

Texas Department of Insurance

2023 Annual Financial Report

For the fiscal year ending August 31, 2023

TDI | Texas Department
of Insurance



2023 Annual Financial Report
by the
Texas Department of Insurance
Submitted November 2023

First printing, November 2023

Publication ID: TDIAFR | 1123

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November 20, 2023

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

Dear Governor Abbott, Comptroller Hegar, Mr. McGinty, and Ms. Collier:

I am pleased to submit the annual financial report of the Texas Department of Insurance for the year ending August 31, 2023.

The report was compiled in compliance with Texas Government Code Section 2101.011 and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

The Comptroller does not require the annual financial report to comply with all the requirements of Governmental Accounting Standards Board Statement 34. The state auditor will consider the financial report for audit as part of the state's *Annual Comprehensive Financial Report*; therefore, an opinion has not been expressed on the financial statements and related information in this report.

Karen Urban, accounting director, is the lead staff on this matter. She can be reached by telephone at 512-676-6172 or by email at karen.urban@tdi.texas.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Cassie Brown", with a long horizontal flourish extending to the right.

Cassie Brown
Commissioner of Insurance

**TEXAS DEPARTMENT OF INSURANCE
ANNUAL FINANCIAL REPORT
FISCAL YEAR 2023**

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Texas Department of Insurance (454)
Exhibit I - Combined Balance Sheet/Statement of Net Position
Governmental Funds

August 31, 2023

	Governmental Funds	Capital Assets
	(Ex A-1)	Adjustments
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 3):		
Cash in Bank	\$ 246,452.87	\$ -
Legislative Appropriations	5,678,236.28	-
Cash in State Treasury	371,541,961.05	-
Cash Equivalents	23,770,769.62	-
Receivables from:		
Federal	282,145.71	-
Interest and Dividends	2,256.15	-
Accounts Receivable	1,117,397.41	-
Interfund Receivable (Note 8)	-	-
Interfund Receivable (Note 12)	86,146.26	-
Securities Held in Trust	60,767,739.54	-
Due From Other Agencies	-	-
Consumable Inventories	62,600.54	-
Total Current Assets	<u>463,555,705.43</u>	<u>-</u>
Non-Current Assets:		
Capital Assets (Note 2):		
Non-Depreciable:		
Other Capital Assets	-	-
Depreciable:		
Furniture and Equipment	-	5,637,893.55
Less Accumulated Depreciation	-	(5,298,117.42)
Vehicle, Boats, and Aircraft	-	1,450,808.37
Less Accumulated Depreciation	-	(1,100,902.52)
Other Capital Assets	-	520,252.64
Less Accumulated Depreciation	-	(102,756.83)
Computer Software-Intangible	-	20,709,204.97
Less Accumulated Amortization	-	(19,188,607.42)
Right to Use Asset - Building	-	13,641,751.27
Less Accumulated Amortization	-	(5,343,178.69)
Right to Use Asset - Subscription Assets	-	3,406,625.32
Less Accumulated Amortization	-	(1,342,048.06)
Total Non-Current Assets	<u>-</u>	<u>12,990,925.18</u>
Total Assets	<u>\$ 463,555,705.43</u>	<u>\$ 12,990,925.18</u>

UNAUDITED

Long-Term Liabilities Adjustments	Statement of Net Position
\$ -	\$ 246,452.87
-	5,678,236.28
-	371,541,961.05
-	23,770,769.62
-	282,145.71
-	2,256.15
-	1,117,397.41
-	-
-	86,146.26
-	60,767,739.54
-	-
-	62,600.54
-	463,555,705.43
-	-
-	5,637,893.55
-	(5,298,117.42)
-	1,450,808.37
-	(1,100,902.52)
-	520,252.64
-	(102,756.83)
-	20,709,204.97
-	(19,188,607.42)
-	13,641,751.27
-	(5,343,178.69)
-	3,406,625.32
-	(1,342,048.06)
-	12,990,925.18
\$ -	\$ 476,546,630.61

Texas Department of Insurance (454)
Exhibit I - Combined Balance Sheet/Statement of Net Position
Governmental Funds

August 31, 2023

	Governmental Funds	Capital Assets
	(Ex A-1)	Adjustments
LIABILITIES		
Current Liabilities:		
Payables from:		
Accounts	\$ 956,514.83	\$ -
Payroll	11,804,752.07	-
Interest	-	-
Interfund Payable (Note 12)	86,146.26	-
Due to Other Agencies	3,954,775.90	-
Deferred Revenues	197,580.60	-
Claims and Judgments (Note 5)	-	-
Employees' Compensable Leave (Note 5)	-	-
Right to Use Lease Obligations (Note 5, 8)	-	-
Right to Use Subscription Obligations (Note 5, 8)	-	-
Total Current Liabilities	16,999,769.66	-
Non-Current Liabilities:		
Claims and Judgments (Note 5)	-	-
Employees' Compensable Leave (Note 5)	-	-
Right to Use Lease Obligation (Note 5, 8)	-	-
Right to Use Lease Obligation (Note 5, 8)	-	-
Total Non-Current Liabilities	-	-
Total Liabilities	16,999,769.66	-
FUND FINANCIAL STATEMENT		
Fund Balances (Deficits):		
Nonspendable	62,600.54	-
Committed	380,210,582.89	-
Unassigned	66,282,752.34	-
Total Fund Balances	446,555,935.77	-
Total Liabilities and Fund Balances	\$ 463,555,705.43	-
GOVERNMENT-WIDE STATEMENT OF NET POSITION		
Net Position:		
Invested in Capital Assets, Net of Related Debt		12,990,925.18
Unrestricted		-
Total Net Position		\$ 12,990,925.18

UNAUDITED

Long-Term Liabilities Adjustments	Statement of Net Position
\$ -	\$ 956,514.83
-	11,804,752.07
43,009.39	43,009.39
-	86,146.26
-	3,954,775.90
-	197,580.60
496,638.41	496,638.41
6,380,414.96	6,380,414.96
1,471,569.24	1,471,569.24
1,372,650.94	1,372,650.94
<u>9,764,282.94</u>	<u>26,764,052.60</u>
7,871,018.84	7,871,018.84
4,014,907.63	4,014,907.63
6,975,725.29	6,975,725.29
657,432.34	657,432.34
<u>19,519,084.10</u>	<u>19,519,084.10</u>
<u>29,283,367.04</u>	<u>46,283,136.70</u>
-	62,600.54
-	380,210,582.89
-	66,282,752.34
<u>-</u>	<u>446,555,935.77</u>
-	12,990,925.18
(29,283,367.04)	(29,283,367.04)
<u>\$ (29,283,367.04)</u>	<u>\$ 430,263,493.91</u>

Texas Department of Insurance (454)
Exhibit II - Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances/Statement of Activities – Governmental Funds

For the Fiscal Year Ended August 31, 2023

	General Funds	Capital Assets
	(Ex A-2)	Adjustments
REVENUES		
Legislative Appropriations:		
Original Appropriations	\$ 224,406.00	\$ -
Additional Appropriations	165,272.00	-
Taxes	1,238,332.86	-
Federal Revenue (Sch 1A)	3,130,355.53	-
Licenses, Fees and Permits	63,133,198.20	-
Settlement of Claims	-	-
Sales of Goods and Services	38,000.00	-
Interest and Other Investment Income	751,069.75	-
Other	22,159,236.09	-
Total Revenues	<u>90,839,870.43</u>	<u>-</u>
EXPENDITURES		
Salaries and Wages	87,706,446.46	-
Payroll Related Costs	36,958,275.16	-
Professional Fees and Services	12,161,074.87	-
Travel	1,230,439.00	-
Materials and Supplies	3,000,278.31	-
Communication and Utilities	1,128,704.12	-
Repairs and Maintenance	1,387,736.04	-
Rentals and Leases	1,121,283.47	-
Printing and Reproduction	9,530.03	-
Claims and Judgments (Notes 5 & 17)	9,579,145.74	-
Intergovernmental Payments	2,012,480.28	-
Other Financing Fees	1,848,099.89	-
Other Expenditures	2,241,037.30	-
Debt Service - Principal - Leases	3,023,572.62	-
Capital Outlay	4,888,519.15	(4,888,519.15)
Depreciation and Amortization Expense	-	4,556,106.07
Total Expenditures	<u>168,296,622.44</u>	<u>(332,413.08)</u>
Excess (Deficiency) of Revenues		
Over Expenditures	<u>(77,456,752.01)</u>	<u>332,413.08</u>

UNAUDITED

Long-Term Liabilities Adjustments	Statement of Activities
\$ -	\$ 224,406.00
-	165,272.00
-	1,238,332.86
-	3,130,355.53
-	63,133,198.20
-	-
-	38,000.00
-	751,069.75
-	22,159,236.09
<u>-</u>	<u>90,839,870.43</u>
680,056.60	88,386,503.06
-	36,958,275.16
-	12,161,074.87
-	1,230,439.00
-	3,000,278.31
-	1,128,704.12
-	1,387,736.04
-	1,121,283.47
-	9,530.03
(142,481.44)	9,436,664.30
-	2,012,480.28
-	1,848,099.89
33,733.39	2,274,770.69
(3,023,572.62)	-
-	-
-	4,556,106.07
<u>(2,452,264.07)</u>	<u>165,511,945.29</u>
<u>2,452,264.07</u>	<u>(74,672,074.86)</u>

UNAUDITED

Long-Term Liabilities Adjustments	Statement of Activities
\$ -	\$ 197,020,528.94
-	(94,779,404.48)
-	-
-	22,553.50
(4,773,820.86)	-
<u>(4,773,820.86)</u>	<u>102,263,677.96</u>
<u>(2,321,556.79)</u>	<u>27,591,603.10</u>
	<u>416,975,188.96</u>
	<u>\$ 444,566,792.06</u>
<u>\$ (2,321,556.79)</u>	<u>\$ 444,566,792.06</u>
<u>(26,961,810.25)</u>	<u>(14,303,298.15)</u>
<u>\$ (29,283,367.04)</u>	<u>\$ 430,263,493.91</u>

Texas Department of Insurance (454)

Exhibit VI - Combined Statement of Fiduciary Net Position

August 31, 2023

	Private-Purpose Catastrophe Reserve Trust Fund (3204)	Custodial Funds (3625)	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 3):			
Cash in Bank	\$ -	\$ 3,255,694.70	\$ 3,255,694.70
Cash in State Treasury	-	18,202,519.19	18,202,519.19
Cash Equivalents	275,978,667.10	642,363,809.91	918,342,477.01
Interest and Dividends Receivable	40,246.88	26,883.60	67,130.48
Securities Held in Trust	-	1,055,328,372.31	1,055,328,372.31
Total Current Assets:	276,018,913.98	1,719,177,279.71	1,995,196,193.69
Noncurrent Assets:			
Investments (Note 3)	-	12,091,404.59	12,091,404.59
Total Noncurrent Assets:	-	12,091,404.59	12,091,404.59
Total Assets	276,018,913.98	1,731,268,684.30	2,007,287,598.28
LIABILITIES			
Current Liabilities:			
Other Liabilities	\$ -	\$ 4,148,336.00	\$ 4,148,336.00
Total Current Liabilities:	-	4,148,336.00	4,148,336.00
Noncurrent Liabilities:			
Other Noncurrent Liabilities	-	165,070,400.14	165,070,400.14
Total Noncurrent Liabilities:	-	165,070,400.14	165,070,400.14
Total Liabilities	-	169,218,736.14	169,218,736.14
NET POSITION			
Held in trust for:			
Individuals, Organizations, and Other Governments	276,018,913.98	1,562,049,948.16	1,838,068,862.14
Total Net Position	\$ 276,018,913.98	\$ 1,562,049,948.16	\$ 1,838,068,862.14

Texas Department of Insurance (454)
Exhibit VII - Combined Statement of Changes in
Fiduciary Net Position

For the Fiscal Year Ended August 31, 2023

	Private-Purpose Catastrophe Reserve Trust Fund (3204)	Custodial Funds (3625)	Totals
ADDITIONS			
Investment Income:			
From Investing Activities:			
Interest and Investment Income	\$ 10,069,505.31	\$ 20,827,038.11	\$ 30,896,543.42
Total Investing Income	<u>10,069,505.31</u>	<u>20,827,038.11</u>	<u>30,896,543.42</u>
Less Investing Activities Expense	-	-	-
Net Income from Investing Activities	<u>10,069,505.31</u>	<u>20,827,038.11</u>	<u>30,896,543.42</u>
 Total Net Investment Income	 <u>10,069,505.31</u>	 <u>20,827,038.11</u>	 <u>30,896,543.42</u>
 Other Additions:			
Other Revenue	79,942,205.40	322,168,846.04	402,111,051.44
Transfers In	-	127,825,042.64	127,825,042.64
Gain/Loss on Other Financial Activity	-	11,598,214.00	11,598,214.00
Total Other Additions	<u>79,942,205.40</u>	<u>461,592,102.68</u>	<u>541,534,308.08</u>
 Total Additions	 <u>90,011,710.71</u>	 <u>482,419,140.79</u>	 <u>572,430,851.50</u>
DEDUCTIONS			
Professional Fees & Services	-	8,828,337.00	8,828,337.00
Claims and Judgments (Note 17)	-	78,815,408.85	78,815,408.85
Other Expense	43,841.48	68,577,284.37	68,621,125.85
Transfers Out	-	127,725,042.64	127,725,042.64
Total Deductions	<u>43,841.48</u>	<u>283,946,072.86</u>	<u>283,989,914.34</u>
 NET INCREASE (DECREASE) IN NET POSITION	 <u>89,967,869.23</u>	 <u>198,473,067.93</u>	 <u>288,440,937.16</u>
NET POSITION			
Net Position, September 1, 2022	<u>186,051,044.75</u>	<u>1,363,576,880.23</u>	<u>1,549,627,924.98</u>
Net Position, August 31, 2023	<u>\$ 276,018,913.98</u>	<u>\$ 1,562,049,948.16</u>	<u>\$ 1,838,068,862.14</u>

Texas Department of Insurance (454)
Exhibit VIII - Combined Statement of Net Position
Discretely Presented Component Units

August 31, 2023

	Total Component Units (Exhibit K-1)
ASSETS	
Current Assets:	
Cash and Cash Equivalents (Note 3):	
Cash in Bank	\$ 230,464,402.00
Cash Equivalents	305,739,578.00
Short-Term Investments (Note 3)	14,001,564.00
Receivables from:	
Interest and Dividends	58,379.00
Accounts Receivable	7,604,699.00
Prepaid Items	11,358,782.00
Other Current Assets	33,243,082.00
Total Current Assets	<u>602,470,486.00</u>
Non-Current Assets:	
Investments (Note 3)	13,850,811.00
Capital Assets (Note 2):	
Furniture and Equipment - Depreciable	27,293,436.00
Less Accumulated Depreciation	(13,897,794.00)
Nondepreciable Assets (CIP)	532,147.00
Other Assets - Depreciable	2,258,884.00
Less Accumulated Depreciation - Other	(251,367.00)
Computer Software - Intangible	15,692,530.00
Less Accumulated Amortization - Intangible	(9,290,567.00)
Right To Use Asset - Buildings	11,381,744.19
Less Accumulated Amortization	(1,754,103.30)
Other Noncurrent Assets	36,710.74
Total Noncurrent Assets	<u>45,852,431.63</u>
Total Assets	<u>648,322,917.63</u>
LIABILITIES	
Current Liabilities:	
Payables from:	
Accounts	47,866,564.00
Payroll	116,464.00
Interest	2,827.36
Other Liabilities	187,345,528.00
Employees' Compensable Leave	115,392.00
Deferred Revenues	303,217,147.00
Right to Use Lease Obligations	713,212.61
Direct Placements - Notes and Loans	-
Total Current Liabilities	<u>539,377,134.97</u>
Noncurrent Liabilities:	
Notes, Loans, and Contracts Payable	-
Other Liabilities	-
Total Noncurrent Liabilities	<u>8,918,102.66</u>
Total Liabilities	<u>548,295,237.63</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	30,099,555.00
Restricted	-
Unrestricted	69,928,125.00
Total Net Position	<u>\$ 100,027,680.00</u>

Note A - These Component Units have a fiscal year end of December 31, 2022.
Financial information is as of that date.

Texas Department of Insurance (454)
Exhibit IX - Combined Statement of Activities
Discretely Presented Component Units

For the Fiscal Year Ended August 31, 2023

	Total Component Units (Exhibit K-2)
EXPENSES	
Salaries and Wages	\$ 33,207,738.10
Payroll Related Costs	8,672,970.90
Professional Fees and Services	600,125.64
Travel	35,232.24
Materials and Supplies	37,093.87
Communication and Utilities	31,045.21
Repairs and Maintenance	270,259.47
Rentals and Leases	1,898,613.82
Printing and Reproduction	1,660.10
Depreciation	4,166,774.38
Amortization	585,633.00
Other Expenses	164,475,255.36
Total Expenses	<u>213,982,402.09</u>
PROGRAM REVENUES	
Interest and Investment Income	365,845,518.00
Total Program Revenues	<u>365,845,518.00</u>
Net Program Revenues	<u>151,863,115.91</u>
GENERAL REVENUES	
Interest and Investment Income	3,630,293.00
Net Increase (Decrease) Fair Value	-
Interest Expenses and Fiscal Charges	(18,253,365.91)
Other Nonoperating Revenues (Expenses)	(77,087,084.00)
Total General Revenues	<u>(91,710,156.91)</u>
Change in Net Position	<u>60,152,959.00</u>
Net Position, September 1, 2022	39,874,721.00
Net Position, August 31, 2023	<u>\$ 100,027,680.00</u>

Note A - These Component Units have a fiscal year end of December 31, 2022.
Financial information is as of that date.

TEXAS DEPARTMENT OF INSURANCE (454)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ENTITY

The Texas Department of Insurance (TDI) 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*.

TDI statutory authority is Section 31.002 of the Texas Insurance Code. Section 31.002 states "the department shall: (1) regulate the business of insurance in this state; (2) administer the workers' compensation system of this state as provided by Title 5, Labor Code, (3) ensure that this code and other laws regarding insurance and insurance companies are executed, (4) protect and ensure the fair treatment of consumers, and (5) ensure fair competition in the insurance industry in order to foster a competitive market." The history of the agency dates back to the Texas Constitution of 1876. Since then, the composition of the agency has changed several times. In 1993, House Bill 1461, 73rd Legislature, Regular Session, amended the Insurance Code to establish the commissioner of insurance as the primary policy-setting authority and to abolish the three-member State Board of Insurance no later than September 1, 1994. The board transferred all remaining authority to the commissioner effective December 16, 1993. In addition, effective September 1, 2005, House Bill 7, 79th Legislature, Regular Session, created the Division of Workers' Compensation within TDI. This legislation transferred many of the duties and functions of the abolished Texas Workers' Compensation Commission to the Division of Workers' Compensation to administer and operate the State's workers' compensation system.

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

TDI includes within this report all component units as determined by an analysis of their relationship to TDI as listed below:

Blended Component Units

No component units have been identified that should be blended into an appropriate fund.

Discretely Presented Component Units

These component units are legally separate from the State, but are financially accountable to the State, or have a relationship with the State such that exclusion would cause the financial statements to be misleading or incomplete. The component unit columns of the financial statements include the financial data of these three entities. Information on these component units can be found in Note 19.

- Surplus Lines Stamping Office of Texas (Stamping Office)
- Texas Windstorm Insurance Association (TWIA)
- Fair Access to Insurance Requirements Plan Association (FAIR)

TEXAS DEPARTMENT OF INSURANCE (454)**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 Fund

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

Special Revenue Funds

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

Capital Assets Adjustment Fund Type

Capital Assets Adjustment Fund Type is used to convert governmental fund types' capital assets from modified accrual to full accrual.

Long-Term Liabilities Adjustment Fund Type

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

Other Adjustments Fund Type

Other Adjustments Fund Type is used to convert all other governmental fund types' activity from modified accrual to full accrual.

FIDUCIARY FUND TYPES

Fiduciary funds account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Insurance company receivership assets are held by the Commissioner of Insurance exclusively in her capacity as receiver. These assets belong to insurance companies and other entities in receivership and are not the property of the State.

Custodial Funds

Custodial Funds are used to account for resources that are not required to be reported in pension (and other employee benefits) trust funds, investment funds or private-purpose trust 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.

COMPONENT UNITS

The fund types of the individual discrete component units are available from the component units' separately issued financial statements. Additional information about component units can be found in Note 19.

Proprietary Component Units are used to account for discretely presented component units that follow proprietary fund measurement focus and accounting principles.

TEXAS DEPARTMENT OF INSURANCE (454)**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 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 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:

- Capital assets
- Accumulated depreciation
- Leases
- Unpaid employee compensable leave
- Full accrual revenues and expenses

Private-purpose trust funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services in connection with the proprietary funds principal ongoing operations.

CHANGE IN ACCOUNTING POLICIES

The Government Accounting Standards Board issued GASB No. 96, Subscription-Based Information Technology Arrangements (SBITA). SBITA is a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

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.

TEXAS DEPARTMENT OF INSURANCE (454)**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.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of general obligation and revenues set aside for statutory or contractual requirements.

Inventories and Prepaid Items

Inventories consist of consumable inventories. The consumption method of accounting is used to account for inventories and prepaid items that appear in the governmental and proprietary fund types. The cost of these items is expensed when the items are consumed.

Capital Assets

Assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of one year should be capitalized. These assets are capitalized at cost or, if purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. Assets are depreciated over the estimated useful life of the asset, using the straight-line method.

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

Other Receivables – Current and Noncurrent

Other receivables include year-end revenue accruals. This account can appear in governmental and custodial fund types.

Other Assets – Current and Noncurrent

Other assets reflect the portion of any assets not appropriate for other asset accounts. The following component units reported other current and noncurrent assets more than 5% of their total assets. Stamping Office (fund 3159) reported \$106,175, in other current assets, and \$36,710.74, in other noncurrent assets. TWIA (fund 4154) reported \$29,676,809, in other current assets, and FAIR (fund 4163) reported \$3,460,098, in other current assets respectively for FY 2023.

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 Payables – Current and Noncurrent

Other Payables are the accrual at year-end of expenditure transactions. Payables may be included in either the governmental or proprietary fund types. The disaggregation of other payables, for proprietary fund types, as reported in the financial statements, is disclosed in Note 24.

Claims and Judgments

Claims and Judgments are those that are settled yet unpaid at year-end but will be paid with future fund resources.

Employees' Compensable Leave Balances

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.

TEXAS DEPARTMENT OF INSURANCE (454)Lease Liability

Lease liability represents the amount recognized by a lessee on its financial statements regarding its leases. It is initially measured at the present value of lease payments and is remeasured whenever there is a change in lease payments or lease modification. Liabilities are reported separately as either current or noncurrent.

FUND BALANCE/NET POSITION

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

Fund Balance Components

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

- Nonspendable fund balance includes amounts not available to be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- Restricted fund balance includes those resources that have constraints placed on their use through external parties or by law through constitutional provisions.
- Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the Texas Legislature, the State's highest level of decision making authority.
- Assigned fund balance includes amounts constrained by the State's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (1) the Texas Legislature or (2) a body (for example, a budget or finance committee) or 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 balances that were not assigned to other funds and were not restricted, committed, or assigned to specific purposes within the general fund.

Invested in Capital Assets, Net of Related Debt

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

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.

INTERFUND ACTIVITIES AND BALANCES

The agency has the following types of transactions among funds:

- (1) Transfers: Legally required transfers that are reported when incurred as "Transfers In" by the recipient fund and as "Transfers Out" by the disbursing fund.
- (2) Reimbursements: Repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are displayed as interfund receivables and payables.

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TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 2: CAPITAL ASSETS

Revenue received from the sale of surplus property is recorded in unappropriated General Revenue.

A summary of changes in Capital Assets for the year ended August 31, 2023, is presented below:

PRIMARY GOVERNMENT							
<u>Asset Type</u>	<u>Balance 9/1/22</u>	<u>Adjustments</u>	<u>Inc - Int'agy Trans</u>	<u>Dec - Int'agy Trans</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 8/31/23</u>
Governmental Activities:							
Depreciable Assets							
Furniture and Equipment	\$ 5,683,338.26	0.00	0.00	0.00	26,700.29	(72,145.00)	\$ 5,637,893.55
Vehicles, Boats, and Aircraft	1,498,464.20	0.00	0.00	0.00	87,998.00	(135,653.83)	1,450,808.37
Other Capital Assets	<u>520,252.64</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>520,252.64</u>
Total Depreciable Assets at Historical Costs	7,702,055.10	0.00	0.00	0.00	114,698.29	(207,798.83)	7,608,954.56
Accumulated Depreciation							
Furniture and Equipment	(5,198,392.95)	0.00	0.00	0.00	(171,869.47)	72,145.00	(5,298,117.42)
Vehicles, Boats, and Aircraft	(1,134,293.01)	0.00	0.00	0.00	(102,263.34)	135,653.83	(1,100,902.52)
Other Capital Assets	<u>(72,636.63)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(30,120.20)</u>	<u>0.00</u>	<u>(102,756.83)</u>
Total Accumulated Depreciation	(6,405,322.59)	0.00	0.00	0.00	(304,253.01)	207,798.83	(6,501,776.77)
Amortizable Assets - Intangible							
BC Computer Software	<u>20,709,204.97</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>20,709,204.97</u>
Total Amortizable Assets - Intangible	20,709,204.97	0.00	0.00	0.00	0.00	0.00	20,709,204.97
Accumulated Amortization							
BC A/A Computer Software	<u>(18,009,743.03)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,178,864.39)</u>	<u>0.00</u>	<u>(19,188,607.42)</u>
Total Accumulated Amortization	(18,009,743.03)	0.00	0.00	0.00	(1,178,864.39)	0.00	(19,188,607.42)
Total Governmental Activities, Net	\$ 3,996,194.45	0.00	0.00	0.00	(1,368,419.11)	0.00	\$ 2,627,775.34

In accordance with the implementation of GASB No. 87 and GASB No. 96, leased assets and subscriptions are presented separately in Note 2 for the year ended August 31, 2023:

PRIMARY GOVERNMENT							
<u>Asset Type</u>	<u>Balance 9/1/22</u>	<u>Adjustments</u>	<u>Inc - Int'agy Trans</u>	<u>Dec - Int'agy Trans</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 8/31/23</u>
Governmental Activities:							
Amortizable Assets - RTU							
Building and Building Improvements	12,274,555.73	0.00	0.00	0.00	1,367,195.54	0.00	13,641,751.27
Subscription Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,406,625.32</u>	<u>0.00</u>	<u>3,406,625.32</u>
Total Amortizable Assets - RTU	12,274,555.73	0.00	0.00	0.00	4,773,820.86	0.00	17,048,376.59
Accumulated Amortization - RTU							
Building and Building Improvements	(3,612,238.08)	0.00	0.00	0.00	(1,730,940.61)	0.00	(5,343,178.69)
Subscription Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,342,048.06)</u>	<u>0.00</u>	<u>(1,342,048.06)</u>
Total Accumulated Amortization - RTU	(3,612,238.08)	0.00	0.00	0.00	(3,072,988.67)	0.00	(6,685,226.75)
Total Governmental Activities, Net	\$ 8,662,317.65	0.00	0.00	0.00	1,700,832.19	0.00	\$ 10,363,149.84

TEXAS DEPARTMENT OF INSURANCE (454)

DISCRETELY PRESENTED COMPONENT UNITS

Asset Type	Balance 1/1/22	Completed CIP	Inc - Int'agy Trans	Dec - Int'agy Trans	Additions	Deletions	Balance 12/31/22
Component Unit Activities:							
Nondepreciable Assets							
Construction in Progress	\$ 526,471.00	0.00	0.00	0.00	2,056,679.00	(2,051,003.00)	\$ 532,147.00
Total Nondepreciable Assets	526,471.00	0.00	0.00	0.00	2,056,679.00	(2,051,003.00)	532,147.00
Depreciable Assets							
Furniture and Equipment	25,357,629.00	0.00	0.00	0.00	1,935,807.00	0.00	27,293,436.00
Other Capital Assets	2,123,177.00	0.00	0.00	0.00	1,993,550.00	(1,857,843.00)	2,258,884.00
Total Depreciable Assets at Historical Costs	27,480,806.00	0.00	0.00	0.00	3,929,357.00	(1,857,843.00)	29,552,320.00
Accumulated Depreciation							
Furniture and Equipment	(11,636,828.00)	0.00	0.00	0.00	(2,260,966.00)	0.00	(13,897,794.00)
Other Capital Assets	(1,876,398.00)	0.00	0.00	0.00	(232,812.00)	1,857,843.00	(251,367.00)
Total Accumulated Depreciation	(13,513,226.00)	0.00	0.00	0.00	(2,493,778.00)	1,857,843.00	(14,149,161.00)
Amortizable Assets - Intangible							
Computer Software	13,653,749.00	0.00	0.00	0.00	2,051,003.00	(12,222.00)	15,692,530.00
Total Amortizable Assets - Intangible	13,653,749.00	0.00	0.00	0.00	2,051,003.00	(12,222.00)	15,692,530.00
Accumulated Amortization							
A/A Computer Software	(7,489,705.00)	0.00	0.00	0.00	(1,813,084.00)	12,222.00	(9,290,567.00)
Total Accumulated Amortization	(7,489,705.00)	0.00	0.00	0.00	(1,813,084.00)	12,222.00	(9,290,567.00)
Total Component Unit Activities, Net	\$ 20,658,095.00	0.00	0.00	0.00	3,730,177.00	(2,051,003.00)	\$ 22,337,269.00

In accordance with the implementation of GASB No. 87 and GASB No. 96, leased assets and subscriptions are presented separately in Note 2 for the year ended December 31, 2022

DISCRETELY PRESENTED COMPONENT UNITS

Asset Type	Balance 1/1/22	Completed CIP	Inc - Int'agy Trans	Dec - Int'agy Trans	Additions	Deletions	Balance 12/31/22
Component Unit Activities:							
Amortizable Assets - RTU							
Building and Building Improvements	1,801,537.68	0.00	0.00	0.00	9,580,206.51	0.00	11,381,744.19
Total Amortizable Assets - RTU	1,801,537.68	0.00	0.00	0.00	9,580,206.51	0.00	11,381,744.19
Accumulated Amortization - RTU							
Building and Building Improvements	(1,308,555.00)	0.00	0.00	0.00	(445,548.30)	0.00	(1,754,103.30)
Total Accumulated Amortization - RTU	(1,308,555.00)	0.00	0.00	0.00	(445,548.30)	0.00	(1,754,103.30)
Total Component Unit Activities, Net	\$ 492,982.68	0.00	0.00	0.00	9,134,658.21	0.00	\$ 9,627,640.89

TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 3: DEPOSITS, INVESTMENTS, AND REPURCHASE AGREEMENTS

TDI reports investments held in the Texas Treasury Safekeeping Trust Company. The Texas Treasury Safekeeping Trust Company is authorized by statute to make investments following the "prudent person rule." There were no violations of legal provisions during the period.

DEPOSITS OF CASH IN BANK

As of August 31, 2023, the carrying amount of deposits were as presented below:

Governmental and Business - Type Activities

Cash in Bank - Carrying Value	\$ 246,557.66
Addition: Pending withdrawal	15.00
Less: Interest Paid	<u>119.79</u>
Governmental Funds Current Assets Cash in Bank	<u>\$ 246,452.87</u>
Cash in Bank per AFR	<u>\$ 246,452.87</u>

Fiduciary Funds

Cash in Bank - Carrying Value	\$ 3,255,694.70
Fiduciary Funds Current Assets Cash in Bank	<u>\$ 3,255,694.70</u>
Cash in Bank per AFR	<u>\$ 3,255,694.70</u>

Discrete Component Units

Cash in Bank - Carrying Value	<u>\$ 230,464,402.00</u>
Discrete Component Unit Current Assets Cash in Bank	<u>\$ 230,464,402.00</u>
Cash in Bank per AFR	<u>\$ 230,464,402.00</u>

These amounts consist of all cash in local banks. These amounts are included on the Combined Statement of Net Assets as part of the "Cash and Cash Equivalents" accounts.

As of August 31, 2023, the total bank balance was as follows:

Governmental and Business - Type Activities	\$246,557.66	Fiduciary Funds	\$3,255,694.70	Discrete Component Units	\$230,464,402.00
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TEXAS DEPARTMENT OF INSURANCE (454)

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, TDI and the discrete component units will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. TDI does not have a policy for custodial credit risk but maintains cash balances in a major financial institution and monitors account balances for amounts over \$250,000 of the Federal Deposit Insurance Corporation (FDIC) limit. The Stamping Office was exposed to custodial credit risk as of December 31, 2022, but has not experienced any loss due to financial institutions in default. TWIA deposits exceed the insured limit, but the deposits are held in the Transaction Account Guarantee Program that guarantees 100% of their cash. FAIR deposits exceed the insured limit, but the deposits are held in the Transaction Account Guarantee Program that guarantees 100% of their cash. The bank balances that were exposed to custodial credit risks are as follows:

Fund Type	GAAP Fund	Uninsured and uncollateralized	Uninsured and collateralized with securities held by the pledging financial institution	Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the state's name
15	4154	\$ 483,869,657.00		
15	4163	\$ 50,618,888.00		

INVESTMENTS

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

<u>Governmental and Business - Type Activities</u>		<u>Fair Value</u>
Repurchase Agreements - Texas Treasury Safekeeping Trust Co. ❶		\$ 23,770,769.62
Total		<u>\$ 23,770,769.62</u>
<u>Fiduciary Funds</u>		<u>Fair Value</u>
U.S. Government:		
U.S. Treasury Securities		\$ 8,249,959.11
Repurchase Agreements - Texas Treasury Safekeeping Trust Co. ❶		908,264,339.41
Corporate Obligations		360.00
Corporate Assets and Mortgage - Backed Securities		3,841,085.48
Mutual Funds		1,100,134.29
Miscellaneous		8,978,003.31
Total		<u>\$ 930,433,881.60</u>
<u>Discrete Component Units</u>		<u>Fair Value</u>
U.S. Government:		
U.S. Treasury Securities		\$ 11,265,077.00
Corporate Obligations		4,571,954.00
Miscellaneous		317,754,922.00
Total		<u>\$ 333,591,953.00</u>

❶ Repurchase Agreements with the Texas Treasury Safekeeping Trust Co. are recorded as Cash Equivalents – Miscellaneous in the Financial Statements and as Repurchase Agreements in the Notes, based on Reporting Requirements for Annual Financial Reports of State Agencies and Universities.

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, TDI had investments in U.S. Treasury Securities Money Market Mutual Fund that are backed by the U.S. government. The Stamping Office investment policy allows negotiable certificates of deposits. TWIA held investments backed by the U.S. Treasury Money Market Funds program and other investments backed by the U.S. government. FAIR held investments backed by the U.S Treasury Money Market Funds program and other investments backed by the U.S. government.

TEXAS DEPARTMENT OF INSURANCE (454)

As of August 31, 2023, credit quality distribution for securities with credit risk exposure was as follows:

Fund Type	GAAP Fund	Investment Type	AAA	AA	A	BBB
01	1006	Repurchase Agreement - Texas Treasury Safekeeping Trust Co	\$15,478,556.78			
01	9999	Repurchase Agreement - Texas Treasury Safekeeping Trust Co	\$8,292,212.84			
15	3159	Certificates of Deposit				
15	3159	Corporate Obligations				\$4,571,954.00
15	3159	Money Market Mutual Funds				
15	3159	U.S. Treasury Securities				
15	4154	Money Market Mutual Funds	\$261,853,803.00		\$17,066,087.00	
15	4163	Money Market Mutual Funds	\$17,556,895.00		\$9,262,793.00	
20	3204	Repurchase Agreement - Texas Treasury Safekeeping Trust Co	\$275,978,667.10			
22	3625	Money Market Mutual Funds				
22	3625	Corporate Asset and Mortgage - Backed Securities	\$1,144,503.82	\$252,334.77	\$569,413.75	\$333,699.80
22	3625	U.S. Treasury Securities	\$8,149,860.51			
22	3625	Corporate Obligations				
22	3625	Miscellaneous Interest - Bearing Cash				
22	3625	Repurchase Agreement - Texas Treasury Safekeeping Trust Co	\$632,285,672.31			
TOTAL			\$1,220,740,171.36	\$252,334.77	\$26,898,293.75	\$4,905,653.80

TEXAS DEPARTMENT OF INSURANCE (454)

BB	B	CCC	CC	C	NR	TOTAL
						\$15,478,556.78
						\$8,292,212.84
					\$7,062,343.00	\$7,062,343.00
						\$4,571,954.00
					\$4,953,001.00	\$4,953,001.00
					\$11,265,077.00	\$11,265,077.00
						\$278,919,890.00
						\$26,819,688.00
						\$275,978,667.10
					\$1,100,134.29	\$1,100,134.29
					\$1,541,133.34	\$3,841,085.48
					\$100,098.60	\$8,249,959.11
					\$360.00	\$360.00
					\$8,978,003.31	\$8,978,003.31
						\$632,285,672.31
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$35,000,150.54	\$1,287,796,604.22

TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 4: SHORT-TERM DEBT

N/A

NOTE 5: LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

For the year ended August 31, 2023, the following changes occurred in liabilities:

PRIMARY GOVERNMENT						
	Balance 9/1/22	Additions	Reductions	Balance 8/31/23	Amounts Due Within One Year	Amounts Due Thereafter
Governmental Activities						
Claims and Judgments	\$ 8,510,138.69	138,639.65	281,121.09	8,367,657.25	496,638.41	\$ 7,871,018.84
Right to Use Lease Obligations	8,727,129.57	1,367,195.54	1,647,030.58	8,447,294.53	1,471,569.24	6,975,725.29
Right to Use Subscription Obligations	0.00	3,406,625.32	1,376,542.04	2,030,083.28	1,372,650.94	657,432.34
Compensable Leave	9,715,265.99	9,901,586.19	9,221,529.59	10,395,322.59	6,380,414.96	4,014,907.63
Total Governmental Activities	\$ 26,952,534.25	14,814,046.70	12,526,223.30	29,240,357.65	9,721,273.55	\$ 19,519,084.10

DISCRETELY PRESENTED COMPONENT UNITS						
	Balance 1/1/22	Additions	Reductions	Balance 12/31/22	Amounts Due Within One Year	Amounts Due Thereafter
Proprietary Activities						
Compensable Leave	\$ 59,093.00	56,299.00	0.00	115,392.00	115,392.00	\$ 0.00
Right to Use Lease Obligations	503,320.18	9,580,206.51	452,211.42	9,631,315.27	713,212.61	8,918,102.66
Direct Placements	177,000,000.00	0.00	177,000,000.00	0.00	0.00	0.00
Total Proprietary Activities	\$ 177,562,413.18	9,636,504.51	177,452,211.42	9,746,707.27	828,604.61	\$ 8,918,102.66

Claims and Judgments

Qualified injured workers receive Lifetime Income Benefits that are paid until their death for total and permanent loss of a body part as provided in Section 408.161 of the Texas Labor Code. The amount of lifetime income benefits is equal to 75% of the employee's average weekly wage and benefits being paid, and shall be increased at a rate of 3% a year subject to Section 408.061 of the Texas Labor Code.

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 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. No liability is recorded for nonvesting employees accumulating rights to receive sick pay benefits. This obligation is usually paid from the state funding source(s) from which the employee's salary or wage compensation was paid.

TEXAS DEPARTMENT OF INSURANCE (454)

Direct Placements

TWIA, a discretely presented component unit, has direct placements that are subject to optional make-whole redemption, in whole or in part. Redemptions are either 100% of the principal amount or the sum of the present value of the remaining schedule of principal and interest payments.

GASB No. 88 defines debt and establishes additional financial statement note disclosure requirements related to debt obligations.

Right to Use Lease Obligations

GASB No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Right to Use Subscription Obligations

GASB No. 96 establishes accounting and financial reporting standards for the right to use subscription obligations.

NOTE 6: BONDED INDEBTEDNESS

N/A

NOTE 7: DERIVATIVES

N/A

NOTE 8: LEASES

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

Fund Type		Amount
01 (D23 Fund 0008)	\$	338,651.09
01 (Appropriated Fund 0036)	\$	3,142,040.08
15 (Component Units)	\$	452,320.00

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

PRIMARY GOVERNMENT

Year	Principal	Interest	Total
2024	\$ 1,471,569.24	102,660.25	\$ 1,574,229.49
2025	1,384,610.92	86,290.87	1,470,901.79
2026	1,301,884.86	70,311.36	1,372,196.22
2027	1,128,071.75	55,022.31	1,183,094.06
2028	913,873.19	41,358.92	955,232.11
2029 - 2033	2,247,284.57	73,171.22	2,320,455.79
2034 - 2038	0.00	0.00	0.00
2039 - 2043	0.00	0.00	0.00
2044 - 2048	0.00	0.00	0.00
Total Minimum Future Lease Rental Payments	\$ 8,447,294.53	428,814.93	\$ 8,876,109.46

TEXAS DEPARTMENT OF INSURANCE (454)

PRIMARY GOVERNMENTAL – SUBSCRIPTION LIABILITY

Year	Principal	Interest	Total
2024	\$ 1,372,650.94	47,694.18	\$ 1,420,345.12
2025	318,944.68	19,308.43	338,253.11
2026	338,487.66	9,913.68	348,401.34
2027	0.00	0.00	0.00
2028	0.00	0.00	0.00
2029 - 2033	0.00	0.00	0.00
Total Minimum Future Subscription Payments	\$ 2,030,083.28	76,916.29	\$ 2,106,999.57

DISCRETELY PRESENTED COMPONENT UNITS

Year	Principal	Interest	Total
2024	\$ 713,212.61	368,572.11	\$ 1,081,784.72
2025	675,450.31	319,321.82	994,772.13
2026	730,294.54	291,901.94	1,022,196.48
2027	787,075.67	263,297.48	1,050,373.15
2028	846,716.51	232,500.25	1,079,216.76
2029 - 2033	5,878,565.63	626,128.81	6,504,694.44
Total Minimum Future Lease Rental Payments	\$ 9,631,315.27	2,101,722.41	\$ 11,733,037.68

NOTE 9: DEFINED BENEFIT PENSION PLANS AND DEFINED CONTRIBUTION PLAN

Employees Retirement System of Texas (ERS) administers and reports the activity for the plan.

NOTE 10: DEFERRED COMPENSATION

ERS administers and reports the activity for the plan. ERS reports the deferred compensation plan's balances and liability for the state, including:

- Plan description
- Legal basis for the plan
- Provisions for plan balances
- State's liability

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

N/A

TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS

TDI experienced routine transfers within the agency, which were consistent with the activities of the fund making the transfer.

Current interfund payable and receivable balances at August 31, 2023, are as follows:

	<u>Current Interfund Receivable</u>	<u>Current Interfund Payable</u>
GENERAL REVENUE		
Appd Fund 0036		
(D23 Fund 0011)	\$ 1,360.13	\$ 3,741.03
(D23 Fund 0014)	3,741.03	1,360.13
(D23 Fund 0024)	66,361.39	65,066.95
(D23 Fund 0034)	0.00	14,683.71
(D23 Fund 0036)	14,683.71	1,294.44
Total Interfund Receivable/Payable	<u>\$ 86,146.26</u>	<u>\$ 86,146.26</u>

NOTE 13: CONTINUANCE SUBJECT TO REVIEW

Under SB 1659, 88th Legislature, Regular Session, Article 1, Sec. 1.13, Subsection (a), Section 31.004 of the Insurance Code was amended to read as follows: "The Texas Department of Insurance is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the department is abolished September 1, 2029."

Under SB 713, 87th Legislature, Regular Session, Article 1, Sec. 1.13, Subsection (b), Section 31.004 of the Insurance Code was amended to read as follows: "Unless continued as provided by Chapter 325, Government Code, the duties of the Division of Workers' Compensation of the Texas Department of Insurance under Title 5, Labor Code, expire September 1, 2029, or another date designated by the legislature."

NOTE 14: ADJUSTMENTS TO FUND BALANCES AND NET POSITION

N/A

NOTE 15: CONTINGENCIES AND COMMITMENTS

N/A

NOTE 16: SUBSEQUENT EVENTS

N/A

TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 17: RISK MANAGEMENT

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

TDI assumes substantially all risks associated with tort and liability claims due to the performance of its duties. TDI carries both automobile liability insurance for agency drivers and owned vehicles, as well as a specialty risk policy for cyber liability. Both policies were issued in accordance with terms and conditions from the State Office of Risk Management. TDI is not involved in any risk pools with other government entities.

TDI'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.

PRIMARY GOVERNMENT

Changes in the balances of the governmental claims liabilities during the fiscal year 2023 were as follows:

Fund	Beginning Balance	Increases	Decrease	Ending Balance
9997	\$ 8,510,138.69	\$ 138,639.65	\$ 281,121.09	\$ 8,367,657.25
5101	\$ 0.00	\$ 9,577,057.13	\$ 9,577,057.13	\$ 0.00
Total	\$ 8,510,138.69	\$ 9,715,696.78	\$ 9,858,178.22	\$ 8,367,657.25

FIDUCIARY FUNDS

Balances of the fiduciary funds claims liabilities during the fiscal years 2022 and 2023 were as follows:

FY	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2022	\$ 0.00	\$ 39,273,333.86	\$ 39,273,333.86	\$ 0.00
2023	\$ 0.00	\$ 78,815,408.85	\$ 78,815,408.85	\$ 0.00

NOTE 18: MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

N/A

TEXAS DEPARTMENT OF INSURANCE (454)**NOTE 19: THE FINANCIAL REPORTING ENTITY**

As required by Generally Accepted Accounting Principles, these financial statements present the TDI (the primary government) and its component units. The component units discussed below are included in TDI's reporting entity because of the significance of their operational or financial relationships with the state.

Discretely Presented Component Units:

TDI is financially accountable for the following legally separate entities; however, they do not provide services entirely or almost entirely to TDI. They are reported in separate exhibits to emphasize that they are legally separate from TDI. The fiscal year-end for these component units is December 31. The component units are responsible for reporting their financial information to TDI for presentation in the financial statements. TDI does not verify the accuracy or completeness of the information and provides no assurances otherwise.

1. The Stamping Office was created pursuant to Texas Insurance Code Chapter 981, Subchapter D, to assist TDI in the regulation of surplus lines insurance. The commissioner of insurance appoints all nine members of the board of directors. The Stamping Office performs its functions under a plan of operation approved by commissioner order. The Stamping Office assesses each surplus lines insurance agent a stamping fee for the administrative funding of the Stamping Office. The primary government can impose its will on the Stamping Office as the assessment rate that funds its operations is subject to commissioner approval.
2. TWIA was created pursuant to Texas Insurance Code Chapter 2210 and is the state's insurer of last resort for wind and hail coverage in the 14 coastal counties and portions of Harris County. The commissioner of insurance appoints all nine members of the board of directors. The primary government can impose its will on TWIA, as the commissioner of insurance has discretion to modify or approve fee changes and approve maximum liability limits for windstorm and hail insurance policies issued by TWIA.
3. FAIR was created pursuant to Texas Insurance Code Chapter 2211 and was created to deliver residential property insurance to residents of Texas in areas that are not adequately served by the voluntary insurance market. The commissioner of insurance appoints all 11 members of the governing committee. The primary government can impose its will on FAIR, as the commissioner of insurance can remove a governing committee member without cause and can impact revenues by approving or disapproving rates charged.

Complete financial statements of the individual component units can be obtained from their respective administrative offices.

Administrative Offices

Surplus Lines Stamping Office of Texas
1601 E Pflugerville Pkwy, Suite 3301
Pflugerville, TX 78660

Fair Access to Insurance Requirements Plan
Association
4801 Southwest Pkwy Building One, Suite 200
Austin, TX 78735

Texas Windstorm Insurance Association
4801 Southwest Pkwy Building One, Suite 200
Austin, TX 78735

TEXAS DEPARTMENT OF INSURANCE (454)**Related Organizations**

1. The *Texas Life and Health Insurance Guaranty Association* (TLHIGA) was created pursuant to Texas Insurance Code Chapter 463 for the protection of persons against failure in the performance of contractual obligations under life, accident, and health insurance policies and annuity contracts because of the impairment or insolvency of the member insurer that issued the policies or contracts. The Commissioner of Insurance appoints the nine-member board of directors of the association.
2. The *Texas Title Insurance Guaranty Association* (TTIGA) was created pursuant to Texas Insurance Code Chapter 2602 for the purpose of protecting Texas title insurance policyholders and claimants when a title insurance company or agency fails. This applies to all title insurance written by title insurance companies authorized to do business in Texas. The commissioner of insurance appoints the nine-member board of directors.
3. The *Texas Mutual Insurance Company* (Texas Mutual) was created pursuant to Texas Insurance Code Chapter 2054 and operates as a domestic mutual insurance company providing workers' compensation insurance in the state of Texas and also serves as the insurer of last resort. The commissioner of insurance regulates this entity to the same extent as a private mutual insurance company. The governor appoints five of the nine members of the board with the advice and consent of the Senate.

Administrative Offices

Texas Life and Health Insurance Guaranty Association
1717 West 6th Street, Suite 230
Austin, TX 78703

Texas Title Insurance Guaranty Association
500 West 5th Street, Suite 1150
Austin, TX 78701-3835

Texas Mutual Insurance Company
2200 Aldrich Street
Austin, TX 78723

NOTE 20: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

N/A

NOTE 21: TOBACCO SETTLEMENT

N/A

NOTE 22: DONOR-RESTRICTED ENDOWMENTS

N/A

NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS

N/A

TEXAS DEPARTMENT OF INSURANCE (454)**NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES**

Net other payables as of August 31, 2023, as reported by the combining statement of fiduciary net position, are detailed by type as follows:

Net Other Payables Current	Amount
Payables related to current liabilities for insurance companies in receivership (Fund 3625)	\$ 4,148,336.00
Total Net Other Payables - Current	<u>\$ 4,148,336.00</u>
Net Other Payables Noncurrent	Amount
Payables related to noncurrent liabilities for insurance companies in receivership (Fund 3625)	\$ 165,070,400.14
Total Net Other Payables - Noncurrent	<u>\$ 165,070,400.14</u>
Total Net Other Payables - Fiduciary	<u><u>\$ 169,218,736.14</u></u>

Net other payables as of August 31, 2023, as reported by the discretely presented component units, are detailed by type as follows:

Net Other Payables Current	Amount
Payables related to losses, loss adjustment expense reserves, and other liabilities (Fund 4154)	\$ 165,839,648.00
Payables related to losses, loss adjustment expense reserves, and other liabilities (Fund 4163)	21,505,880.00
Total Net Other Payables - Current	<u>\$ 187,345,528.00</u>
Total Net Other Payables - Proprietary	<u>\$ 187,345,528.00</u>
Total Net Other Payables	<u>\$ 356,564,264.14</u>

NOTE 25: TERMINATION BENEFITS

N/A

NOTE 26: SEGMENT INFORMATION

N/A

NOTE 27: SERVICE CONCESSION ARRANGEMENTS

N/A

NOTE 28: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

N/A

NOTE 29: TROUBLED DEBT RESTRUCTURING

N/A

TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 30: NON-EXCHANGE FINANCIAL GUARANTEES

N/A

NOTE 31: TAX ABATEMENTS

N/A

NOTE 32: GOVERNMENTAL FUND BALANCES

N/A

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Texas Department of Insurance (454)

Exhibit A-1 - Combining Balance Sheet - All General and Consolidated Funds

August 31, 2023

	General		Consolidated Accounts	
	General Revenue	Local - GAAP	GR Account - Tx	GR Account -
	(0001)	General Fund	Department of	Subsequent Injury
			Insurance Operating	Fund
			(0036)	(5101)
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash in Bank	\$ -	\$ 145,767.87	\$ 100,685.00	\$ -
Legislative Appropriations	5,678,236.28	-	-	-
Cash in State Treasury	-	-	217,585,801.69	104,547,966.45
Cash Equivalents	-	8,292,212.84	-	-
Receivables from:				
Federal	-	-	282,145.71	-
Interest and Dividends	-	-	-	-
Accounts Receivable	168,350.00	(12,308.33)	50.00	-
Interfund Receivable	-	-	86,146.26	-
Securities Held in Trust	-	60,767,739.54	-	-
Due From Other Agencies	-	-	-	-
Consumable Inventories	-	-	62,600.54	-
Total Current Assets	5,846,586.28	69,193,411.92	218,117,429.20	104,547,966.45
Total Assets	\$ 5,846,586.28	\$ 69,193,411.92	\$ 218,117,429.20	\$ 104,547,966.45
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables from:				
Accounts	\$ 163,223.48	\$ -	\$ 792,981.07	\$ -
Payroll	-	-	10,679,563.77	-
Interest	-	-	-	-
Interfund Payable	-	-	86,146.26	-
Due To Other Agencies	168,350.00	-	3,786,425.90	-
Deferred Revenues	-	-	197,580.60	-
Claims and Judgments	-	-	-	-
Employees' Compensable Leave	-	-	-	-
Right to Use Lease Obligations	-	-	-	-
Right to Use Subscription Liability	-	-	-	-
Total Current Liabilities	331,573.48	-	15,542,697.60	-
Total Liabilities	331,573.48	-	15,542,697.60	-
Fund Balances (Deficits):				
Nonspendable	-	-	62,600.54	-
Committed	-	8,425,672.38	202,512,131.06	104,547,966.45
Unassigned	5,515,012.80	60,767,739.54	-	-
Total Fund Balances	5,515,012.80	69,193,411.92	202,574,731.60	104,547,966.45
Total Liabilities and Fund Balances	\$ 5,846,586.28	\$ 69,193,411.92	\$ 218,117,429.20	\$ 104,547,966.45

UNAUDITED

<u>Consolidated Accounts</u>				
<u>GR Account - Fire Prevention & Public Safety (5138)</u>	<u>TexasSure (0161)</u>	<u>GR Account -Premium Stabilization Fund (0329)</u>	<u>TDI Local Operating Fund (1006)</u>	<u>Total (Ex I)</u>
\$ -	\$ -	\$ -	\$ -	\$ 246,452.87
-	-	-	-	5,678,236.28
49,153.41	318,244.54	47,915,380.22	1,125,414.74	371,541,961.05
-	-	-	15,478,556.78	23,770,769.62
-	-	-	-	282,145.71
-	-	-	2,256.15	2,256.15
-	-	-	961,305.74	1,117,397.41
-	-	-	-	86,146.26
-	-	-	-	60,767,739.54
-	-	-	-	-
-	-	-	-	62,600.54
<u>49,153.41</u>	<u>318,244.54</u>	<u>47,915,380.22</u>	<u>17,567,533.41</u>	<u>463,555,705.43</u>
<u>\$ 49,153.41</u>	<u>\$ 318,244.54</u>	<u>\$ 47,915,380.22</u>	<u>\$ 17,567,533.41</u>	<u>\$ 463,555,705.43</u>
\$ -	\$ -	\$ -	\$ 310.28	\$ 956,514.83
-	-	-	1,125,188.30	11,804,752.07
-	-	-	-	-
-	-	-	-	86,146.26
-	-	-	-	3,954,775.90
-	-	-	-	197,580.60
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	1,125,498.58	16,999,769.66
-	-	-	1,125,498.58	16,999,769.66
-	-	-	-	62,600.54
49,153.41	318,244.54	47,915,380.22	16,442,034.83	380,210,582.89
-	-	-	-	66,282,752.34
<u>49,153.41</u>	<u>318,244.54</u>	<u>47,915,380.22</u>	<u>16,442,034.83</u>	<u>446,555,935.77</u>
<u>\$ 49,153.41</u>	<u>\$ 318,244.54</u>	<u>\$ 47,915,380.22</u>	<u>\$ 17,567,533.41</u>	<u>\$ 463,555,705.43</u>

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Texas Department of Insurance (454)
Exhibit A-2 - Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances – All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2023

	General		Consolidated Accounts	
	General Revenue (0001)	Local - GAAP General Fund (9999)	GR Account - Tx Department of Insurance Operating (0036)	GR Account - Subsequent Injury Fund (5101)
REVENUES				
Legislative Appropriations:				
Original Appropriations	\$ 224,406.00	\$ -	\$ -	\$ -
Additional Appropriations	165,272.00	-	-	-
Taxes	-	-	1,238,332.86	-
Federal Revenue	389,678.00	-	2,740,677.53	-
Federal Grant Pass-Through Revenue	-	-	-	-
State Grant Pass-Through Revenue	-	-	-	-
Licenses, Fees, and Permits	2,252,812.00	-	44,769,499.54	-
Settlement of Claims	-	-	-	-
Sales of Goods and Services	-	-	38,000.00	-
Interest and Other Investment Income	-	357,919.02	-	-
Other	-	846,405.98	4,921,991.85	16,383,924.43
Total Revenues	3,032,168.00	1,204,325.00	53,708,501.78	16,383,924.43
EXPENDITURES				
Salaries and Wages	-	805,863.22	77,978,548.33	-
Payroll Related Costs	39,922.00	281,638.38	34,238,597.37	-
Professional Fees and Services	-	3,480.00	10,609,509.58	-
Travel	-	2,988.36	1,041,122.44	-
Materials and Supplies	-	100.00	2,997,779.31	-
Communication and Utilities	-	2,527.09	1,125,277.03	-
Repairs and Maintenance	-	-	1,078,642.23	-
Rentals and Leases	349,756.00	-	771,527.47	-
Printing and Reproduction	-	-	9,530.03	-
Claims and Judgments (Note 17)	-	-	2,088.61	9,577,057.13
Intergovernmental Payments	2,012,480.28	-	-	-
Other Financing Fees	-	1,848,099.89	-	-
Other Expenditures	2,812.00	29,794.78	2,174,740.74	-
Debt Service - Principal - Leases	-	-	2,261,988.44	-
Capital Outlay	-	-	3,348,052.08	-
Total Expenditures	2,404,970.28	2,974,491.72	137,637,403.66	9,577,057.13
Excess (Deficiency) of Revenues:				
Over Expenditures	627,197.72	(1,770,166.72)	(83,928,901.88)	6,806,867.30
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	185,286,925.62	-
Transfers Out	(404,780.79)	(100,000.00)	(82,538,603.92)	-
Sale of Capital Assets	15,102.79	-	5,034.26	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-
Increase in Obligation - Leases/SBITA	-	-	3,233,353.79	-
Total Other Financing Sources (Uses)	(389,678.00)	(100,000.00)	105,986,709.75	-
Net Change in Fund Balances/Net Assets	237,519.72	(1,870,166.72)	22,057,807.87	6,806,867.30
FUND FINANCIAL STATEMENT-FUND BALANCES				
Fund Balances, September 1, 2022	5,277,493.08	71,063,578.64	180,516,923.73	97,741,099.15
Fund Balances, August 31, 2023	\$ 5,515,012.80	\$ 69,193,411.92	\$ 202,574,731.60	\$ 104,547,966.45

UNAUDITED

Consolidated Accounts				
GR Account - Fire Prevention & Public Safety Fund (5138)	TexasSure (0161)	GR Account - Premium Stabilization Fund (0329)	TDI Local Operating Fund (1006)	Total (Ex II)
\$ -	\$ -	\$ -	\$ -	\$ 224,406.00
-	-	-	-	165,272.00
-	-	-	-	1,238,332.86
-	-	-	-	3,130,355.53
-	-	-	-	-
-	-	-	-	-
-	369,242.64	-	15,741,644.02	63,133,198.20
-	-	-	-	-
-	-	-	-	38,000.00
-	-	-	393,150.73	751,069.75
-	-	6,913.83	-	22,159,236.09
-	369,242.64	6,913.83	16,134,794.75	90,839,870.43
-	-	-	8,922,034.91	87,706,446.46
-	-	-	2,398,117.41	36,958,275.16
-	1,548,085.29	-	-	12,161,074.87
-	-	-	186,328.20	1,230,439.00
-	2,399.00	-	-	3,000,278.31
-	900.00	-	-	1,128,704.12
-	309,093.81	-	-	1,387,736.04
-	-	-	-	1,121,283.47
-	-	-	-	9,530.03
-	-	-	-	9,579,145.74
-	-	-	-	2,012,480.28
-	-	-	-	1,848,099.89
-	28,859.42	-	4,830.36	2,241,037.30
-	761,584.18	-	-	3,023,572.62
-	1,540,467.07	-	-	4,888,519.15
-	4,191,388.77	-	11,511,310.88	168,296,622.44
-	(3,822,146.13)	6,913.83	4,623,483.87	(77,456,752.01)
-	-	-	11,733,603.32	197,020,528.94
-	-	-	(11,733,603.32)	(94,776,988.03)
-	-	-	-	20,137.05
-	-	-	-	-
-	1,540,467.07	-	-	4,773,820.86
-	1,540,467.07	-	-	107,037,498.82
-	(2,281,679.06)	6,913.83	4,623,483.87	29,580,746.81
49,153.41	2,599,923.60	47,908,466.39	11,818,550.96	416,975,188.96
\$ 49,153.41	\$ 318,244.54	\$ 47,915,380.22	\$ 16,442,034.83	\$ 446,555,935.77

Texas Department of Insurance (454)
Exhibit K-1 - Combining Statement of Net Position
Discretely Presented Component Units

August 31, 2023

	Surplus Lines Stamping Office of Texas (3159) U/F (0391)
ASSETS	
Current Assets:	
Cash and Cash Equivalents:	
Cash in Bank	\$ 1,715,435.00
Cash Equivalents	-
Short-Term Investments	14,001,564.00
Receivables from:	
Interest and Dividends	-
Accounts Receivable	823,532.00
Prepaid Items	107,729.00
Other Current Assets	106,175.00
Total Current Assets	<u>16,754,435.00</u>
Noncurrent Assets:	
Investments	13,850,811.00
Capital Assets (Note 2):	
Furniture and Equipment - Depreciable	786,881.00
Less Accumulated Depreciation	(706,862.00)
Nondepreciable Assets (CIP)	532,147.00
Other Assets - Depreciable	265,334.00
Less Accumulated Depreciation - Other	(251,367.00)
Computer Software - Intangible	15,692,530.00
Less Accumulated Amortization - Intangible	(9,290,567.00)
Right To Use Asset - Buildings	1,483,324.88
Less Accumulated Amortization	(312,284.77)
Other Noncurrent Assets	36,710.74
Total Noncurrent Assets	<u>22,086,657.85</u>
Total Assets	<u>38,841,092.85</u>
LIABILITIES	
Current Liabilities:	
Payables from:	
Accounts	210,760.00
Payroll	116,464.00
Interest	2,827.36
Other Liabilities	-
Employee's Compensable Leave	115,392.00
Deferred Revenue	-
Right to Use Lease Obligations	142,262.14
Direct Placements - Notes and Loans	-
Total Current Liabilities	<u>587,705.50</u>
Noncurrent Liabilities:	
Notes, Loans, and Contracts Payable	-
Right to Use Lease Obligations	1,032,452.35
Other Liabilities	-
Total Noncurrent Liabilities	<u>1,032,452.35</u>
Total Liabilities	<u>1,620,157.85</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	7,028,096.00
Restricted	-
Unrestricted	30,192,839.00
Total Net Position	<u>\$ 37,220,935.00</u>

Note A - These Component Units have a fiscal year end of December 31, 2022. Financial information is as of that date.

UNAUDITED

Texas Windstorm Insurance Association (4154) U/F (0394)	Fair Access to Insurance Requirements Plan Association (4163) U/F (0397)	Totals (Ex III)
\$ 204,949,767.00	\$ 23,799,200.00	\$ 230,464,402.00
278,919,890.00	26,819,688.00	305,739,578.00
-	-	14,001,564.00
-	58,379.00	58,379.00
-	6,781,167.00	7,604,699.00
11,194,667.00	56,386.00	11,358,782.00
29,676,809.00	3,460,098.00	33,243,082.00
<u>524,741,133.00</u>	<u>60,974,918.00</u>	<u>602,470,486.00</u>
-	-	13,850,811.00
-	-	-
26,438,262.00	68,293.00	27,293,436.00
(13,122,639.00)	(68,293.00)	(13,897,794.00)
-	-	532,147.00
1,993,550.00	-	2,258,884.00
-	-	(251,367.00)
-	-	15,692,530.00
-	-	(9,290,567.00)
9,898,419.31	-	11,381,744.19
(1,441,818.53)	-	(1,754,103.30)
-	-	36,710.74
<u>23,765,773.78</u>	<u>-</u>	<u>45,852,431.63</u>
<u>548,506,906.78</u>	<u>60,974,918.00</u>	<u>648,322,917.63</u>
33,330,735.00	14,325,069.00	47,866,564.00
-	-	116,464.00
-	-	2,827.36
165,839,648.00	21,505,880.00	187,345,528.00
-	-	115,392.00
280,545,220.00	22,671,927.00	303,217,147.00
570,950.47	-	713,212.61
-	-	-
<u>480,286,553.47</u>	<u>58,502,876.00</u>	<u>539,377,134.97</u>
-	-	-
7,885,650.31	-	8,918,102.66
-	-	-
<u>7,885,650.31</u>	<u>-</u>	<u>8,918,102.66</u>
<u>488,172,203.78</u>	<u>58,502,876.00</u>	<u>548,295,237.63</u>
23,071,459.00	-	30,099,555.00
-	-	-
37,263,244.00	2,472,042.00	69,928,125.00
<u>\$ 60,334,703.00</u>	<u>\$ 2,472,042.00</u>	<u>\$ 100,027,680.00</u>

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

Texas Department of Insurance (454)
Exhibit K-2 - Combining Statement of Activities
Discretely Presented Component Units

For the Fiscal Year Ended August 31, 2023

	Surplus Lines Stamping Office of Texas (3159) U/F (0391)	
	<hr/>	
EXPENSES		
Salaries and Wages	\$	3,252,714.10
Payroll Related Costs		869,787.90
Professional Fees and Services		600,125.64
Travel		35,232.24
Materials and Supplies		37,093.87
Communication and Utilities		31,045.21
Repairs and Maintenance		270,259.47
Rentals and Leases		279,468.67
Printing and Reproduction		1,660.10
Depreciation		1,447,332.74
Amortization		585,633.00
Other Expenses		112,719.38
Total Expenses		<hr/> <u>7,523,072.32</u>
PROGRAM REVENUES		
Premium Revenue		8,830,372.00
Total Program Revenues		<hr/> <u>8,830,372.00</u>
Net Program Revenues		<hr/> <u>1,307,299.68</u>
GENERAL REVENUES		
Interest and Investment Income		(957,283.00)
Net Increase (Decrease) Fair Value		-
Interest Expenses and Fiscal Charges		(2,890.31)
Other Nonoperating Revenues (Expenses)		-
Total General Revenues		<hr/> <u>(960,173.31)</u>
Change in Net Position		<hr/> <u>347,126.37</u>
Net Position, September 1, 2022		<hr/> <u>36,873,808.63</u>
Net Position, August 31, 2023	\$	<hr/> <u><u>37,220,935.00</u></u>

Note A - These Component Units have a fiscal year end of December 31, 2022. Financial information is as of that date.

Texas Windstorm Insurance Association (4154) U/F (0394)		Fair Access to Insurance Requirements Plan Association (4163) U/F (0397)		Totals (Ex IV)
\$	23,853,867.00	\$	6,101,157.00	\$ 33,207,738.10
	3,639,585.00		4,163,598.00	8,672,970.90
	-		-	600,125.64
	-		-	35,232.24
	-		-	37,093.87
	-		-	31,045.21
	-		-	270,259.47
	1,078,872.15		540,273.00	1,898,613.82
	-		-	1,660.10
	2,719,441.64		-	4,166,774.38
	-		-	585,633.00
	128,891,215.98		35,471,320.00	164,475,255.36
	160,182,981.77		46,276,348.00	213,982,402.09
	<u>311,395,030.00</u>		<u>45,620,116.00</u>	<u>365,845,518.00</u>
	<u>311,395,030.00</u>		<u>45,620,116.00</u>	<u>365,845,518.00</u>
	<u>151,212,048.23</u>		<u>(656,232.00)</u>	<u>151,863,115.91</u>
	4,372,215.00		215,361.00	3,630,293.00
	-		-	-
	(18,250,475.60)		-	(18,253,365.91)
	(77,244,472.00)		157,388.00	(77,087,084.00)
	(91,122,732.60)		372,749.00	(91,710,156.91)
	<u>60,089,315.63</u>		<u>(283,483.00)</u>	<u>60,152,959.00</u>
	245,387.37		2,755,525.00	39,874,721.00
\$	<u>60,334,703.00</u>	\$	<u>2,472,042.00</u>	<u>\$ 100,027,680.00</u>

Texas Department of Insurance (454)
Schedule 1A - Schedule Of Expenditures Of Federal Awards

For the Fiscal Year Ended August 31, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ALN Number	Direct Program Amount	Total PT From & Direct Program	Expenditures Amount	Total PT To & Expenditures
U.S. Department of Labor					
Direct Programs:					
Compensation and Working Conditions	17.005	285,529.45	285,529.45	285,529.45	285,529.45
Consultation Agreements	17.504	2,844,826.08	2,844,826.08	2,844,826.08	2,844,826.08
Total U.S. Department of Labor		<u>\$ 3,130,355.53</u>	<u>\$ 3,130,355.53</u>	<u>\$ 3,130,355.53</u>	<u>\$ 3,130,355.53</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE		<u>\$ 3,130,355.53</u>	<u>\$ 3,130,355.53</u>	<u>\$ 3,130,355.53</u>	<u>\$ 3,130,355.53</u>

Texas Department of Insurance (454)
Schedule 1A - Schedule Of Expenditures Of Federal Awards

For the Fiscal Year Ended August 31, 2023

Note 2 - Reconciliation

Below is a reconciliation of the total of federal pass-through and federal expenditures as reported on the schedule of Federal Financial Assistance to the total of federal revenues and federal pass-through revenues as reported in the general purpose financial statements. Generally, federal funds are not earned until expended; therefore, federal revenues equal federal expenditures for the reporting period.

Per Combined Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities - Governmental Fund Types (Exh. II):

Federal Revenue	\$ 3,130,355.53
Federal Grant Pass-Through Revenue	<u>-</u>
Total Pass-Through and Expenditures per Federal Schedule	<u><u>\$ 3,130,355.53</u></u>



2023 Annual Financial Report
Texas Department of Insurance