	267,117,471.54
Political Subdivisions		4,858,547.85	4,858,547.85		4,858,547.85
Total debt securities		271,976,019.39	271,976,019.39	-	271,976,019.39
Total investments by carrying and fair value level		271,976,019.39	271,976,019.39	-	271,976,019.39
Investments measured at the net asset value (NAV)					
Mutual Funds					
Total investments measured at the NAV		-			
Total investments		271,976,019.39			

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Texpool				Fair Value Measurements Using		
2021	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)
Investments by Fair Value Level						
Debt securities:						
Repurchase agreements	8,279,237,578.04	8,279,237,578.04	8,279,237,578.04		8,279,237,578.04	
United States government agencies	3,318,000,000.00	3,317,972,745.56	3,319,807,098.90		3,319,807,098.90	
United States government treasuries	9,234,620,000.00	9,246,284,595.30	9,246,600,723.76		9,246,600,723.76	
Money market mutual funds	1,370,074,000.00	1,370,074,000.00	1,370,074,000.00	1,370,074,000.00		
Total investments	<u>22,201,931,578.04</u>	<u>22,213,568,918.90</u>	<u>22,215,719,400.70</u>	<u>1,370,074,000.00</u>	<u>20,845,645,400.70</u>	<u>0.00</u>
				Fair Value Measurements Using		
2020	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)
Investments by Fair Value Level						
Debt securities:						
Repurchase agreements	6,980,159,607.66	6,980,159,607.66	6,980,159,607.66		6,980,159,607.66	
United States government agencies	6,907,215,000.00	6,907,842,620.66	6,910,085,514.75		6,910,085,514.75	
United States government treasuries	8,258,040,000.00	8,262,778,145.00	8,266,441,334.83		8,266,441,334.83	
Money market mutual funds	2,654,074,000.00	2,654,074,000.00	2,654,074,000.00	2,654,074,000.00		
Total investments	<u>24,799,488,607.66</u>	<u>24,804,854,373.32</u>	<u>24,810,760,457.24</u>	<u>2,654,074,000.00</u>	<u>22,156,686,457.24</u>	<u>0.00</u>
				Fair Value Measurements Using		
2021	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)
Texpool Prime						
Investments by Fair Value Level						
Debt securities:						
Repurchase agreements	1,649,798,000.00	1,649,798,000.00	1,649,798,000.00		1,649,798,000.00	
Commercial paper	6,590,200,000.00	6,587,835,431.65	6,588,402,077.80		6,588,402,077.80	
United States government treasuries	217,500,000.00	217,507,701.77	217,503,003.08		217,503,003.08	
Money market mutual funds	856,923,558.30	857,152,548.11	856,923,558.30	856,923,558.30		
Total investments	<u>9,314,421,558.30</u>	<u>9,312,293,681.53</u>	<u>9,312,626,639.18</u>	<u>856,923,558.30</u>	<u>8,455,703,080.88</u>	<u>0.00</u>
				Fair Value Measurements Using		
2020	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)
Investments by Fair Value Level						
Debt securities:						
Repurchase agreements	1,345,255,000.00	1,345,255,000.00	1,345,255,000.00		1,345,255,000.00	
Commercial paper	5,010,041,000.00	5,006,113,244.87	5,008,725,060.03		5,008,725,060.03	
United States government treasuries	1,051,870,000.00	1,051,544,392.38	1,051,573,472.42		1,051,573,472.42	
Money market mutual funds	562,052,003.75	562,126,499.35	562,052,003.75	562,052,003.75		
Total investments	<u>7,969,218,003.75</u>	<u>7,965,039,136.60</u>	<u>7,967,605,536.20</u>	<u>562,052,003.75</u>	<u>7,405,553,532.45</u>	<u>0.00</u>

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

Standard & Poor's					
Fund Type	Fund	Investment Type	AAA	AA	N/R
05	1004	Repurchase Agreements		\$ 60,212,131.99	
22	4000	US Government Agencies		173,788,341.63	
			A-1	A-2	N/R
18	3181	Repurchase Agreements	\$ 9,929,035,578.04		
18	3181	US Government Agencies	3,317,972,745.56		
18	3181	Commercial Paper	6,587,835,431.65		
18	3181	Mutual Funds	1,370,074,000.00		\$ 857,152,548.11

TEXPOOL

Credit risk: The TexPool portfolio is designed and managed to ensure that it maintains its AAAM rating (or the equivalent) by a nationally recognized statistical rating organization (NRSRO). As of Aug. 31, 2021, and 2020, TexPool investments in U.S. government securities and the underlying securities of the Repurchase Agreements were rated A-1+ by Standard & Poor's, P1 by Moody's, and F-1+ by Fitch. Money market mutual funds were rated AAAM by Standard & Poor's, Aaa-mf by Moody's and AAAMmf by Fitch as of Aug. 31, 2021 and 2020.

Concentration of credit risk: Up to 100.0% of TexPool assets may be invested in government obligations of the United States, its agencies, or instrumentalities. However, no more than 60.0% of the portfolio may be invested in variable rate notes. Up to 100.0% of TexPool assets may be invested in direct repurchase agreements. TexPool may enter into reverse repurchase agreements for up to one third (1/3) of the value of the TexPool assets. No more than 10.0% 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, 2021, TexPool had more than 5% of the pool's investments in the following GSEs: 7.4% with the Federal Home Loan Bank. As of Aug. 31, 2020, TexPool had more than 5.0% of the pool's investments in the following GSEs: 18.1% with the Federal Home Loan Bank.

Interest rate risk: The weighted-average maturity of the portfolio is limited to 60 days calculated using the reset date for variable rate notes (VRNs) and 90 days or fewer using the final maturity date for VRNs, with the maximum maturity for any individual security in the portfolio not exceeding 397 days for fixed rate securities and 24 months for VRNs. TexPool's weighted average maturity in fiscal year 2021 was 31.

TEXPOOL PRIME

Credit risk: The TexPool Prime portfolio is designed and managed to ensure that it maintains its AAAM rating (or the equivalent) by a nationally recognized statistical rating organization (NRSRO). As of Aug. 31, 2021, and 2020, TexPool Prime investments in U.S. government securities, commercial paper and the underlying securities of Repurchase Agreements were rated A-1 by Standard & Poor's, P-1 by Moody's Investors Service and F-1 by Fitch ratings. As of Aug. 31, 2021, and 2020, money market mutual funds were rated at least A-1 by Standard & Poor's and A by Moody's.

Concentration of credit risk: Up to 100% of TexPool Prime assets may be invested in government obligations of the United States, its agencies, or instrumentalities. However, no more than 60% of the portfolio may be invested in variable rate notes. Up to 100% of TexPool Prime assets may be invested in direct repurchase agreements. The

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term of a reverse repurchase agreements may not exceed 90 days after the date of delivery. Up to 75% of TexPool Prime assets may be invested in commercial paper. No more than 25% 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% of TexPool Prime assets at the time of purchase may be invested in a single corporate entity. Up to 15% of the TexPool Prime assets may be invested in money market mutual funds that do not seek to maintain a stable net asset value per share. However, TexPool Prime may not acquire shares of a money market mutual fund that represent more than 10% of and outstanding shares of that fund at the time of purchase.

As of Aug. 31, 2021, and 2020, no investments in a single entity exceeded the 5.00% policy limit.

Investment Type	Weighted Average Maturity (Days)	
	TexPool	TexPool Prime
Repurchase Agreements	1	1
Commercial Paper	0	64
Mutual Funds	1	1
U.S. Government Agency Securities	25	0
U.S. Government Treasuries	75	94
Weighted Average Maturity	32	53

Interest rate risk. The weighted average maturity of the portfolio is limited to 60 days calculated using the reset date for variable rate notes (VRNs) and 90 days or fewer using the final maturity date for VRNs, with the maximum maturity for any individual security in the portfolio not exceeding 397 days for fixed rate securities and 24 months for VRNs. TexPool Prime’s weighted average maturity in fiscal year 2021 was 54.

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, 2021, the following changes occurred in liabilities:

Business-Type Activities	Balance Sept. 1, 2020	Additions	Reductions	Balance Aug. 31, 2021	Amounts Due Within One Year
Compensable Leave	\$ 1,199,155.98	\$994,272.33	\$883,712.16	\$1,309,716.15	\$839,049.16
Total Business-Type Activities	\$ 1,199,155.98	\$994,272.33	\$883,712.16	\$1,309,716.15	\$839,049.16

Employees’ Compensable Leave

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

NOTE 6: Bonded Indebtness

(Not Applicable)

NOTE 7: Derivatives

(Not Applicable)

NOTE 8: 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 of Texas.

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

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

NOTE 11: Postemployment Health Care and Life Insurance Benefits

(Not Applicable)

NOTE 12: Interfund Activity and Transactions

(Not Applicable)

NOTE 13: Continuance Subject To Review

(Not Applicable)

NOTE 14: Adjustments to Fund Balances and Net Position

During fiscal 2021, certain accounting changes and adjustments were made that required the restatement of net position. The restatements are presented below.

	Proprietary Fund
Net Position Sept. 1, 2020	
Restatements	(671,129.36)
Net Position Sept. 1, 2020 as Restated	<u>74,746,745.75</u>

The \$(671,129.36) proprietary fund restatement is required to properly record prior year incentive compensation.

NOTE 15: Contingencies and Commitments

(Not Applicable)

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

The agency is exposed to a variety of civil claims resulting from the performance of its duties. It is agency policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed.

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

The agency’s liabilities are reported when it is both probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There were no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years. Changes in the balances of the agency’s claims liabilities during fiscal 2021 were:

Fiscal Year	Beginning Balance	Increases	Decreases	Ending Balance
2021	\$ 0.00	\$ 873.83	\$ (873.83)	\$ 0.00
2020	\$ 0.00	\$ 1,369.26	\$ (1,369.26)	\$ 0.00

NOTE 18: Management Discussions and Analysis

The following events occurred at our agency:

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

NOTE 19: The Financial Reporting Entity

(Not Applicable)

NOTE 20: Stewardship, Compliance and Accountability

(Not Applicable)

NOTE 22: Donor-Restricted Endowments

(Not Applicable)

NOTE 23: Extraordinary and Special Items

(Not Applicable)

NOTE 24: Disaggregation of Receivable and Payable Balances

(Not Applicable)

NOTE 25: Termination Benefits

(Not Applicable)

NOTE 26: Segment Information

(Not Applicable)

NOTE 27: Service Concession Arrangements

(Not Applicable)

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

(Not Applicable)

NOTE 29: Troubled Debt Restructuring

(Not Applicable)

NOTE 30: Non-Exchange Financial Guarantees

(Not Applicable)

NOTE 31: Tax Abatements

(Not Applicable)

NOTE 32: Governmental Fund Balances

(Not Applicable)

NOTE 33: Related parties

The Texas Trust has entered into a services agreement with the Comptroller's office. The agreement provides for specified rates based on hours of utilization. As of Aug. 31, 2021, the Texas Trust paid the Comptroller's office \$69,971.08 for services provided. At Aug. 31, 2021, the Texas Trust accrued \$17,286.09 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, 2021

	Texas Treasury Safekeeping Trust Company TEXPOOL (9999) U/F (6050)	Texas Treasury Safekeeping Trust Company TEXPOOL/Prime (9999) U/F (7050)	Totals (Ex VI)
ASSETS			
Cash In Bank	\$ 5.36	\$	\$ 5.36
Investments			
US Government and Agency Obligations	12,564,257,340.86	217,507,701.77	12,781,765,042.63
Repurchase Agreements	8,279,237,578.04	1,649,798,000.00	9,929,035,578.04
Commercial Paper		6,587,835,431.65	6,587,835,431.65
Mutual Funds	1,370,074,000.00	857,152,548.11	2,227,226,548.11
Interest Receivable	11,137,696.38	134,409.59	11,272,105.97
Total Assets	<u>22,224,706,620.64</u>	<u>9,312,428,091.12</u>	<u>31,537,134,711.76</u>
LIABILITIES			
Dividends Payable	425,930.67	498,158.13	924,088.80
Other Liabilities	316,662.61	12,805.82	329,468.43
Total Liabilities	<u>742,593.28</u>	<u>510,963.95</u>	<u>1,253,557.23</u>
NET POSITION			
Held in Trust For:			
Pool Participants	<u>22,223,964,027.36</u>	<u>9,311,917,127.17</u>	<u>31,535,881,154.53</u>
Total Net Position	<u>\$22,223,964,027.36</u>	<u>\$9,311,917,127.17</u>	<u>\$31,535,881,154.53</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, 2021

	Texas Treasury Safekeeping Trust Company TEXPOOL (9999) U/F (6050)	Texas Treasury Safekeeping Trust Company TEXPOOL/Prime (9999) U/F (7050)	Totals (Ex VII)
ADDITIONS			
Investment Income			
Interest and Investment Income	\$ 36,579,017.74	\$ 15,629,976.91	\$ 52,208,994.65
Expenses:			
Management Fees and Expenses	(10,188,820.81)	(4,734,928.66)	(14,923,749.47)
Net Income from Investing Activities	26,390,196.93	10,895,048.25	37,285,245.18
Total Additions	26,390,196.93	10,895,048.25	37,285,245.18
Net Increase (Decrease) in Participant Investments	(2,089,344,192.13)	1,587,498,589.41	(501,845,602.72)
Net Increase (Decrease) in Net Position	(2,062,953,995.20)	1,598,393,637.66	(464,560,357.54)
Net Position, September 1, 2020	24,286,918,022.56	7,713,523,489.51	32,000,441,512.07
Net Position, August 31, 2021	\$ 22,223,964,027.36	\$ 9,311,917,127.17	\$ 31,535,881,154.53

Exhibit J-1

Combining Statement of Fiduciary Net Position – Custodial Funds

August 31, 2021

	Texas Public Finance Authority (9999) U/F (4000)
ASSETS	
Cash in Bank	\$ 2,358,369.86
Interest and Dividend Receivable	456,588.73
Investments:	
US Government and Agency Obligations	173,788,341.63
Total Assets	176,603,300.22
NET POSITION	
Held in Trust For	
Pool Participants	176,603,300.22
Total Net Position	\$ 176,603,300.22

UNAUDITED
Texas Treasury Safekeeping Trust Company (930)

Exhibit J-2

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

For the Fiscal Year Ended August 31, 2021

	<u>Texas Public Finance Authority (9999) U/F (4000)</u>
ADDITIONS	
Investment Income	
Net (Decrease) in fair value of investments	\$ (830,340.33)
Interest and Investment Income	1,310,586.24
Net Income from Investing Activities	<u>480,245.91</u>
Total Additions	<u>480,245.91</u>
DEDUCTIONS	
Withdrawals from Other Governments	<u>100,586,318.92</u>
Total Deductions	<u>100,586,318.92</u>
Net (Decrease) in Net Position	(100,106,073.01)
Net Position, September 1, 2020	<u>276,709,373.23</u>
Net Position, August 31, 2021	<u><u>\$ 176,603,300.22</u></u>

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, 2021

	General Funds (Exh A-1)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Position
ASSETS						
Current Assets:						
Cash:						
Cash in State Treasury	\$ 70,168,519.45	\$ 70,168,519.45	\$	\$	\$	\$ 70,168,519.45
Legislative Appropriations	50,580,134.84	50,580,134.84				50,580,134.84
Receivables From:						
Federal	577,022.36	577,022.36				577,022.36
Interfund Receivables (Note 12)	4,127,614.43	4,127,614.43				4,127,614.43
Due from Other Agencies	6,938.67	6,938.67				6,938.67
Loans and Contracts	8,114,519.89	8,114,519.89				8,114,519.89
Total Current Assets	<u>133,574,749.64</u>	<u>133,574,749.64</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>133,574,749.64</u>
Non-Current Assets:						
Interfund Receivables (Note 12)	11,685,221.91	11,685,221.91				11,685,221.91
Loans and Contracts	84,982,523.02	84,982,523.02				84,982,523.02
Total Non-Current Assets	<u>96,667,744.93</u>	<u>96,667,744.93</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>96,667,744.93</u>
Total Assets	<u>\$ 230,242,494.57</u>	<u>\$ 230,242,494.57</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 230,242,494.57</u>
LIABILITIES						
Current Liabilities:						
Payables from:						
Accounts	\$ 35,819.70	\$ 35,819.70	\$	\$	\$	\$ 35,819.70
Payroll	71,946.15	71,946.15				71,946.15
Due to Other Agencies	172,533.68	172,533.68				172,533.68
Unearned Revenues	94,040.52	94,040.52				94,040.52
Employees Compensable Leave (Note 5)				72,114.92		72,114.92
Total Current Liabilities	<u>374,340.05</u>	<u>374,340.05</u>	<u>0.00</u>	<u>72,114.92</u>	<u>0.00</u>	<u>446,454.97</u>
Non-Current Liabilities:						
Employees Compensable Leave (Note 5)				58,144.77		58,144.77
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>58,144.77</u>	<u>0.00</u>	<u>58,144.77</u>
Total Liabilities	<u>374,340.05</u>	<u>374,340.05</u>	<u>0.00</u>	<u>130,259.69</u>	<u>0.00</u>	<u>504,599.74</u>
FUND FINANCIAL STATEMENT						
Fund Balances (Deficits):						
Nonspendable (Note 32)	34,810,050.41	34,810,050.41				34,810,050.41
Committed	136,377,129.69	136,377,129.69				136,377,129.69
Unassigned	58,680,974.42	58,680,974.42				58,680,974.42
Total Fund Balances	<u>229,868,154.52</u>	<u>229,868,154.52</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>229,868,154.52</u>
Total Liabilities and Fund Balances	<u>\$ 230,242,494.57</u>	<u>\$ 230,242,494.57</u>				
GOVERNMENT-WIDE STATEMENT OF NET POSITION						
Net Position:						
Restricted for:						
Employee Benefits (Note 5)				(130,259.69)		(130,259.69)
Total Net Position			<u>\$ 0.00</u>	<u>\$ (130,259.69)</u>	<u>\$ 0.00</u>	<u>\$ 229,737,894.83</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, 2021

	General Funds (Exh A-2)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
REVENUES						
Legislative Appropriations:						
Original Appropriations (GR)	\$ 397,334.00	\$ 397,334.00	\$	\$	\$	\$ 397,334.00
Additional Appropriations (GR)	(178.28)	(178.28)				(178.28)
Federal Revenue (Schedule 1A)	4,063,643.71	4,063,643.71				4,063,643.71
Interest and Investment Income	2,423,515.31	2,423,515.31				2,423,515.31
Other	(13,253.42)	(13,253.42)				(13,253.42)
Total Revenues	<u>6,871,061.32</u>	<u>6,871,061.32</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>6,871,061.32</u>
EXPENDITURES						
Salaries and Wages	677,531.06	677,531.06		10,389.61		687,920.67
Payroll Related Costs	175,978.27	175,978.27				175,978.27
Professional Fees and Services	1,403,917.42	1,403,917.42				1,403,917.42
Travel	748.54	748.54				748.54
Communication and Utilities	1,028.23	1,028.23				1,028.23
Rentals & Leases	8,590.80	8,590.80				8,590.80
Federal Grant Pass-Through Expenditures (Schedule 1A)	1,714,237.76	1,714,237.76				1,714,237.76
Intergovernmental Payments	676,117.73	676,117.73				676,117.73
Public Assistance Payments	13,253.00	13,253.00				13,253.00
Other Expenditures	24,796.37	24,796.37				24,796.37
Total Expenditures/Expenses	<u>4,696,199.18</u>	<u>4,696,199.18</u>	<u>0.00</u>	<u>10,389.61</u>	<u>0.00</u>	<u>4,706,588.79</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,174,862.14</u>	<u>2,174,862.14</u>	<u>0.00</u>	<u>(10,389.61)</u>	<u>0.00</u>	<u>2,164,472.53</u>
OTHER FINANCING SOURCES (USES)						
Transfers-In	1,045,900.11	1,045,900.11				1,045,900.11
Transfers-Out	(1,045,900.11)	(1,045,900.11)				(1,045,900.11)
Appropriations Lapsed	2,694,408.28	2,694,408.28				2,694,408.28
Total Other Financing Sources and Uses	<u>2,694,408.28</u>	<u>2,694,408.28</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,694,408.28</u>
Net Change in Fund Balances/Net Position	<u>4,869,270.42</u>	<u>4,869,270.42</u>	<u>0.00</u>	<u>(10,389.61)</u>	<u>0.00</u>	<u>4,858,880.81</u>
FUND FINANCIAL STATEMENT – FUND BALANCES						
Fund Balances – Beginning	225,001,389.63	225,001,389.63				225,001,389.63
Restatements	(2,505.53)	(2,505.53)				(2,505.53)
Fund Balances, September 1, 2020, as Restated	<u>224,998,884.10</u>	<u>224,998,884.10</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>224,998,884.10</u>
Fund Balances – August 31, 2021	<u>\$ 229,868,154.52</u>	<u>\$ 229,868,154.52</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 229,868,154.52</u>
GOVERNMENT-WIDE STATEMENT OF NET POSITION						
Change in Net Position		<u>\$ 229,868,154.52</u>	<u>\$</u>	<u>\$ (10,389.61)</u>	<u>\$</u>	<u>\$ 229,857,764.91</u>
Net Position – Beginning				(119,870.08)		(119,870.08)
Net Position, September 1, 2020, as Restated				(119,870.08)	0.00	(119,870.08)
Net Position – August 31, 2021		<u>\$ 229,868,154.52</u>	<u>\$ 0.00</u>	<u>\$ (130,259.69)</u>	<u>\$ 0.00</u>	<u>\$ 229,737,894.83</u>

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

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

ENTITY

The State Energy Conservation Office (SECO) is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts Reporting Requirements for State Agencies.

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

Due to the significant changes related to Governmental Accounting Standards Board Statement (GASB) 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the state’s *Annual Comprehensive Financial Report*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

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

FUND STRUCTURE

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

GOVERNMENTAL FUND TYPES AND GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

General Revenue Funds

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

Long-Term Liabilities Adjustment Fund Type

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

BASIS OF ACCOUNTING

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

Governmental fund types that build the fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period that they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end.

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

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

- Unpaid employee compensable leave
- Capital Assets

BUDGET AND BUDGETARY ACCOUNTING

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

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

ASSETS, LIABILITIES AND FUND BALANCES/NET POSITION

ASSETS

Cash and Cash Equivalents

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

Federal Receivables-Current

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

Loans and Contracts

LoanSTAR Program

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

Federally Funded Loan Programs

State Energy Program (SEP - CFDA 81.041)

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

LIABILITIES

Accounts Payable

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

Employees' Compensable Leave

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

FUND BALANCE/NET POSITION

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

Fund Balance Components

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

- Nonspendable fund balance includes amounts not available to be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the Texas Legislature, the state's highest level of decision-making authority.
- Unassigned fund balance includes the residual classification for the general fund. The net resources of the general fund in excess of non-spendable, restricted, committed and assigned fund balances (a surplus fund balance) are classified as unassigned fund balance.

INTERFUND ACTIVITIES AND TRANSACTIONS

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

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

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

NOTE 2: Capital Assets

(Not Applicable)

NOTE 3: Deposits, Investments and Repurchase Agreements

(Not Applicable)

NOTE 4: Short-Term Debt

(Not Applicable)

NOTE 5: Long-Term Liabilities

Changes In Long-Term Liabilities

The following changes occurred in liabilities during the year ending Aug. 31, 2021:

Governmental Activities	Balance Sept. 1, 2020	Additions	Reductions	Balance Aug. 31, 2021	Amounts Due Within One Year	Amounts Due Thereafter
Compensable Leave	\$119,870.08	\$85,922.91	\$75,533.30	\$130,259.69	\$72,114.92	\$58,144.77
Total Governmental	<u>\$119,870.08</u>	<u>\$85,922.91</u>	<u>\$75,533.30</u>	<u>\$130,259.69</u>	<u>\$72,114.92</u>	<u>\$58,144.77</u>

Employees' Compensable Leave

If a state employee had continuous employment with the state for at least six months, the state employee is entitled to be paid for all unused vacation time accrued in the event of the employee's resignation, dismissal or separation from state employment.

Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the statement of net position. Both an expense and a liability for business-type activities are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting employees accumulating rights to receive sick pay benefits. This obligation is usually paid from the same funding source(s) from which the employee's salary or wage compensation was paid.

NOTE 6: Bonded Indebtedness

(Not Applicable)

NOTE 7: Derivatives

(Not Applicable)

NOTE 8: Leases

(Not Applicable)

NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan

(Not Applicable)

NOTE 10: Deferred Compensation

(Not Applicable)

NOTE 11: Postemployment Benefits Other Than Pensions

(Not Applicable)

NOTE 12: Interfund Activity and Transactions

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

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

UNAUDITED
Comptroller State Energy Conservation Office (907)

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

Individual balances and activity as of Aug. 31, 2021 are as follows:

	Current Interfund Receivable	Current Interfund Payable	Purpose
Current Portion			
Appd Fund 5005, D23 Fund 0515			
Agency 303, Texas Facilities Commission	\$ 1,968,000.00	\$	Loan Star Loans
Agency 401, Texas Military Department	48,097.40		Loan Star Loans
Agency 696, Texas Department of Criminal Justice	45,807.93		Loan Star Loans
Agency 696, Texas Department of Criminal Justice			Loan Star Loans
Agency 711, Texas A&M University	542,910.52		Loan Star Loans
Agency 714, UT at Arlington	56,662.40		Loan Star Loans
Total Interfund Receivable/Payable	<u>\$ 2,661,478.25</u>	<u>\$ 0.00</u>	
Non-Current Portion			
Appd Fund 5005, D23 Fund 0515			
Agency 303, Texas Facilities Commission	\$ 197.54	\$	Loan Star Loans
Agency 401, Texas Military Department	189,059.64		Loan Star Loans
Agency 696, Texas Department of Criminal Justice	82,396.22		Loan Star Loans
Agency 696, Texas Department of Criminal Justice	4,896,880.54		Loan Star Loans
Agency 711, Texas A&M University	754,570.07		Loan Star Loans
Agency 714, UT at Arlington	249,792.88		Loan Star Loans
Total Interfund Receivable/Payable	<u>\$ 6,172,896.89</u>	<u>\$ 0.00</u>	
Current Portion			
Appd Fund 0001, D23 Fund 0230			
Agency 711, Texas A&M University	\$ 1,441,151.87	\$	Federal Lone Star Loans
Agency 745, UT Health Science Center At San Antonio	24,984.31		Federal Lone Star Loans
Total Interfund Receivable/Payable	<u>\$ 1,466,136.18</u>	<u>\$ 0.00</u>	
Non-Current Portion			
Appd Fund 0001, D23 Fund 0230			
Agency 711, Texas A&M University	\$ 5,512,325.02	\$	Federal Lone Star Loans
Total Interfund Receivable/Payable	<u>\$ 5,512,325.02</u>	<u>\$ 0.00</u>	

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustments to Fund Balances and Net Position

The State Energy Conservation Office recorded a restatement to the beginning Fund Balance. The restatement was to adjust a BRP balance from a prior fiscal year.

	General Funds (Fund 0001)
Fund Balance/Net Position – September 1, 2020	\$ 225,001,389.63
Current Year's Restatement	(2,505.53)
Fund Balance/Net Position – September 1, 2020, as Restated	<u>\$ 224,998,884.10</u>

NOTE 15: Contingencies and Commitments

(Not Applicable)

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

(Not Applicable)

NOTE 18: Management's Discussion and Analysis

(Not Applicable)

NOTE 19: The Financial Reporting Entity

(Not Applicable)

NOTE 20: Stewardship, Compliance and Accountability

(Not Applicable)

NOTE 21: Not Applicable to the AFR

(Not Applicable)

NOTE 22: Donor-Restricted Endowments

(Not Applicable)

NOTE 23: Extraordinary and Special Items

(Not Applicable)

NOTE 24: Disaggregation of Receivable and Payable Balances

(Not Applicable)

NOTE 25: Termination Benefits

(Not Applicable)

NOTE 26: Segment Information

(Not Applicable)

NOTE 27: Service Concession Arrangements

(Not Applicable)

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

(Not Applicable)

NOTE 29: Trouble Debt Restructuring

(Not Applicable)

NOTE 30: Non-Exchange Financial Guarantees

(Not Applicable)

NOTE 31: Tax Abatements

(Not Applicable)

NOTE 32: Governmental Fund Balances

GASB 54 establishes financial reporting standards for fund balances.

The State Energy Conservation Office has the following restrictions/covenants causing fund balances to be committed and restricted as of Aug. 31, 2021:

GAAP Fund	Fund	AFR 54 Class	Amount	Citation	Comments
1	0229/0230	Nonspendable	\$34,810,050.41	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, 2021

	General Revenue Fund (0001) U/F (0001),(0224), (0226),(0227) (0229), (0230), (0231), (0232) (0510), (0512), (1999), (2000), (2370)	General Revenue Dedicated-Oil Overcharge Fund (5005) UF (0505), (0515), (0525), (0535) (0545),(2005),(5999)	Total (Exh I)
ASSETS			
Current Assets:			
Cash			
Cash in State Treasury	\$	\$ 70,168,519.45	\$ 70,168,519.45
Legislative Appropriations	50,580,134.84		50,580,134.84
Receivables From:			
Federal	577,022.36		577,022.36
Interfund Receivables (Note 12)	1,466,136.18	2,661,478.25	4,127,614.43
Due from Other Agencies	6,938.67		6,938.67
Loans and Contracts	<u>6,392,426.53</u>	<u>1,722,093.36</u>	<u>8,114,519.89</u>
Total Current Assets	<u>59,022,658.58</u>	<u>74,552,091.06</u>	<u>133,574,749.64</u>
Non-Current Assets:			
Interfund Receivables (Note 12)	5,512,325.02	6,172,896.89	11,685,221.91
Loans and Contracts	29,297,725.39	55,684,797.63	84,982,523.02
Total Noncurrent Assets	<u>34,810,050.41</u>	<u>61,857,694.52</u>	<u>96,667,744.93</u>
Total Assets	<u>\$ 93,832,708.99</u>	<u>\$ 136,409,785.58</u>	<u>\$ 230,242,494.57</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts	\$ 12,751.64	\$ 23,068.06	\$ 35,819.70
Payroll	62,358.32	9,587.83	71,946.15
Due To Other Agencies	172,533.68		172,533.68
Unearned Revenues	94,040.52		94,040.52
Total Current Liabilities	<u>341,684.16</u>	<u>32,655.89</u>	<u>374,340.05</u>
Non-Current Liabilities:			
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>341,684.16</u>	<u>32,655.89</u>	<u>374,340.05</u>
Fund Balances (Deficits):			
Nonspendable	34,810,050.41		34,810,050.41
Committed		136,377,129.69	136,377,129.69
Unassigned	<u>58,680,974.42</u>		<u>58,680,974.42</u>
Total Fund Balances	<u>93,491,024.83</u>	<u>136,377,129.69</u>	<u>229,868,154.52</u>
Total Liabilities and Fund Balances	<u>\$ 93,832,708.99</u>	<u>\$ 136,409,785.58</u>	<u>\$ 230,242,494.57</u>

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, 2021

	General Revenue Fund (0001) U/F (0001),(0224), (0226),(0227) (0229),(0230), (0231),(0232) (0510),(0512),(1999), (2000), (2370)	General Revenue Dedicated-Oil Overcharge Fund (5005) UF (0505), (0515), (0525), (0535) (0545),(2005),(5999)	Total (Exh II)
REVENUES			
Legislative Appropriations:			
Original Appropriations	\$ 397,334.00	\$	\$ 397,334.00
Additional Appropriations	(178.28)		(178.28)
Federal Revenue (Schedule 1A)	4,063,643.71		4,063,643.71
Interest and Investment Income	828,997.58	1,594,517.73	2,423,515.31
Other	(13,253.42)		(13,253.42)
Total Revenues	<u>5,276,543.59</u>	<u>1,594,517.73</u>	<u>6,871,061.32</u>
EXPENDITURES			
Salaries and Wages	649,866.44	27,664.62	677,531.06
Payroll Related Costs	124,135.64	51,842.63	175,978.27
Professional Fees and Services	1,178,393.13	225,524.29	1,403,917.42
Travel	748.54		748.54
Communication and Utilities	958.54	69.69	1,028.23
Rentals & Leases	8,084.79	506.01	8,590.80
Federal Grant Pass-Through Expenditures (Schedule 1A)	1,714,237.76		1,714,237.76
Intergovernmental Payments	676,117.73		676,117.73
Public Assistance Payments	13,253.00		13,253.00
Other Expenditures	24,792.19	4.18	24,796.37
Total Expenditures/Expenses	<u>4,390,587.76</u>	<u>305,611.42</u>	<u>4,696,199.18</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>885,955.83</u>	<u>1,288,906.31</u>	<u>2,174,862.14</u>
OTHER FINANCING SOURCES (USES)			
Transfers-In		1,045,900.11	1,045,900.11
Transfers-Out		(1,045,900.11)	(1,045,900.11)
Appropriations Lapsed	2,694,408.28		2,694,408.28
Total Other Financing Sources and Uses	<u>2,694,408.28</u>	<u>0.00</u>	<u>2,694,408.28</u>
Net Change in Fund Balances	<u>3,580,364.11</u>	<u>1,288,906.31</u>	<u>4,869,270.42</u>
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances, September 1, 2020	89,913,166.25	135,088,223.38	225,001,389.63
Restatements	(2,505.53)		(2,505.53)
Fund Balances, September 1, 2020, as Restated	<u>89,910,660.72</u>	<u>135,088,223.38</u>	<u>224,998,884.10</u>
Fund Balances – August 31, 2021	<u>\$ 93,491,024.83</u>	<u>\$ 136,377,129.69</u>	<u>\$ 229,868,154.52</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, 2021

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	NSE Name Identifying Number	Agy Univ No.	Pass-through From		Direct Program Amount	Total PT From and Direct Program Amount
				Agencies or Universities Amount	Non-State Entities Amount		
U.S. DEPARTMENT OF ENERGY							
Direct Programs:							
State Energy Program	81.041			\$	\$	\$ 1,501,700.28	\$ 1,501,700.28
State Energy Program <i>Pass-Through To:</i> <i>Texas A&M Engineering Experiment Station</i>	81.041					138,013.85	138,013.85
State Energy Program <i>Pass-Through To:</i> <i>University of Texas at Austin</i>	81.041					413,906.44	413,906.44
State Energy Program <i>Pass-Through To:</i> <i>University of Houston</i>	81.041					174,371.31	174,371.31
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	81.106					41,918.93	41,918.93
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions <i>Pass-Through To:</i> <i>Department of State Health Services</i>	81.106					127,423.19	127,423.19
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions <i>Pass-Through To:</i> <i>Texas Division of Emergency Management</i>	81.106					129,906.38	129,906.38
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,	81.214					805,786.74	805,786.74
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis, <i>Pass-Through To:</i> <i>Department of State Health Services</i>	81.214					293,296.79	293,296.79
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis, <i>Pass-Through To:</i> <i>Texas Division of Emergency Management</i>	81.214					285,961.69	285,961.69
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis, <i>Pass-Through To:</i> <i>Texas Commission on Environmental Quality</i>	81.214					151,358.11	151,358.11
Totals – U.S. Department of Energy						4,063,643.71	4,063,643.71
Total Expenditures of Federal Awards				\$	\$	\$ 4,063,643.71	\$ 4,063,643.71

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, 2021

Federal Grantor/ Pass-through Grantor/ Program Title	Agy Univ No.	Pass-through To		Expenditures Amount	Total PT To and Expenditures Amount
		Agencies or Universities Amount	Non-State Entities Amount		
U.S. DEPARTMENT OF ENERGY					
Direct Programs:					
State Energy Program		\$	\$	\$ 1,501,700.28	\$ 1,501,700.28
State Energy Program					138,013.85
<i>Pass-Through To:</i> <i>Texas A&M Engineering Experiment Station</i>	712	138,013.85			
State Energy Program					413,906.44
<i>Pass-Through To:</i> <i>University of Texas at Austin</i>	721	413,906.44			
State Energy Program					174,371.31
<i>Pass-Through To:</i> <i>University of Houston</i>	730	174,371.31			
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions				41,918.93	41,918.93
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions					127,423.19
<i>Pass-Through To:</i> <i>Department of State Health Services</i>	537	127,423.19			
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions					129,906.38
<i>Pass-Through To:</i> <i>Texas Division of Emergency Management</i>	575	129,906.38			
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,			676,117.73	129,669.01	805,786.74
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,					293,296.79
<i>Pass-Through To:</i> <i>Department of State Health Services</i>	537	293,296.79			
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,					285,961.69
<i>Pass-Through To:</i> <i>Texas Division of Emergency Management</i>	575	285,961.69			
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,					151,358.11
<i>Pass-Through To:</i> <i>Texas Commission on Environmental Quality</i>	582	151,358.11			
Totals – U.S. Department of Energy		<u>1,714,237.76</u>	<u>676,117.73</u>	<u>1,673,288.22</u>	<u>4,063,643.71</u>
Total Expenditures of Federal Awards		<u>\$ 1,714,237.76</u>	<u>\$ 676,117.73</u>	<u>\$ 1,673,288.22</u>	<u>\$ 4,063,643.71</u>

UNAUDITED
Comptroller State Energy Conservation Office (907)

Comptroller – Texas
Bullion Depository (908)

BASIC FINANCIAL STATEMENTS

UNAUDITED
Comptroller – Texas Bullion Depository (908)

UNAUDITED
Comptroller – Texas Bullion Depository (908)

EXHIBIT I

**Combined Balance Sheet –
Governmental Funds**

August 31, 2021

	General Funds	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Position
ASSETS				
Current Assets:				
Legislative Appropriations	\$ 707,129.64	\$	\$	\$ 707,129.64
Accounts Receivable	91,460.68			91,460.68
Total Current Assets	<u>798,590.32</u>	<u>0.00</u>	<u>0.00</u>	<u>798,590.32</u>
Total Non-Current Assets	0.00	0.00	0.00	0.00
Total Assets	<u>\$ 798,590.32</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 798,590.32</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Accounts Payable	\$ 154,201.99	\$	\$	\$ 154,201.99
Total Current Liabilities	<u>154,201.99</u>	<u>0.00</u>	<u>0.00</u>	<u>154,201.99</u>
Total Liabilities	<u>154,201.99</u>	<u>0.00</u>	<u>0.00</u>	<u>154,201.99</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances (Deficits):				
Nonspendable	\$ 350,000.00	\$	\$	\$
Restricted				
Committed				
Unassigned	644,388.33			
Total Fund Balances	<u>994,388.33</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities and Fund Balances	<u>\$ 1,148,590.32</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,148,590.32</u>
GOVERNMENT-WIDE STATEMENT – NET POSITION				
Net Position:				
Net Investment in Capital Assets				
Unrestricted				
Total Net Position	<u>\$ 644,388.33</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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

UNAUDITED
Comptroller – Texas Bullion Depository (908)

EXHIBIT II

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

For the Fiscal Year Ended August 31, 2021

	General Funds	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
REVENUES				
Legislative Appropriations:				
Original Appropriations	\$ (17,500.00)	\$	\$	\$ (17,500.00)
Licenses, Fees & Permits	642,551.43			642,551.43
Total Revenues	<u>625,051.43</u>	<u>0.00</u>	<u>0.00</u>	<u>625,051.43</u>
EXPENDITURES				
Professional Fees and Services	330,663.10			330,663.10
Total Expenditures	<u>330,663.10</u>	<u>0.00</u>	<u>0.00</u>	<u>330,663.10</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>294,388.33</u>	<u>0.00</u>	<u>0.00</u>	<u>294,388.33</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	17,500.00			
Transfer Out	(17,500.00)			
Legislative Transfer Out				
Appropriations Lapsed				
Insurance Recoveries				
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Change in Fund Balances	<u>294,388.33</u>	<u>0.00</u>	<u>0.00</u>	<u>294,388.33</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances, September 1, 2019	350,000.00			
Restatements (Note 14)				
Fund Balances, September 1, 2019, as Restated	<u>350,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Fund Balances, August 31, 2020	<u>\$644,388.33</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES				
Fund Balances, September 1, 2020	\$350,000.00	\$	\$	\$
Restatements				
Fund Balances, September 1, 2020, as Restated	<u>350,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Fund Balances, August 31, 2021	<u>\$350,000.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

ENTITY

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

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

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

Due to the significant changes related to Governmental Accounting Standards Board (GASB) *Statement 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to be in compliance with generally accepted accounting principles (GAAP). The financial report will be considered for audit by the State Auditor as part of the audit of the state’s *Annual Comprehensive Financial Report*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

GOVERNMENTAL FUND TYPES AND GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

General Fund

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

BASIS OF ACCOUNTING

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

BUDGETS AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the Legislature and approved by the Governor (the General Appropriations Act). Unobligated appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

ASSETS, LIABILITIES AND FUND EQUITY

Assets

Legislative Appropriations

Amounts shown as legislative appropriations represent cash balances in the General Fund at Aug. 31, 2021. 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 2021.

NOTE 2: Capital Assets

(Not Applicable)

NOTE 3: Deposits, Investments and Repurchase Agreements

(Not Applicable)

NOTE 4: Short-Term Debt

(Not Applicable)

NOTE 5: Summary of Long Term Liabilities

(Not Applicable)

NOTE 6: Bonded Indebtedness

(Not Applicable)

NOTE 7: Derivatives

(Not Applicable)

NOTE 8: Leases

(Not Applicable)

NOTE 9: Pension Plans

(Not Applicable)

NOTE 10: Deferred Compensation

(Not Applicable)

NOTE 11: Postemployment Health Care and Life Insurance Benefits

(Not Applicable)

NOTE 12: Interfund Activity and Transactions

(Not applicable)

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustments to Fund Balances and Net Position

(Not Applicable)

NOTE 15: Contingent Liabilities

(Not Applicable)

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

(Not Applicable)

NOTE 18: Management Discussion and Analysis

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

NOTE 19: The Financial Reporting Entity

There were no significant related party transactions in the Depository in fiscal 2021.

NOTE 20: Stewardship, Compliance and Accountability

This section of the report reflects the activities of the Comptroller–Texas Bullion Depository function (Agency 908) in the General Revenue Fund (0001). The entire activity of the State's General Revenue Fund will be reflected in the fiscal 2021 State of Texas 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, 2021

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

UNAUDITED
Comptroller – Funds Management (903)

Exhibit II

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

For the Fiscal Year Ended August 31, 2021

	Combined Statement of Revenues, Expenditures, and Changes to Fund Balances – Governmental Funds	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
OTHER FINANCING SOURCES (USES)					
Transfer In	\$ 622,055,808.64	\$	\$	\$	\$ 622,055,808.64
Transfer Out	(622,055,808.64)				(622,055,808.64)
Legislative Transfer Out					
Insurance Recoveries					
Total Other Financing Sources and Uses	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Change in Fund Balances/Net Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances, September 1, 2019					
Restatements					
Fund Balances, September 1, 2019, as Restated	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Fund Balances, August 31, 2020	<u>\$ 0.00</u>	<u></u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
GOVERNMENT-WIDE STATEMENT – NET POSITION					
Net Position/Net Change in Net Position	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Net Position, September 1, 2020					
Restatements					
Net Position, September 1, 2020, as Restated	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Position, August 31, 2021	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

ENTITY

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

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

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

Due to the significant changes related to Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to be in compliance with generally accepted accounting principles (GAAP). The financial report will be considered for audit by the State Auditor as part of the audit of the state’s *Annual Comprehensive Financial Report*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

GOVERNMENTAL FUND TYPES AND GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

General Fund

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

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

BASIS OF ACCOUNTING

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

BUDGETS AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the Legislature and approved by the Governor (the General Appropriations Act). Unobligated appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

ASSETS, LIABILITIES AND FUND EQUITY

Assets

Legislative Appropriations

Amounts shown as legislative appropriations represent cash balances in the General Fund at Aug. 31, 2021. 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 2021.

NOTE 2: Capital Assets

(Not Applicable)

NOTE 3: Deposits, Investments and Repurchase Agreements

(Not Applicable)

NOTE 4: Short-Term Debt

(Not Applicable)

NOTE 5: Summary of Long Term Liabilities

(Not Applicable)

NOTE 6: Bonded Indebtedness

(Not Applicable)

NOTE 7: Derivatives

(Not Applicable)

NOTE 8: Leases

(Not Applicable)

NOTE 9: Pension Plans

(Not Applicable)

NOTE 10: Deferred Compensation

(Not Applicable)

NOTE 11: Postemployment Health Care and Life Insurance Benefits

(Not Applicable)

NOTE 12: Interfund Activity and Transactions

(Not applicable)

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustments to Fund Balances and Net Position

(Not Applicable)

NOTE 15: Contingent Liabilities

(Not Applicable)

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

(Not Applicable)

NOTE 18: Management Discussion and Analysis

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

NOTE 19: The Financial Reporting Entity

There were no significant related party transactions in the Depository in fiscal 2020.

NOTE 20: Stewardship, Compliance and Accountability

This section of the report reflects the activities of the Comptroller–Funds Management function (Agency 903) in the General Revenue Fund (0001). The entire activity of the State’s General Revenue Fund will be reflected in the fiscal 2021 *State of Texas Annual Comprehensive Financial Report*.

NOTE 21: Tobacco Settlement

(Not Applicable)

NOTE 22: Donor-Restricted Endowments

(Not Applicable)

NOTE 23: Extraordinary and Special Items

(Not Applicable)

NOTE 24: Disaggregation of Receivables and Payables

See Note 1 for disaggregation of Other Payables.

NOTE 25: Termination Benefits

(Not Applicable)

NOTE 26: Segment Information

(Not Applicable)

NOTE 27: Taxes Receivables/Payables

(Not Applicable)

NOTE 28: Contested Taxes

(Not Applicable)

NOTE 29: Deferred Inflow of Resources

(Not Applicable)

NOTE 30: Unclaimed Property

(Not Applicable)

NOTE 31: Fund Balances

(Not Applicable)

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS

UNAUDITED
Comptroller – Funds Management (903)

UNAUDITED
Comptroller – Funds Management (903)

EXHIBIT A-1

Combining Balance Sheet – All General and Consolidated Funds

August 31, 2021

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

UNAUDITED
Comptroller – Funds Management (903)

EXHIBIT A-2

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

For the Fiscal Year Ended August 31, 2021

	Consolidated Funds		Total 2021
	General Revenue Fund (0001) U/F (0001, 9000)	GR Account – Workforce Commission Federal (5026) U/F (5026)	
OTHER FINANCING SOURCES (USES)			
Transfer In	\$ 311,027,904.32	\$ 311,027,904.32	\$ 622,055,808.64
Transfer Out	(311,027,904.32)	(311,027,904.32)	(622,055,808.64)
Legislative Transfer Out			
Insurance Recoveries			
Total Other Financing Sources (Uses)	0.00	0.00	0.00
Net Change in Fund Balances	0.00	0.00	0.00
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances, September 1, 2020			
Restatements (Note 14)			
Fund Balances, September 1, 2020, as Restated	0.00	0.00	0.00
Fund Balances, August 31, 2021	\$ 0.00	\$ 0.00	\$ 0.00

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