



Texas Department of Insurance

2014

Annual Financial Report

For the Fiscal Year Ending August 31, 2014



Texas Department of Insurance

Commissioner of Insurance, Mail Code 113-1C
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November 10, 2014

Honorable Rick Perry, Governor
Honorable Susan Combs, Texas Comptroller
Ursula Parks, Director, Legislative Budget Board
John Keel, CPA, State Auditor

Ladies and Gentlemen:

We are pleased to submit the Texas Department of Insurance's *Annual Financial Report* for the fiscal year ending August 31, 2014, in compliance with the *Texas Government Code, Ann. §2101.011*, and the requirements of the Comptroller of Public Accounts.

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 of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement.

This report is part of the State of Texas Comprehensive Annual Financial Report and is subject to audit by the State Auditor. The Auditor has not yet expressed an opinion on the financial statements and related information contained in this report.

If you have any questions, please contact Joe Meyer at 512-463-6143.

Sincerely,

A handwritten signature in black ink that reads "Julia Rathgeber".

Julia Rathgeber
Commissioner of Insurance

**TEXAS DEPARTMENT OF INSURANCE
ANNUAL FINANCIAL REPORT
FISCAL YEAR 2014**

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Texas Department of Insurance (454)

Exhibit I - Combined Balance Sheet/Statement of Net Position – Governmental Funds

August 31, 2014

	Governmental Fund Types		
	General	Special	Governmental
	Funds (Ex A-1)	Revenue Funds (0006) U/F(0006)	Funds Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 3):			
Cash in Bank	\$ 157,621.07	\$ -	\$ 157,621.07
Legislative Appropriations	1,274,612.20	-	1,274,612.20
Cash in State Treasury	282,482,678.36	-	282,482,678.36
Cash Equivalents	12,518,194.85	-	12,518,194.85
Receivables from:			
Federal	629,339.07	-	629,339.07
Interest and Dividends	31.29	-	31.29
Accounts Receivable	1,135,602.40	-	1,135,602.40
Interfund Receivable (Note 12)	91,176.65	-	91,176.65
Due From Other Agencies (Note 12)	143,626.71	2,421,013.42	2,564,640.13
Consumable Inventories	109,958.13	-	109,958.13
Total Current Assets	<u>298,542,840.73</u>	<u>2,421,013.42</u>	<u>300,963,854.15</u>
Non-Current Assets:			
Capital Assets (Note 2):			
Depreciable :			
Furniture and Equipment	-	-	-
Less Accumulated Depreciation	-	-	-
Vehicle, Boats, and Aircraft	-	-	-
Less Accumulated Depreciation	-	-	-
Other Capital Assets	-	-	-
Less Accumulated Depreciation	-	-	-
Computer Software-Intangible	-	-	-
Less Accumulated Amortization	-	-	-
Total Non-Current Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 298,542,840.73</u>	<u>\$ 2,421,013.42</u>	<u>\$ 300,963,854.15</u>

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

UNAUDITED

Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
\$ -	\$ -	\$ -	\$ 157,621.07
-	-	-	1,274,612.20
-	-	-	282,482,678.36
-	-	-	12,518,194.85
-	-	-	629,339.07
-	-	-	31.29
-	-	-	1,135,602.40
-	-	-	91,176.65
-	-	-	2,564,640.13
-	-	-	109,958.13
-	-	-	300,963,854.15
-	-	-	-
6,050,579.09	-	-	6,050,579.09
(5,415,159.34)	-	-	(5,415,159.34)
1,088,039.73	-	-	1,088,039.73
(692,129.17)	-	-	(692,129.17)
40,500.00	-	-	40,500.00
(18,612.96)	-	-	(18,612.96)
6,381,711.03	-	-	6,381,711.03
(5,014,522.23)	-	-	(5,014,522.23)
2,420,406.15	-	-	2,420,406.15
\$ 2,420,406.15	\$ -	\$ -	\$ 303,384,260.30

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

UNAUDITED

Texas Department of Insurance (454)

Exhibit I - Combined Balance Sheet/Statement of Net Position – Governmental Funds

August 31, 2014

	Governmental Fund Types		
	General	Special	Governmental
	Funds	Revenue	Funds
	(Ex A-1)	(0006) U/F(0006)	Total
LIABILITIES			
Current Liabilities:			
Payables from:			
Accounts	\$ 13,472,768.62	\$ 2,421,013.42	\$ 15,893,782.04
Payroll	8,044,307.39	-	8,044,307.39
Interfund Payable (Note 12)	91,176.65	-	91,176.65
Due to Other Agencies (Note 12)	4,823,043.09	-	4,823,043.09
Deferred Revenues	89,089.84	-	89,089.84
Claims and Judgments (Note 5)	-	-	-
Employees' Compensable Leave (Note 5)	-	-	-
Total Current Liabilities	<u>26,520,385.59</u>	<u>2,421,013.42</u>	<u>28,941,399.01</u>
Non-Current Liabilities:			
Claims and Judgments (Note 5)	\$ -	\$ -	\$ -
Employees' Compensable Leave (Note 5)	-	-	-
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>26,520,385.59</u>	<u>2,421,013.42</u>	<u>28,941,399.01</u>
FUND FINANCIAL STATEMENT			
Fund Balances (Deficits):			
Nonspendable	109,958.13	-	109,958.13
Committed	271,912,497.01	-	271,912,497.01
Unassigned	-	-	-
Total Fund Balances	<u>272,022,455.14</u>	<u>-</u>	<u>272,022,455.14</u>
Total Liabilities and Fund Balances	<u>\$ 298,542,840.73</u>	<u>\$ 2,421,013.42</u>	<u>\$ 300,963,854.15</u>

GOVERNMENT-WIDE STATEMENT OF NET POSITION

Net Position:

 Invested in Capital Assets, Net of Related Debt

 Unrestricted

Total Net Position

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Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
\$ -	\$ -	\$ -	\$ 15,893,782.04
-	-	-	8,044,307.39
-	-	-	91,176.65
-	-	-	4,823,043.09
-	-	-	89,089.84
-	570,853.64	-	570,853.64
-	5,539,322.74	-	5,539,322.74
-	6,110,176.38	-	35,051,575.39
\$ -	\$ 13,371,551.15	\$ -	\$ 13,371,551.15
-	3,917,765.10	-	3,917,765.10
-	17,289,316.25	-	17,289,316.25
-	23,399,492.63	-	52,340,891.64
-	-	-	109,958.13
-	-	-	271,912,497.01
-	-	-	-
-	-	-	272,022,455.14
2,420,406.15	-	-	2,420,406.15
-	(23,399,492.63)	-	(23,399,492.63)
\$ 2,420,406.15	\$ (23,399,492.63)	\$ -	\$ 303,384,260.30

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

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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, 2014

	General Funds (Ex A-2)	Special Revenue Funds (0006) U/F(0006)	Governmental Funds Total
REVENUES			
Legislative Appropriations:			
Original Appropriations	\$ 224,406.00	\$ -	\$ 224,406.00
Additional Appropriations	104,184.45	-	104,184.45
Taxes	843,081.71	-	843,081.71
Federal Revenue (Sch 1A)	3,894,831.25	-	3,894,831.25
Federal Grant Pass-Through Revenue (Sch 1A)	313,779.54	-	313,779.54
Licenses, Fees and Permits	90,701,346.97	-	90,701,346.97
Sales of Goods and Services	5,584.17	-	5,584.17
Interest and Other Investment Income	3,374.98	-	3,374.98
Other	13,401,812.22	-	13,401,812.22
Total Revenues	<u>109,492,401.29</u>	<u>-</u>	<u>109,492,401.29</u>
EXPENDITURES			
Salaries and Wages	75,897,408.54	-	75,897,408.54
Payroll Related Costs	27,413,812.42	-	27,413,812.42
Professional Fees and Services	6,695,833.48	1,993,075.89	8,688,909.37
Travel	2,518,271.84	-	2,518,271.84
Materials and Supplies	5,286,368.45	500,000.00	5,786,368.45
Communication and Utilities	1,317,051.01	10,499.94	1,327,550.95
Repairs and Maintenance	1,713,700.25	-	1,713,700.25
Rentals and Leases	3,921,725.71	-	3,921,725.71
Printing and Reproduction	162,349.43	-	162,349.43
Claims and Judgments	6,758,525.58	-	6,758,525.58
Intergovernmental Payments	1,015,000.00	-	1,015,000.00
Other Expenditures	21,638,892.58	-	21,638,892.58
Capital Outlay	175,393.23	1,632,866.20	1,808,259.43
Depreciation and Amortization Expense	-	-	-
Total Expenditures	<u>154,514,332.52</u>	<u>4,136,442.03</u>	<u>158,650,774.55</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>(45,021,931.23)</u>	<u>(4,136,442.03)</u>	<u>(49,158,373.26)</u>

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Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
\$ -	\$ -	\$ -	\$ 224,406.00
-	-	-	104,184.45
-	-	-	843,081.71
-	-	-	3,894,831.25
-	-	-	313,779.54
-	-	-	90,701,346.97
-	-	-	5,584.17
-	-	-	3,374.98
-	-	-	13,401,812.22
-	-	-	109,492,401.29
-	696,691.35	-	76,594,099.89
-	-	-	27,413,812.42
-	-	-	8,688,909.37
-	-	-	2,518,271.84
-	-	-	5,786,368.45
-	-	-	1,327,550.95
-	-	-	1,713,700.25
-	-	-	3,921,725.71
-	-	-	162,349.43
-	(884,303.58)	-	5,874,222.00
-	-	-	1,015,000.00
-	-	-	21,638,892.58
(1,808,259.43)	-	-	-
618,009.24	-	-	618,009.24
(1,190,250.19)	(187,612.23)	-	157,272,912.13
1,190,250.19	187,612.23	-	(47,780,510.84)

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, 2014

	General Funds (Ex A-2)	Special Revenue Funds (0006) U/F(0006)	Governmental Funds Total
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 179,672,280.84	\$ 4,148,626.09	\$ 183,820,906.93
Transfers Out	(88,322,543.45)	-	(88,322,543.45)
Sale of Capital Assets	9,000.00	-	9,000.00
Insurance Recoveries	14,276.88	-	14,276.88
Gain (Loss) on Sale of Capital Assets	-	-	-
Total Other Financing Sources (Uses)	<u>91,373,014.27</u>	<u>4,148,626.09</u>	<u>95,521,640.36</u>
Net Change in Fund Balances/Net Assets	<u>46,351,083.04</u>	<u>12,184.06</u>	<u>46,363,267.10</u>

FUND FINANCIAL STATEMENT-FUND BALANCES

Fund Balances, September 1, 2013	225,671,372.10	(12,184.06)	225,659,188.04
Restatements (Note 14)	-	-	-
Fund Balances, September 1, 2013, as Restated	<u>225,671,372.10</u>	<u>(12,184.06)</u>	<u>225,659,188.04</u>
Fund Balances, August 31, 2014	<u>\$ 272,022,455.14</u>	<u>\$ 0.00</u>	<u>\$ 272,022,455.14</u>

GOVERNMENT-WIDE STATEMENT OF NET POSITION

Change in Net Position	<u>\$ 272,022,455.14</u>
Net Position, September 1, 2013	-
Restatements (Note 14)	-
Net Position, September 1, 2013, as Restated	<u>-</u>
Net Position, August 31, 2014	<u>\$ 272,022,455.14</u>

UNAUDITED

Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
\$ -	\$ -	\$ -	\$ 183,820,906.93
-	-	-	(88,322,543.45)
(9,000.00)	-	-	-
(14,276.88)	-	-	-
13,662.43	-	-	13,662.43
(9,614.45)	-	-	95,512,025.91
<u>1,180,635.74</u>	<u>187,612.23</u>	<u>-</u>	<u>47,731,515.07</u>
1,012,009.62	(23,587,104.86)	-	203,084,092.80
227,760.79	-	-	227,760.79
1,239,770.41	(23,587,104.86)	-	203,311,853.59
<u>\$ 2,420,406.15</u>	<u>\$ (23,399,492.63)</u>	<u>\$ -</u>	<u>\$ 251,043,368.66</u>
<u>\$ 1,180,635.74</u>	<u>\$ 187,612.23</u>	<u>\$ -</u>	<u>\$ 273,390,703.11</u>
1,012,009.62	(23,587,104.86)	-	(22,575,095.24)
227,760.79	-	-	227,760.79
1,239,770.41	(23,587,104.86)	-	(22,347,334.45)
<u>\$ 2,420,406.15</u>	<u>\$ (23,399,492.63)</u>	<u>\$ -</u>	<u>\$ 251,043,368.66</u>

Texas Department of Insurance (454)
Exhibit III - Combined Statement of Net Position
Proprietary Funds

August 31, 2014

	Total Proprietary Component Units (Exhibit L-1)
ASSETS	
Current Assets:	
Cash and Cash Equivalents:	
Cash in Bank	\$ 114,223,756.00
Cash Equivalents	469,096,949.00
Short Term Investments (Note 3)	68,769,381.00
Receivables from:	
Interest and Dividends	2,184,752.00
Accounts Receivable	17,415,571.00
Other	149,074.00
Prepaid Items	50,313,061.00
Other Current Assets	55,611,553.00
Total Current Assets	777,764,097.00
Non-Current Assets:	
Investments	413,524,599.00
Capital Assets (Note 2):	
Furniture and Equipment-Depreciable	23,611,066.00
Less Accumulated Depreciation	(12,019,154.00)
Non-Depreciable Assets (CIP)	113,666.00
Other Assets- Depreciable	2,239,121.00
Less Accumulated Depreciation- Other	(493,003.00)
Other Non-Current Assets	5,731,579.00
Receivables	321,049.00
Total Non-Current Assets	433,028,923.00
Total Assets	1,210,793,020.00
LIABILITIES	
Current Liabilities:	
Payables from:	
Accounts	69,451,129.00
Payroll	51,661.00
Other Liabilities	751,992,681.00
Employees' Compensable Leave	74,406.00
Deferred Revenues	362,864,683.00
Total Current Liabilities	1,184,434,560.00
Non-Current Liabilities:	
Other Liabilities	5,600,219.00
Total Liabilities	1,190,034,779.00
NET POSITION	
Invested in Capital Assets, Net of Related Debt	13,448,299.00
Restricted	12,869,168.00
Unrestricted	(5,559,226.00)
Total Net Position	\$ 20,758,241.00

Note A - These Component Units have a fiscal year end of December 31, 2013. Financial information is as of that date.

Texas Department of Insurance (454)
Exhibit IV - Combined Statement of Revenues, Expenses, and
Changes in Fund Net Position
Proprietary Funds

For the Fiscal Year Ended August 31, 2014

	Total Proprietary Component Units (Exhibit L-2)
OPERATING REVENUES	
Sales of Goods and Services:	
Other Sales of Goods and Services	\$ 2,830,007.00
Premium Revenue	554,412,156.00
Federal Revenue	10,028,616.00
Interest and Investment Income	7,991,211.00
Net Increase (Decrease) in Fair Value	1,334,704.00
Other Operating Revenue	168,867,346.00
Total Operating Revenues	745,464,040.00
OPERATING EXPENSES	
Salaries and Wages	29,151,229.00
Payroll Related Costs	4,059,529.00
Professional Fees and Services	13,634,351.00
Travel	40,713.00
Materials and Supplies	191,634.00
Communication and Utilities	65,159.00
Repairs and Maintenance	54,483.00
Rentals and Leases	2,623,453.00
Printing and Reproduction	16,329.00
Depreciation and Amortization	1,756,837.00
Other Operating Expenses	137,257,285.00
Total Operating Expenses	188,851,002.00
Operating Income (Loss)	556,613,038.00
NONOPERATING REVENUE (EXPENSES)	
Interest and Investment Income	1,068,409.00
Net Increase (Decrease) in Fair Value	(14,949,153.00)
Claims and Judgments (Expenses)	(461,937,610.00)
Interest Expenses and Fiscal Charges	-
Other Nonoperating Revenues (Expenses)	(19,659,263.00)
Total Other Nonoperating Revenues	(495,477,617.00)
Change in Net Position	61,135,421.00
Net Position, September 1, 2013	(40,829,504.00)
Restatements (Note 14)	452,324.00
Net Position, September 1, 2013, as Restated	(40,377,180.00)
Net Position, August 31, 2014	\$ 20,758,241.00

Note A - These Component Units have a fiscal year end of December 31, 2013. Financial information is as of that date.

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Texas Department of Insurance (454)
Exhibit VI - Combined Statement of Fiduciary Net Position
Fiduciary Funds

August 31, 2014

	Private- Purpose Trust Funds (Exhibit I-1)	Agency Funds (Exhibit J-1)	Totals
ASSETS			
Cash and Cash Equivalents (Note 3):			
Cash in Bank	\$ 160,037.18	\$ -	\$ 160,037.18
Cash in State Treasury	782,431.74	8,050,504.59	8,832,936.33
Cash Equivalents	457,322,933.32	-	457,322,933.32
Interest and Dividends Receivable	1,135.74	-	1,135.74
Accounts Receivable	-	203,331.90	203,331.90
Other Assets	-	1,477,919,564.98	1,477,919,564.98
Securities Held in Trust	84,726,849.88	-	84,726,849.88
Total Assets	<u>542,993,387.86</u>	<u>1,486,173,401.47</u>	<u>2,029,166,789.33</u>
LIABILITIES			
Due to Other Agencies (Note 12):	\$ -	\$ 203,331.90	\$ 203,331.90
Funds Held for Others	84,726,849.88	1,485,970,069.57	1,570,696,919.45
Total Liabilities	<u>84,726,849.88</u>	<u>1,486,173,401.47</u>	<u>1,570,900,251.35</u>
NET POSITION			
Held in trust for:			
Individuals, Organizations, and Other Governments	458,266,537.98	-	458,266,537.98
Total Net Position	<u>\$ 458,266,537.98</u>	<u>\$ -</u>	<u>\$ 458,266,537.98</u>

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

August 31, 2014

	Private- Purpose Trust (Exhibit I-2)	Totals
ADDITIONS		
Investment Income:		
From Investing Activities:		
Interest and Investment Income	\$ 128,896.84	\$ 128,896.84
Total Investing Income	128,896.84	128,896.84
Less Investing Activities Expense	-	-
Net Income from Investing Activities	128,896.84	128,896.84
 Total Net Investment Income	 128,896.84	 128,896.84
 Other Additions:		
Other Revenue	39,800,953.21	39,800,953.21
Transfers In	133,661.81	133,661.81
Total Other Additions	39,934,615.02	39,934,615.02
 Total Additions	 40,063,511.86	 40,063,511.86
 DEDUCTIONS		
Professional Fees and Services	1,519.58	1,519.58
Claims and Judgments	43,305,953.95	43,305,953.95
Other Expense	7,739,275.86	7,739,275.86
Transfers Out	133,661.81	133,661.81
Total Deductions	51,180,411.20	51,180,411.20
 NET INCREASE (DECREASE) IN NET POSITION	 (11,116,899.34)	 (11,116,899.34)
 Net Position- September 1, 2013	 469,383,437.32	 469,383,437.32
Restatements	-	-
Net Position, September 1, 2013 As Restated	469,383,437.32	469,383,437.32
 Net Position - August 31, 2014	 <u>\$ 458,266,537.98</u>	 <u>\$ 458,266,537.98</u>

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 Chapter 31.002 of the Texas Insurance Code. Chapter 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 the Texas Workers' Compensation Act, Labor Code Title 5, and (3) ensure that this code and other laws regarding insurance and insurance companies are executed." 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 No. 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. Additionally, 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 workers' compensation system of the State.

TDI includes within this report all components as determined by an analysis of its relationship to TDI as listed below:

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

Blended Component Units

No component units have been identified which 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 eight entities. Information on these component units can be found in Note 19.

- Surplus Lines Stamping Office of Texas
- Texas Health Reinsurance System
- Texas Health Insurance Pool
- Texas Windstorm Insurance Association
- Texas Life and Health Insurance Guaranty Association
- Texas Title Insurance Guaranty Association
- Fair Access to Insurance Requirements Plan Association
- Texas Property and Casualty Insurance Guaranty Association

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.

PROPRIETARY FUND TYPES

Enterprise Funds

Enterprise Funds are used to account for any activity for which a fee is charged to external users for goods or services. Activities must be reported as enterprise funds if any one of the following criteria is met:

- The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.
- Laws or regulations require that the activity's costs of providing services including capital costs (such as depreciation or debt service), be recovered with fees and charges.
- The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

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. When assets are held under the terms of a formal trust agreement, either a pension trust fund, or a private purpose trust fund is used.

Agency Funds

Agency Funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

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 which 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 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:

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

Proprietary funds and 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. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on 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.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund 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.

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TEXAS DEPARTMENT OF INSURANCE (454)

Other Receivables – Current and Noncurrent

Other receivables include year-end revenue accruals. This account can appear in governmental and proprietary fund types. The disaggregation of other receivables, for proprietary fund types, as reported in the financial statements is disclosed in Note 24.

Other Assets – Current and Noncurrent

Other assets reflects the portion of other assets that are not classified in any other categories of assets. This account appears in our proprietary fund type. Surplus Lines Stamping Office of Texas (proprietary fund 3159) reported \$43,266.00 in other non-current assets, Texas Health Insurance Pool (proprietary fund 4152) reported \$5,253.00, and the Texas Life and Health Insurance Guaranty Association (proprietary fund 4161) reported \$5,683,060.00 respectively for FY 2014.

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

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 which 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.

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 debt 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.

TEXAS DEPARTMENT OF INSURANCE (454)

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: Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are displayed as interfund receivables and payables.

The composition of the Agency's interfund activities and balances are presented in Note 12.

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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, 2014 is presented below:

PRIMARY GOVERNMENT

Asset Type	Balance 9/1/13	Adjustments	Completed CIP	Inc- Int'agy Trans	Dec-Int'agy Trans	Additions	Deletions	Balance 8/31/14
Governmental Activities:								
Depreciable Assets								
Furniture and Equipment	5,876,845.34	140,996.00	0.00	0.00	0.00	134,991.65	(102,253.90)	6,050,579.09
Vehicles, Boats, and Aircraft	1,084,062.88	0.00	0.00	0.00	0.00	40,401.58	(36,424.73)	1,088,039.73
Other Capital Assets	40,500.00	0.00	0.00	0.00	0.00	0.00	0.00	40,500.00
Total Depreciable Assets at historical costs	7,001,408.22	140,996.00	0.00	0.00	0.00	175,393.23	(138,678.63)	7,179,118.82
Accumulated Depreciation								
Furniture and Equipment	(5,394,887.11)	(19,802.49)	0.00	0.00	0.00	(102,723.64)	102,253.90	(5,415,159.34)
Vehicles, Boats, and Aircraft	(586,805.71)	0.00	0.00	0.00	0.00	(132,133.74)	26,810.28	(692,129.17)
Other Capital Assets	(12,827.28)	0.00	0.00	0.00	0.00	(5,785.68)	0.00	(18,612.96)
Total Accumulated Depreciation	(5,994,520.10)	(19,802.49)	0.00	0.00	0.00	(240,643.06)	129,064.18	(6,125,901.47)
Amortizable Assets-Intangible								
BC Computer Software	2,395,276.83	2,388,132.00	0.00	0.00	0.00	1,632,866.20	(34,564.00)	6,381,711.03
Total Amortizable Assets-Intangible	2,395,276.83	2,388,132.00	0.00	0.00	0.00	1,632,866.20	(34,564.00)	6,381,711.03
Accumulated Amortization								
BC A/A Computer Software	(2,390,155.33)	(2,281,564.72)	0.00	0.00	0.00	(377,366.18)	34,564.00	(5,014,522.23)
Total Accumulated Amortization	(2,390,155.33)	(2,281,564.72)	0.00	0.00	0.00	(377,366.18)	34,564.00	(5,014,522.23)
Total Governmental Activities , Net	\$ 1,012,009.62	227,760.79	0.00	0.00	0.00	1,190,250.19	(9,614.45)	\$ 2,420,406.15

DISCRETELY PRESENTED COMPONENT UNITS

Asset Type	Balance 9/1/13	Adjustments	Completed CIP	Inc- Int'agy Trans	Dec-Int'agy Trans	Additions	Deletions	Balance 8/31/14
Component Unit Activities:								
Non-depreciable Assets								
Construction in Progress	88,079.00	0.00	0.00	0.00	0.00	62,847.00	(37,260.00)	113,666.00
Total Non-depreciable Assets	88,079.00	0.00	0.00	0.00	0.00	62,847.00	(37,260.00)	113,666.00
Depreciable Assets								
Furniture and Equipment	22,444,152.00	37,260.00	0.00	0.00	0.00	1,156,813.00	(27,159.00)	23,611,066.00
Vehicles, Boats, and Aircraft	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Capital Assets	2,239,121.00	0.00	0.00	0.00	0.00	0.00	0.00	2,239,121.00
Total Depreciable Assets at historical costs	24,683,273.00	37,260.00	0.00	0.00	0.00	1,156,813.00	(27,159.00)	25,850,187.00
Accumulated Depreciation								
Furniture and Equipment	(10,454,274.00)	0.00	0.00	0.00	0.00	(1,579,430.00)	14,550.00	(12,019,154.00)
Other Capital Assets	(315,596.00)	0.00	0.00	0.00	0.00	(177,407.00)	0.00	(493,003.00)
Total Accumulated Depreciation	(10,769,870.00)	0.00	0.00	0.00	0.00	(1,756,837.00)	14,550.00	(12,512,157.00)
Total Component Unit Activities , Net	\$ 14,001,482.00	37,260.00	0.00	0.00	0.00	(537,177.00)	(49,869.00)	\$ 13,451,696.00

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TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 3: DEPOSITS, INVESTMENTS AND REPURCHASE AGREEMENTS

The Texas Department of Insurance 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 significant violations of legal provisions during the period.

DEPOSITS OF CASH IN BANK

As of August 31, 2014, the carrying amount of deposits was \$114,541,414.25 as presented below:

Governmental and Business-Type Activities	
Cash In Bank – Carrying Value	\$ 157,621.07
Cash In Bank – Texas Treasury Safekeeping Trust Co.	0.00
	<u>\$ 157,621.07</u>
Cash In Bank Per AFR	
	<u><u>\$ 157,621.07</u></u>
Governmental Funds Current Assets Cash in Bank	\$ 157,621.07
	<u>\$ 157,621.07</u>
Cash in Bank per AFR	
	<u><u>\$ 157,621.07</u></u>
Fiduciary Funds	
Cash In Bank – Carrying Value	\$ 160,037.18
Cash In Bank – Texas Treasury Safekeeping Trust Co.	0.00
	<u>\$ 160,037.18</u>
Cash In Bank Per AFR	
	<u><u>\$ 160,037.18</u></u>
Fiduciary Funds Current Assets Cash in Bank	\$160,037.18
	<u>\$ 160,037.18</u>
Cash in Bank per AFR	
	<u><u>\$ 160,037.18</u></u>
Discrete Component Units	
Cash In Bank – Carrying Value	\$ 114,223,756.00
	<u>\$ 114,223,756.00</u>
Cash In Bank Per AFR	
	<u><u>\$ 114,223,756.00</u></u>
Discrete Component Unit Current Assets Cash in Bank	\$ 114,223,756.00
	<u>\$ 114,223,756.00</u>
Cash in Bank per AFR	
	<u><u>\$ 114,223,756.00</u></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, 2014 the total bank balance was as follows:

Governmental and Business-Type Activities	\$150,658.50	Fiduciary Funds	\$160,037.18	Discrete Component Units	\$114,223,756.00
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Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Agency 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. The Agency 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 Surplus Lines Stamping Office’s cash deposits are held in a major financial institution and are insured up to \$250,000. Management monitors balances in all accounts and has not experienced any losses on the deposits. The Texas Health Insurance Pool deposits exceeding the insured limit are swept in to overnight investments which are backed by the full faith and credit of the United States. Texas Windstorm Insurance Association deposits exceed the insured limit, but the deposits are held in the Transaction Account Guarantee Program that guarantees 100% of their cash. Texas Life and Health Insurance Guaranty Association’s bank demand deposits are insured up to \$250,000 by the FDIC. Texas Title Insurance Guaranty Association’s cash

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TEXAS DEPARTMENT OF INSURANCE (454)

management practices include deposit transfers to and from money market mutual fund accounts with the remainder covered by FDIC insurance. Fair Access to Insurance Requirements Plan Association deposits exceed the insured limit, but the deposits are held in the Transaction Account Guarantee Program that guarantees 100% of their cash. The Texas Property and Casualty Insurance Guaranty Association cash balances at various times during the year were in excess of the FDIC insurance limit. The Association's management believes the cash balances are held in high quality institutions, and therefore the Association's credit risk is at an acceptable level. 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	3159	\$221,734.00		
15	4165	\$10,254,822.00		

INVESTMENTS

As of August 31, 2014, the carrying value and fair value of investments are as presented below:

<u>Governmental and Business-Type Activities</u>		<u>Fair Value</u>
Repurchase Agreements-Texas Treasury Safekeeping Trust Co ❶		\$ 12,518,194.85
Total		<u>\$ 12,518,194.85</u>
<u>Fiduciary Funds</u>		<u>Fair Value</u>
U.S. Government:		
U.S. Treasury Securities		\$ 3,067,027.68
Repurchase Agreements-Texas Treasury Safekeeping Trust Co ❶		454,255,905.64
Total		<u>\$ 457,322,933.32</u>
<u>Discrete Component Units</u>		<u>Fair Value</u>
U.S. Government:		
U.S. Treasury Securities		\$ 66,697,326.00
U.S. Government Agency Obligations		343,717,944.00
Fixed Income Money Market and Bond Mutual Fund		3,592,208.00
Miscellaneous		537,383,451.00
Total		<u>\$ 951,390,929.00</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, the Texas Department of Insurance had investments in U.S. Treasury Securities Money Market Mutual Fund which are backed by the U.S. government. The Surplus Lines Stamping Office investment policy allows U.S. government securities and negotiable certificates of deposits. The Texas Health Insurance Pool held investments backed by the U.S. government. Texas Windstorm Insurance Association held investments backed by the U.S. Treasury Money Market Funds program and other investments backed by the U.S. government. Texas Title and Health Insurance Guaranty Association held Money Market Mutual Funds and securities which are backed by the U.S. Government. Texas Title Insurance Guaranty Association is authorized to invest in money market mutual funds or obligations where the principal and interest are guaranteed by the U.S. Government. Fair Access to Insurance Requirements Plan Association held investments backed by the U.S Treasury Money Market Funds program and other investments backed by the U.S. government. The general investment policy of the Texas Property and Casualty Insurance Guaranty Association limits investments so that the aggregate market value of all securities issued by an entity and held by the association will not exceed five percent of the market value of the association portfolio held by any one manager at the time of purchase or at any point after purchase. This policy excludes debt securities issued or fully guaranteed as to principal and interest of the United States of America or any agency or instrumentality thereof. Additionally, investment in municipal securities shall be rated A or better for long term debt and A-1 or SP-1 for short maturity assets or the equivalent by a nationally recognized rating service. Investments in municipal securities shall be limited to no more than one percent of any single issuer's debt. As of August 31, 2014 credit quality distribution for securities with credit risk exposure was as follows:

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TEXAS DEPARTMENT OF INSURANCE (454)

*Ratings AAA through AA-

Fund Type	GAAP Fund	Investment Type	AAA	AA+	AA	AA-
01	1006	Repurchase Agreement-Texas Treasury Safekeeping Trust Co	\$8,971,434.54			
01	9999	Repurchase Agreement-Texas Treasury Safekeeping Trust Co	\$3,546,760.31			
15	4152	U.S. Gov't Agency Obligations	\$3,008,852.00			
15	4152	U.S. Treasury Securities	\$53,267,304.00			
15	4154	U.S. Gov't Money Market Mutual Funds	\$361,327,713.00			
15	4161	U.S. Gov't Money Market Mutual Funds	\$12,658,207.00			
15	4161	U.S. Treasury Securities	\$10,421,170.00			
15	4162	U.S. Gov't Money Market Mutual Funds	\$14,463,380.00			
15	4163	U.S. Gov't Money Market Mutual Funds	\$41,853,497.00			
15	4165	U.S. Gov't Money Market Mutual Funds	\$35,785,300.00			
15	4165	U.S. Treasury Securities	\$181,278,620.00			
15	4165	U.S. Gov't Agency Obligations	\$162,439,324.00			
15	4165	Fixed Income Money Market or Bond Mutual Fund	\$3,592,208.00			
15	4165	Miscellaneous	\$19,013,858.00	\$16,848,918.00	\$20,733,965.00	\$4,462,924.00
20	2999	U.S. Treasury Securities Money Market Mutual Fund	\$3,067,027.68			
20	2999	Repurchase Agreement-Texas Treasury Safekeeping Trust Co	\$240,423,268.34			
20	3204	Repurchase Agreement-Texas Treasury Safekeeping Trust Co	\$213,832,637.30			

*Ratings A+ through NR

Fund Type	GAAP Fund	Investment Type	A+	A-	BBB	NR
15	3159	Certificates of Deposit				\$5,080,907.00
15	4165	Miscellaneous	\$2,641,338.00	\$2,513,444.00		

NOTE 4: SHORT-TERM DEBT

N/A

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TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 5: LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

For the year ended August 31, 2014, the following changes occurred in liabilities:

Governmental Activities	PRIMARY GOVERNMENT				Amounts Due Within One Year	Amounts Due Thereafter
	Balance 9/1/13	Additions	Reductions	Balance 8/31/14		
Claims and Judgments	\$ 14,826,708.37	570,853.64	1,455,157.22	13,942,404.79	570,853.64	\$ 13,371,551.15
Compensable Leave	8,760,396.49	8,459,580.41	7,762,889.06	9,457,087.84	5,539,322.74	3,917,765.10
Total Governmental Activities	\$ 23,587,104.86	9,030,434.05	9,218,046.28	23,399,492.63	6,110,176.38	\$ 17,289,316.25

Proprietary Activities	DISCRETELY PRESENTED COMPONENT UNITS				Amounts Due Within One Year	Amounts Due Thereafter
	Balance 9/1/13	Additions	Reductions	Balance 8/31/14		
Employees Compensable Leave	\$ 70,056.00	4,350.00	0.00	74,406.00	74,406.00	\$ 0.00
Total Proprietary Activities	\$ 70,056.00	4,350.00	0.00	74,406.00	74,406.00	\$ 0.00

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 percent of the employee's average weekly wage and benefits being paid and shall be increased at a rate of three percent a year subject to Section 408.061 of the Texas Labor Code.

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 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 INDEBTEDNESS

N/A

NOTE 7: DERIVATIVE INSTRUMENTS

N/A

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TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 8: LEASES

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

<u>Fund Type</u>	<u>Amount</u>
01 (D23 Fund 0008)	\$38,978.76
01 (Appn Fund 0036)	\$3,068,496.27
15 (Component Units)	\$1,756,133.00

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 Ended August 31, 2014

2015	\$ 3,056,444.76
2016	2,967,085.88
2017	2,502,283.88
2018	2,194,403.24
2019	522,898.81
2020-2024	941,396.24
2025-2029	0.00
2030-2034	0.00
2035-2039	0.00
2040-2044	0.00
Total Minimum Future Lease Rental Payments	\$ 12,184,512.81

DISCRETELY PRESENTED COMPONENT UNITS

Year Ended August 31, 2014

2015	\$ 1,509,214.00
2016	1,141,599.00
2017	1,003,732.00
2018	1,157,402.00
2019	983,052.00
2020 and Thereafter	4,195,459.00
Total Minimum Future Lease Rental Payments	\$ 9,990,458.00

NOTE 9: PENSION PLANS AND OPTIONAL RETIREMENT PROGRAM

The Employees' Retirement System administers and reports the activity for the plan.

NOTE 10: DEFERRED COMPENSATION

The Employee's Retirement System administers and reports the activity for the plan.

NOTE 11: POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

N/A

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TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS

The Texas Department of Insurance (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, 2014 are as follows:

	Current Interfund Receivable	Current Interfund Payable
GENERAL REVENUE (01)		
Appd Fund 0001 (D23 Fund 0008)	\$ 3,809.31	\$ 70,000.00
SPECIAL REVENUE		
Appd Fund 0036 (D23 Fund 0011)	70,000.00	3,809.31
(D23 Fund 0024)	17,367.34	17,367.34
Total Interfund Receivable/Payable	\$ 91,176.65	\$ 91,176.65

NOTE 13: CONTINUANCE SUBJECT TO REVIEW

Under HB1951, 82nd Legislature, Regular Session, Sec. 1.002, 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, 2023."

Under HB2605, 82nd Legislature, Regular Session, Sec. 1, Subsection (b), Section 31.004 of the Insurance Code was amended to read as follows: "The duties of the Division of Workers' Compensation of the Texas Department of Insurance under Texas Workers' Compensation Act, Labor Code Title 5, expire September 1, 2017 or another date designed by the Legislature."

NOTE 14: ADJUSTMENTS TO FUND BALANCES AND NET POSITION

The Texas Department of Insurance received TexasSure Software from the Texas Department of Motor Vehicles prior to FY 2014. The software was not recorded in the State Property Accounting System (SPA) until FY 2014. The restatement is as follows:

Governmental Fund – Capital Assets

	Capital Assets Adjustments (9998) U/F (0998)	Total
Fund Bal/Net Position, September 1, 2013	\$ 1,012,009.62	\$ 1,012,009.62
Restatement	227,760.79	227,760.79
Fund Bal/Net Position, September 1, 2013, as Restated	\$ 1,239,770.41	\$ 1,239,770.41

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TEXAS DEPARTMENT OF INSURANCE (454)

The Texas Health Reinsurance System (Fund 4151) determined that members' accountability should have been classified as net position rather than a liability during FY 2013. The restatement is as follows:

Proprietary Fund – Component Unit

	Texas Health Insurance System (4151) U/F (0392)	Total
Net Position, September 1, 2013	\$ 0.00	\$ 0.00
Restatement	452,324.00	452,324.00
Net Position, September 1, 2013, as Restated	\$ 452,324.00	\$ 452,324.00

NOTE 15: CONTINGENCIES AND COMMITMENTS

N/A

NOTE 16: SUBSEQUENT EVENTS

The Agency has the following subsequent events that may greatly affect the financial condition of the agency such as important contractual or grant arrangements, changes in material amounts of property, or other significant administrative or accounting activities:

- There are numerous cases involving the hospital inpatient "stop loss" reimbursement provisions of a former rule and the "fair & reasonable" medical fee guideline cases involving hospital outpatient services provided prior to the adoption of a specific hospital outpatient fee guideline. These cases have been and are being remanded back to the Division. Medical Fee Dispute Resolution has adjudicated many of these cases. SB1, 83rd Leg. Sess, Article VIII, p. VIII-24, #20 authorized expenditures of \$2,100,000.00 to pay for costs of appeals of medical disputes, including appeals handled at the State Office of Administrative Hearings.
- Up to \$217,000.00 in estimated expert witness fees may be incurred for professional medical testimony on behalf of the Division of Workers' Compensation in State Office of Administrative contested case hearings held under Tex. Lab. Code § 415.034 for Division proposed sanctions against doctors in the Texas Workers' Compensation system for violations of the Texas Workers' Compensation Act including, but not limited to Tex. Lab. Code § 408.0231 and Title 28 Tex. Admin. Code § 180.26(b) – (d).
- Senate Bill 1367 of the 83rd Legislature directed the Texas Department of Insurance to abolish the Texas Health Insurance Pool. Currently, TDI anticipates this component unit will be abolished at the end of fiscal year 2015.

NOTE 17: RISK MANAGEMENT

The Texas Department of Insurance (TDI) is exposed to a variety of civil claims resulting from the performance of its duties. It is the Agency's 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 only commercial insurance carried by the Agency is a Public Officers Liability Insurance policy, which is 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.

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 the fiscal 2013 and 2014 were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2013	\$	\$ 666.95	\$ 666.95	\$
2014	\$	\$ 90,000.00	\$ 90,000.00	\$

TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 18: MANAGEMENT'S DISCUSSION AND ANALYSIS

N/A

NOTE 19: THE FINANCIAL REPORTING ENTITY

The Financial Reporting Entity

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

Individual Component Unit Disclosures

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.

1. The *Surplus Lines Stamping Office of Texas* was created under Insurance Code Chapters 981.151 – 981.160 to assist this Agency in the surplus lines insurance regulation, encourage compliance by surplus lines agents and insurers with the surplus lines law and the rules of TDI. The Commissioner of Insurance appoints all members of the board of directors. The stamping office performs its functions under a plan of operation approved by order of TDI. The State of Texas has the ability to impose its will upon the stamping office through the approval of the assessment rate that funds its operations.
2. The *Texas Health Reinsurance System* reinsures risks covered under the health benefit plans of small employers' insurance carriers. The Commissioner of Insurance appoints, supervises and controls the nine-member board. The State of Texas has the ability to impose its will through TDI Commissioner's approval of base reinsurance premium rates and the assessment rates against reinsured health benefit plan issuers.
3. The *Texas Health Insurance Pool* provides access to quality health care at a minimum cost to the public for those unable to obtain traditional health care coverage. The Commissioner of Insurance appoints members of the board of directors. The primary government imposes its will through TDI who approves all premium rates and rate schedules before they are used.
4. The *Texas Windstorm Insurance Association (TWIA)* is the State's insurer of last resort for wind and hail coverage in the fourteen coastal counties and parts of Harris County. Through the Commissioner of Insurance the primary government appoints all members of the board of directors. Additionally, the primary government can impose its will with the Commissioner of Insurance having the discretion to modify or approve fee changes impacting revenue.
5. The *Texas Life and Health Insurance Guaranty Association* protects 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. Through the Commissioner of Insurance the primary government appoints all members of the board of directors. The primary government can impose its will through the Commissioner of Insurance who can modify, override, or veto an action of the Association.
6. The *Texas Title Insurance Guaranty Association* protects the holders of covered claims if a title insurer becomes insolvent and protects consumers served by impaired title agents. The Commissioner of Insurance appoints all members of the board of directors. The primary government can impose its will through the Commissioner of Insurance who may direct the association at the association's expense and on behalf of an impaired agent to close real estate transactions, disburse escrow funds, record documents, and issue final title insurance policies.
7. The *Fair Access to Insurance Requirements Plan Association* delivers 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 members of the governing committee. The primary government can impose its will through the Commissioner of Insurance who can remove a governing committee member without cause and can impact revenues by approving or disapproving rates charged.
8. The *Texas Property and Casualty Insurance Guaranty Association* protects claimants or policyholders from financial loss when an insurer is impaired, assists in the detection and prevention of insurer insolvencies, provides a mechanism for the payment of claims under certain insurance policies to avoid excessive delays in payments, and provide an association to assess the cost of protection among insurers. The Commissioner of Insurance appoints four members of the board of directors and approves the remaining five members appointed by member insurers. The primary government can impose its will through the Commissioner of Insurance who approves the plan of operation and subsequent amendments and can require the board to assess additional dollars to pay covered claims whenever an insurer becomes impaired.

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

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TEXAS DEPARTMENT OF INSURANCE (454)

Administrative Offices

Surplus Lines Stamping Office of Texas
805 Las Cimas Parkway, Suite 150
Austin, TX 78746-6526

Texas Health Reinsurance System
100 Great Meadow Road, Suite 704
Wethersfield, CT 06109

Texas Health Insurance Pool
P.O. Box 17463
San Antonio, TX 78217

Texas Windstorm Insurance Association
5700 S. Mopac, Bldg A
Austin, TX 78749-1461

Texas Life and Health Insurance Guaranty Association
515 Congress Avenue, Suite 1875
Austin, TX 78701

Texas Title Insurance Guaranty Association
500 W. 5th Street, Suite 1150
Austin, TX 78701

Fair Access to Insurance Requirements Plan
Association
5700 S. Mopac, Bldg A
Austin, TX 78749-1461

Texas Property and Casualty Insurance
Guaranty Association
9120 Burnet Road
Austin, TX 78758-5204

Related Organizations

1. The **Texas Mutual Insurance Company** was created under Chapter 2054 of the TIC and operates as a domestic mutual insurance company. 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.
2. The **Texas Self-Insurance Group Guaranty Association** was created pursuant to Chapter 407A of the Texas Workers' Compensation Act Labor Code, for the purpose of providing payment of workers' compensation insurance benefits for injured employees covered by an insolvent workers' compensation self-insurance group. The Division of Workers' Compensation Commissioner appoints two of the six members of the board and approves three other members selected by representatives of the certified workers' compensation self-insurance groups.

Administrative Offices

Texas Self-Insurance Group
Guaranty Association
1115 San Jacinto Blvd, Suite 275
Austin, TX 78701

Texas Mutual Insurance Company
6210 East Highway 290
Austin, TX 78723

RELATED PARTIES

Liquidation Oversight is primarily funded by the assets of receiverships. Currently, there are 16.75 budgeted positions for Liquidation Oversight. The 16.75 FTEs are allocated positions. Liquidation Oversight operations include: administration, docketing, financial/auditing, and records management.

NOTE 20: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Fair Access to Insurance Requirements Plan Association, discretely presented component unit fund 4163, reported a negative net position of \$4,677,705.00. This deficit is a result of large storms in 2008. At the time of initial deficit, it was decided not to assess the members or issue public securities to reduce the deficit. Due to positive net income over the past several years, the deficit has been greatly reduced and expected to be zero by the end of calendar year 2014.

TX Property and Casualty Insurance Guaranty Association (TPCIGA), discretely presented component unit fund 4165, reported a negative net position of \$65,761,672.00. This deficit is a result of two factors:

- Large increase of claims due to increased insolvency activity during this reporting period. TPCIGA received eight new insolvencies in FY 2014.
- Unrealized losses on securities due to changes in market value.

NOTE 22: DONOR-RESTRICTED ENDOWMENTS

N/A

TEXAS DEPARTMENT OF INSURANCE (454)**NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS**

N/A

NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Net other receivables as of August 31, 2014, as reported by the discretely presented component units (Exhibit L-1), are detailed by type as follows:

Net Other Receivables	Amount
Receivables related to reinsurance receivable (Fund 4161)	\$ 321,049.00
Total Net Other Receivables	\$ 321,049.00

Net other payables as of August 31, 2014, as reported by the discretely presented component units (Exhibit L-1), are detailed by type as follows:

Net Other Payables	Amount
Payables related to deferred rent liability (Fund 3159)	\$ 112,329.00
Payables related to assessment refunds and claims/loss adjustment expense reserves (Fund 4152)	39,584,388.00
Payables related to losses, loss expense reserves and other liabilities (Fund 4154)	168,903,301.00
Payables related to assessment credits and Insurance contractual obligations (Fund 4161)	12,585,928.00
Payables related to increase in proof of claim liabilities (Fund 4162)	1,726,150.00
Payables related to losses, loss expense reserves and other liabilities (Fund 4163)	32,096,314.00
Payables related to unpaid claims and claims adjustment expenses (Fund 4165)	502,584,490.00
Total Net Other Payables	\$ 757,592,900.00

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: TROUBLE DEBT RESTRUCTURING

N/A

NOTE 30: NON-EXCHANGE FINANCIAL GUARANTEES

N/A

UNAUDITED

Texas Department of Insurance (454)

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

August 31, 2014

	General		Consolidated Accounts
	General Revenue (0001)	Local - GAAP General Fund (9999)	GR Account -Tx Department of Insurance Operating (0036)
ASSETS			
Current Assets:			
Cash and Cash Equivalents:			
Cash in Bank	\$ -	\$ 56,936.07	\$ 100,685.00
Legislative Appropriations	1,274,612.20	-	-
Cash in State Treasury	-	-	159,841,256.47
Cash Equivalents	-	3,546,760.31	-
Receivables from:			
Federal	-	-	629,339.07
Interest and Dividends	-	8.88	-
Accounts Receivable	-	100,178.35	168,419.72
Interfund Receivable	3,809.31	-	87,367.34
Due From Other Agencies	-	-	143,626.71
Consumable Inventories	-	-	109,958.13
Total Current Assets	1,278,421.51	3,703,883.61	161,080,652.44
Total Assets	\$ 1,278,421.51	\$ 3,703,883.61	\$ 161,080,652.44
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Payables from:			
Accounts	\$ 321,888.70	\$ 250.87	\$ 8,016,449.95
Payroll	14,552.81	-	7,549,359.58
Interfund Payable	70,000.00	-	21,176.65
Due To Other Agencies	-	-	4,823,043.09
Deferred Revenues	-	-	89,089.84
Total Current Liabilities	406,441.51	250.87	20,499,119.11
Total Liabilities	406,441.51	250.87	20,499,119.11
Fund Balances (Deficits):			
Nonspendable	\$ -	-	\$ 109,958.13
Committed	871,980.00	3,703,632.74	140,471,575.20
Unassigned	-	-	-
Total Fund Balances	871,980.00	3,703,632.74	140,581,533.33
Total Liabilities and Fund Balances	\$ 1,278,421.51	\$ 3,703,883.61	\$ 161,080,652.44

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

UNAUDITED

Consolidated Accounts

GR Account -Subsequent Injury Fund (5101)	GR Account -Premium Stabilization Fund (0329)	TDI Local Operating Fund (1006)	GR Account -Fire Prevention & Public Safety (5138)	Total (Ex I)
\$ -	\$ -	\$ -	\$ -	\$ 157,621.07
-	-	-	-	1,274,612.20
69,894,641.38	52,210,691.10	486,936.00	49,153.41	282,482,678.36
-	-	8,971,434.54	-	12,518,194.85
-	-	-	-	629,339.07
-	-	22.41	-	31.29
447,383.24	-	419,621.09	-	1,135,602.40
-	-	-	-	91,176.65
-	-	-	-	143,626.71
-	-	-	-	109,958.13
<u>70,342,024.62</u>	<u>52,210,691.10</u>	<u>9,878,014.04</u>	<u>49,153.41</u>	<u>298,542,840.73</u>
<u>\$ 70,342,024.62</u>	<u>\$ 52,210,691.10</u>	<u>\$ 9,878,014.04</u>	<u>\$ 49,153.41</u>	<u>\$ 298,542,840.73</u>
\$ -	\$ 5,127,638.10	\$ 6,541.00	\$ -	\$ 13,472,768.62
-	-	480,395.00	-	8,044,307.39
-	-	-	-	91,176.65
-	-	-	-	4,823,043.09
-	-	-	-	89,089.84
-	5,127,638.10	486,936.00	-	26,520,385.59
-	5,127,638.10	486,936.00	-	26,520,385.59
-	-	-	-	109,958.13
70,342,024.62	47,083,053.00	9,391,078.04	49,153.41	271,912,497.01
-	-	-	-	-
70,342,024.62	47,083,053.00	9,391,078.04	49,153.41	272,022,455.14
<u>\$ 70,342,024.62</u>	<u>\$ 52,210,691.10</u>	<u>\$ 9,878,014.04</u>	<u>\$ 49,153.41</u>	<u>\$ 298,542,840.73</u>

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

UNAUDITED

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, 2014

	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	104,184.45	-	-	-
Taxes	-	-	843,081.71	-
Federal Revenue	399,671.55	-	3,495,159.70	-
Federal Grant Pass-Through Revenue	-	-	313,779.54	-
Licenses, Fees and Permits	1,506,987.00	-	35,348,908.70	-
Sales of Goods and Services	-	-	5,584.17	-
Interest and Other Investment Income	-	1,061.64	-	-
Other	-	735,709.35	1,633,625.78	11,032,477.09
Total Revenues	2,235,249.00	736,770.99	41,640,139.60	11,032,477.09
EXPENDITURES				
Salaries and Wages	187,320.69	728,238.43	69,456,484.29	-
Payroll Related Costs	56,282.29	168,567.36	25,786,820.03	-
Professional Fees and Services	-	13,859.58	6,676,589.72	-
Travel	-	13,569.10	1,694,744.21	-
Materials and Supplies	47,913.30	380.80	5,238,082.35	-
Communication and Utilities	-	2,970.72	1,314,080.29	-
Repairs and Maintenance	-	-	1,713,700.25	-
Rentals and Leases	38,978.76	666.00	3,882,080.95	-
Printing and Reproduction	-	-	162,349.43	-
Claims and Judgments (Note 17)	-	-	90,000.00	6,668,525.58
Intergovernmental Payments	628,020.00	-	386,980.00	-
Other Expenditures	7,332.41	164,873.44	6,928,392.27	-
Capital Outlay	-	-	175,393.23	-
Total Expenditures	965,847.45	1,093,125.43	123,505,697.02	6,668,525.58
Excess (Deficiency) of Revenues:				
Over Expenditures	1,269,401.55	(356,354.44)	(81,865,557.42)	4,363,951.51
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	140,842,357.76	15,000,000.00
Transfers Out	(406,421.55)	-	(49,086,198.82)	(15,000,000.00)
Sale of Capital Assets	9,000.00	-	-	-
Insurance Recovery	-	-	14,276.88	-
Total Other Financing Sources (Uses)	(397,421.55)	-	91,770,435.82	-
Net Change in Fund Balances/Net Assets	871,980.00	(356,354.44)	9,904,878.40	4,363,951.51
FUND FINANCIAL STATEMENT-FUND BALANCES				
Fund Balances, September 1, 2013, as Restated	-	4,059,987.18	130,676,654.93	65,978,073.11
Restatements	-	-	-	-
Fund Balances, September 1, 2013, as Restated	-	4,059,987.18	130,676,654.93	65,978,073.11
Fund Balances, August 31, 2014	\$ 871,980.00	\$ 3,703,632.74	\$ 140,581,533.33	\$ 70,342,024.62

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Consolidated Accounts			
GR Account - Premium Stabilization Fund (0329)	TDI Local Operating Fund (1006)	GR Account - Fire Prevention & Public Safety Fund (5138)	Total (Ex II)
\$ -	\$ -	\$ -	\$ 224,406.00
-	-	-	104,184.45
-	-	-	843,081.71
-	-	-	3,894,831.25
-	-	-	313,779.54
47,083,053.00	6,762,398.27	-	90,701,346.97
-	-	-	5,584.17
-	2,313.34	-	3,374.98
-	-	-	13,401,812.22
<u>47,083,053.00</u>	<u>6,764,711.61</u>	<u>-</u>	<u>109,492,401.29</u>
-	5,525,365.13	-	75,897,408.54
-	1,402,142.74	-	27,413,812.42
-	-	5,384.18	6,695,833.48
-	809,958.53	-	2,518,271.84
-	-	(8.00)	5,286,368.45
-	-	-	1,317,051.01
-	-	-	1,713,700.25
-	-	-	3,921,725.71
-	-	-	162,349.43
-	-	-	6,758,525.58
-	-	-	1,015,000.00
14,523,522.79	14,771.67	-	21,638,892.58
-	-	-	175,393.23
<u>14,523,522.79</u>	<u>7,752,238.07</u>	<u>5,376.18</u>	<u>154,514,332.52</u>
<u>32,559,530.21</u>	<u>(987,526.46)</u>	<u>(5,376.18)</u>	<u>(45,021,931.23)</u>
16,026,564.61	7,803,358.47	-	179,672,280.84
(16,026,564.61)	(7,803,358.47)	-	(88,322,543.45)
-	-	-	9,000.00
-	-	-	14,276.88
-	-	-	91,373,014.27
<u>32,559,530.21</u>	<u>(987,526.46)</u>	<u>(5,376.18)</u>	<u>46,351,083.04</u>
14,523,522.79	10,378,604.50	54,529.59	225,671,372.10
-	-	-	-
<u>14,523,522.79</u>	<u>10,378,604.50</u>	<u>54,529.59</u>	<u>225,671,372.10</u>
<u>\$ 47,083,053.00</u>	<u>\$ 9,391,078.04</u>	<u>\$ 49,153.41</u>	<u>\$ 272,022,455.14</u>

Texas Department of Insurance (454)
Exhibit I-1 - Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds

August 31, 2014

	Private-Purpose Catastrophe Reserve Trust Fund (3204)	Unclaimed Dividend Trust Fund (0923)	Private-Purpose Estates/Securities in Trust (2999)	Totals (Ex VI)
ASSETS				
Cash and Cash Equivalents:				
Cash in Bank	\$ -	\$ -	\$ 160,037.18	\$ 160,037.18
Cash in State Treasury	-	782,431.74	-	782,431.74
Cash Equivalents	213,832,637.30	-	243,490,296.02	457,322,933.32
Interest and Dividends Receivable	534.60	-	601.14	1,135.74
Securities Held in Trust	-	-	84,726,849.88	84,726,849.88
Total Assets	<u>213,833,171.90</u>	<u>782,431.74</u>	<u>328,377,784.22</u>	<u>542,993,387.86</u>
LIABILITIES				
Funds Held for Others	-	-	84,726,849.88	84,726,849.88
Total Liabilities	<u>-</u>	<u>-</u>	<u>84,726,849.88</u>	<u>84,726,849.88</u>
NET POSITION				
Held in trust for:				
Individuals, Organizations, and Other Governments	213,833,171.90	782,431.74	243,650,934.34	458,266,537.98
Total Net Position	<u>\$ 213,833,171.90</u>	<u>\$ 782,431.74</u>	<u>\$ 243,650,934.34</u>	<u>\$ 458,266,537.98</u>

UNAUDITED

Texas Department of Insurance (454)
Exhibit I-2 - Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds

August 31, 2014

	Private-Purpose Catastrophe Reserve Trust Fund (3204)	Unclaimed Dividend Trust Fund (0923)	Private-Purpose Estates/Securities in Trust (2999)	Total (Ex VII)
ADDITIONS				
Investment Income:				
From Investing Activities:				
Interest and Investment Income	\$ 53,408.83	\$ 2,117.74	\$ 73,370.27	\$ 128,896.84
Total Investing Income	53,408.83	2,117.74	73,370.27	128,896.84
Less Investing Activities Expense	-	-	-	-
Net Income from Investing Activities	53,408.83	2,117.74	73,370.27	128,896.84
 Total Net Investment Income	 53,408.83	 2,117.74	 73,370.27	 128,896.84
 Other Additions:				
Other Revenue	30,241,222.89	-	9,559,730.32	39,800,953.21
Transfers In	-	133,661.81	-	133,661.81
Total Other Additions	30,241,222.89	133,661.81	9,559,730.32	39,934,615.02
 Total Additions	 30,294,631.72	 135,779.55	 9,633,100.59	 40,063,511.86
DEDUCTIONS				
Professional Fees and Services	-	-	1,519.58	1,519.58
Claims and Judgments	-	-	43,305,953.95	43,305,953.95
Other Expense	35,389.62	-	7,703,886.24	7,739,275.86
Transfers Out	-	-	133,661.81	133,661.81
Total Deductions	35,389.62	-	51,145,021.58	51,180,411.20
 INCREASE (DECREASE) IN NET POSITION	 30,259,242.10	 135,779.55	 (41,511,920.99)	 (11,116,899.34)
NET POSITION				
Net Position, September 1, 2013	183,573,929.80	646,652.19	285,162,855.33	469,383,437.32
Restatements	-	-	-	-
Net Position, September 1, 2013, As Restated	183,573,929.80	646,652.19	285,162,855.33	469,383,437.32
 Net Position, August 31, 2014	 \$ 213,833,171.90	 \$ 782,431.74	 \$ 243,650,934.34	 \$ 458,266,537.98

UNAUDITED

Texas Department of Insurance (454)
 Exhibit J-1 - Combining Statement of Changes in Assets and Liabilities -
 Agency Funds

August 31, 2014

	Beginning Balance September 1, 2013	Additions	Deductions	Ending Balance August 31, 2014
UNAPPROPRIATED RECEIPTS				
General Revenue Fund (1000) U/F (0003)				
ASSETS				
Cash in State Treasury	\$ -	\$ 26,236,759.56	\$ 26,236,759.56	\$ -
Accounts Receivable, Net	162,900.00	203,331.90	162,900.00	203,331.90
Total Assets	162,900.00	26,440,091.46	26,399,659.56	203,331.90
LIABILITIES				
Accounts Payable	-	198,925.31	198,925.31	-
Due to other Agencies	162,900.00	203,331.90	162,900.00	203,331.90
Funds Held for Others	-	26,230,111.56	26,230,111.56	-
Total Liabilities	162,900.00	26,632,368.77	26,591,936.87	203,331.90
Child Support Employ Deduct (0807) U/F (0807)				
ASSETS				
Cash in State Treasury	13,987.73	193,214.95	191,636.09	15,566.59
Total Assets	13,987.73	193,214.95	191,636.09	15,566.59
LIABILITIES				
Accounts Payable	-	177,648.36	177,648.36	-
Funds Held for Others	13,987.73	193,214.95	191,636.09	15,566.59
Total Liabilities	13,987.73	370,863.31	369,284.45	15,566.59
City, Cty, Mta & Spd (0882) U/F (0882)				
ASSETS				
Cash in State Treasury	-	109.11	109.11	-
Total Assets	-	109.11	109.11	-
LIABILITIES				
Funds Held for Others	-	109.11	109.11	-
Total Liabilities	-	109.11	109.11	-
Tx Worker's Comp Self Insurance Fund (0893) U/F (0893)				
ASSETS				
Cash in State Treasury	7,970,000.20	8,229,000.77	8,899,000.97	7,300,000.00
Other Current Assets	517,565,691.11	-	12,452,219.80	505,113,471.31
Total Assets	525,535,691.31	8,229,000.77	21,351,220.77	512,413,471.31
LIABILITIES				
Accounts Payable	-	899,760.36	899,760.36	-
Funds Held for Others	525,535,691.31	259,000.57	13,381,220.57	512,413,471.31
Total Liabilities	525,535,691.31	1,158,760.93	14,280,980.93	512,413,471.31
Departmental Suspense (0900) U/F (0900)				
ASSETS				
Cash in State Treasury	-	2,914,313.36	2,914,313.36	-
Total Assets	-	2,914,313.36	2,914,313.36	-
LIABILITIES				
Accounts Payable	-	79,441.98	79,441.98	-
Funds Held for Others	-	2,914,313.36	2,914,313.36	-
Total Liabilities	-	2,993,755.34	2,993,755.34	-

UNAUDITED

Texas Department of Insurance (454)
 Exhibit J-1 - Combining Statement of Changes in Assets and Liabilities -
 Agency Funds

August 31, 2014

	Beginning Balance September 1, 2013	Additions	Deductions	Ending Balance August 31, 2014
<u>LIFE/HLTH/ACC/CAS INS TR ACCT (0921) U/F (0921)</u>				
ASSETS				
Cash in State Treasury	318,038.00	743,138.00	326,238.00	734,938.00
Other Current Assets	980,087,995.56	211,151,698.18	218,433,600.07	972,806,093.67
Total Assets	980,406,033.56	211,894,836.18	218,759,838.07	973,541,031.67
LIABILITIES				
Accounts Payable	-	7,500.00	7,500.00	-
Funds Held for Others	980,406,033.56	211,894,836.18	218,759,838.07	973,541,031.67
Total Liabilities	980,406,033.56	211,902,336.18	218,767,338.07	973,541,031.67
<u>Direct Deposit Correction Fund (0980) U/F (0980)</u>				
ASSETS				
Cash in State Treasury	-	60,346.86	60,346.86	-
Total Assets	-	60,346.86	60,346.86	-
LIABILITIES				
Funds Held for Others	-	60,346.86	60,346.86	-
Total Liabilities	-	60,346.86	60,346.86	-
Totals - All Agency Funds (Exhibit VI)				
ASSETS				
Cash in State Treasury	\$ 8,302,025.93	\$ 38,376,882.61	\$ 38,628,403.95	\$ 8,050,504.59
Accounts Receivable, Net	162,900.00	203,331.90	162,900.00	203,331.90
Other Current Assets	1,497,653,686.67	211,151,698.18	230,885,819.87	1,477,919,564.98
Total Assets	\$ 1,506,118,612.60	\$ 249,731,912.69	\$ 269,677,123.82	\$ 1,486,173,401.47
LIABILITIES				
Accounts Payable	\$ -	\$ 1,363,276.01	\$ 1,363,276.01	\$ -
Due to Other Agencies	162,900.00	203,331.90	162,900.00	203,331.90
Funds Held for Others	1,505,955,712.60	241,551,932.59	261,537,575.62	1,485,970,069.57
Total Liabilities	\$ 1,506,118,612.60	\$ 243,118,540.50	\$ 263,063,751.63	\$ 1,486,173,401.47

UNAUDITED

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

For the Fiscal Year Ended August 31, 2014

	Stamping Office of Texas (3159) U/F (0391)	Texas Health Reinsurance System (4151) U/F (0392)	Texas Health Insurance Pool (4152) U/F (0393)	Texas Windstorm Insurance Association (4154) U/F (0394)
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash in Bank	\$ 481,889.00	\$ 463,378.00	\$ 370,185.00	\$ 77,865,262.00
Cash Equivalents	-	-	3,008,852.00	361,327,713.00
Short Term Investments	5,080,907.00	-	53,267,304.00	-
Receivables from:				
Interest and Dividends	-	-	-	-
Accounts Receivable	265,044.00	-	582,482.00	-
Other	126,516.00	-	-	-
Prepaid Items	5,347.00	-	-	42,787,834.00
Other Current Assets	-	-	43,022,502.00	12,153,156.00
Total Current Assets	5,959,703.00	463,378.00	100,251,325.00	494,133,965.00
Non-Current Assets:				
Investments	-	-	-	-
Capital Assets (Note 2):				
Furniture and Equipment-Depreciable	6,717,153.00	-	58,760.00	13,780,786.00
Less Accumulated Depreciation	(4,940,878.00)	-	(55,363.00)	(4,386,515.00)
Non-Depreciable Assets (CIP)	113,666.00	-	-	-
Other Assets- Depreciable	74,685.00	-	-	1,857,843.00
Less Accumulated Depreciation- Other	(72,850.00)	-	-	(265,394.00)
Other Non-Current Assets	43,266.00	-	5,253.00	-
Receivables	-	-	-	-
Total Non-Current Assets	1,935,042.00	-	8,650.00	10,986,720.00
Total Assets	7,894,745.00	463,378.00	100,259,975.00	505,120,685.00
LIABILITIES				
Current Liabilities:				
Payables from:				
Accounts	22,291.00	18,650.00	1,067,334.00	47,575,600.00
Payroll	51,661.00	-	-	-
Other Liabilities	112,329.00	-	39,584,388.00	168,903,301.00
Employee's Compensable Leave	74,406.00	-	-	-
Deferred Revenue	-	-	59,608,253.00	234,739,308.00
Total Current Liabilities	260,687.00	18,650.00	100,259,975.00	451,218,209.00
Non Current Liabilities:				
Other Liabilities	-	-	-	-
Total Liabilities	260,687.00	18,650.00	100,259,975.00	451,218,209.00
NET POSITION				
Invested in Capital Assets, Net of Related Debt	1,891,776.00	-	-	10,986,720.00
Restricted	-	-	-	-
Unrestricted	5,742,282.00	444,728.00	-	42,915,756.00
Total Net Position	\$ 7,634,058.00	\$ 444,728.00	\$ -	\$ 53,902,476.00

Note A - These Component Units have a fiscal year end of December 31, 2013. Financial information is as of that date.

UNAUDITED

Texas Life and Health Insurance Guaranty Association (4161) U/F (0395)	Texas Title Insurance Guaranty Association (4162) U/F (0396)	Fair Access to Insurance Requirements Plan Association (4163) U/F (0397)	TX Property and Casualty Insurance Guaranty Association (4165) U/F (0398)	Totals (Ex III)
\$ 214,385.00	\$ 76,318.00	\$ 23,247,517.00	\$ 11,504,822.00	\$ 114,223,756.00
12,658,207.00	14,463,380.00	41,853,497.00	35,785,300.00	469,096,949.00
10,421,170.00	-	-	-	68,769,381.00
4,896.00	-	11,520.00	2,168,336.00	2,184,752.00
115,046.00	528,719.00	15,923,883.00	397.00	17,415,571.00
22,208.00	350.00	-	-	149,074.00
-	-	7,519,880.00	-	50,313,061.00
-	-	435,895.00	-	55,611,553.00
<u>23,435,912.00</u>	<u>15,068,767.00</u>	<u>88,992,192.00</u>	<u>49,458,855.00</u>	<u>777,764,097.00</u>
-	-	-	413,524,599.00	413,524,599.00
232,716.00	-	110,197.00	2,711,454.00	23,611,066.00
(163,273.00)	-	(110,197.00)	(2,362,928.00)	(12,019,154.00)
-	-	-	-	113,666.00
-	-	-	306,593.00	2,239,121.00
-	-	-	(154,759.00)	(493,003.00)
5,683,060.00	-	-	-	5,731,579.00
321,049.00	-	-	-	321,049.00
<u>6,073,552.00</u>	<u>-</u>	<u>-</u>	<u>414,024,959.00</u>	<u>433,028,923.00</u>
<u>29,509,464.00</u>	<u>15,068,767.00</u>	<u>88,992,192.00</u>	<u>463,483,814.00</u>	<u>1,210,793,020.00</u>
904,138.00	145,659.00	18,241,258.00	1,476,199.00	69,451,129.00
-	-	-	-	51,661.00
6,985,709.00	1,726,150.00	32,096,314.00	502,584,490.00	751,992,681.00
-	-	-	-	74,406.00
-	-	43,332,325.00	25,184,797.00	362,864,683.00
<u>7,889,847.00</u>	<u>1,871,809.00</u>	<u>93,669,897.00</u>	<u>529,245,486.00</u>	<u>1,184,434,560.00</u>
5,600,219.00	-	-	-	5,600,219.00
<u>13,490,066.00</u>	<u>1,871,809.00</u>	<u>93,669,897.00</u>	<u>529,245,486.00</u>	<u>1,190,034,779.00</u>
69,443.00	-	-	500,360.00	13,448,299.00
-	12,869,168.00	-	-	12,869,168.00
15,949,955.00	327,790.00	(4,677,705.00)	(66,262,032.00)	(5,559,226.00)
<u>\$ 16,019,398.00</u>	<u>\$ 13,196,958.00</u>	<u>\$ (4,677,705.00)</u>	<u>\$ (65,761,672.00)</u>	<u>\$ 20,758,241.00</u>

UNAUDITED

Texas Department of Insurance (454)
Exhibit L-2 - Combining Statement of Revenues, Expenses, and
Changes in Net Position –
Discretely Presented Proprietary Component Units

For the Fiscal Year Ended August 31, 2014

	Surplus Lines Stamping Office of Texas (3159) U/F (0391)	Texas Health Reinsurance System (4151) U/F (0392)	Texas Health Insurance Pool (4152) U/F (0393)	Texas Windstorm Insurance Association (4154) U/F (0394)
OPERATING REVENUES				
Sales of Goods and Services:				
Other Sales of Goods and Services	\$ 2,830,007.00	\$ -	\$ -	\$ -
Premium Revenue	-	-	183,804,852.00	295,130,304.00
Federal Revenue	-	-	10,028,616.00	-
Interest and Investment Income	20,197.00	1,724.00	-	-
Net Increase (Decrease) in Fair Value	-	-	-	-
Other Operating Revenue	-	-	141,797,650.00	-
Total Operating Revenues	2,850,204.00	1,724.00	335,631,118.00	295,130,304.00
OPERATING EXPENSES				
Salaries and Wages	1,269,455.00	-	426,573.00	17,651,113.00
Payroll Related Costs	389,694.00	-	-	1,739,894.00
Professional Fees and Services	409,477.00	-	12,583,566.00	-
Travel	3,302.00	2,457.00	2,784.00	-
Materials and Supplies	33,906.00	-	50,095.00	-
Communication and Utilities	41,806.00	-	-	-
Repairs and Maintenance	54,483.00	-	-	-
Rentals and Leases	286,849.00	-	77,148.00	1,280,790.00
Printing and Reproduction	2,167.00	-	-	-
Depreciation and Amortization	728,330.00	-	3,488.00	836,971.00
Other Operating Expenses	167,073.00	6,863.00	206,180.00	77,601,994.00
Total Operating Expenses	3,386,542.00	9,320.00	13,349,834.00	99,110,762.00
Operating Income (Loss)	(536,338.00)	(7,596.00)	322,281,284.00	196,019,542.00
NONOPERATING REVENUE (EXPENSES)				
Interest and Investment Income	-	-	14,760.00	1,076,510.00
Net Increase (Decrease) in Fair Value	-	-	-	-
Claims and Judgments (Expenses)	-	-	(322,296,044.00)	-
Interest Expenses and Fiscal Charges	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	(20,800,506.00)
Total Other Nonoperating Revenues	-	-	(322,281,284.00)	(19,723,996.00)
Change in Net Position	(536,338.00)	(7,596.00)	-	176,295,546.00
Net Position, September 1, 2013	8,170,396.00	-	-	(122,393,070.00)
Restatements (Note 14)	-	452,324.00	-	-
Net Position, September 1, 2013, as Restated	8,170,396.00	452,324.00	-	(122,393,070.00)
Net Position, August 31, 2014	\$ 7,634,058.00	\$ 444,728.00	\$ -	\$ 53,902,476.00

Note A - These Component Units have a fiscal year end of December 31, 2013. Financial information is as of that date.

UNAUDITED

Texas Life and Health Insurance Guaranty Association (4161) U/F (0395)	Texas Title Insurance Guaranty Association (4162) U/F (0396)	Fair Access to Insurance Requirements Plan Association (4163) U/F (0397)	TX Property and Casualty Insurance Guaranty Association (4165) U/F (0398)	Totals (Ex IV)
\$ -	\$ -	\$ -	\$ -	\$ 2,830,007.00
134,029.00	-	75,342,971.00	-	554,412,156.00
-	-	-	-	10,028,616.00
-	124,614.00	-	7,844,676.00	7,991,211.00
-	(125,295.00)	-	1,459,999.00	1,334,704.00
3,784,387.00	4,978,427.00	-	18,306,882.00	168,867,346.00
<u>3,918,416.00</u>	<u>4,977,746.00</u>	<u>75,342,971.00</u>	<u>27,611,557.00</u>	<u>745,464,040.00</u>
410,787.00	-	4,922,083.00	4,471,218.00	29,151,229.00
64,622.00	-	1,865,319.00	-	4,059,529.00
151,684.00	302,124.00	-	187,500.00	13,634,351.00
-	-	-	32,170.00	40,713.00
-	-	-	107,633.00	191,634.00
-	-	-	23,353.00	65,159.00
-	-	-	-	54,483.00
155,868.00	-	372,688.00	450,110.00	2,623,453.00
-	-	-	14,162.00	16,329.00
22,135.00	-	136.00	165,777.00	1,756,837.00
276,694.00	3,585,114.00	54,809,204.00	604,163.00	137,257,285.00
<u>1,081,790.00</u>	<u>3,887,238.00</u>	<u>61,969,430.00</u>	<u>6,056,086.00</u>	<u>188,851,002.00</u>
<u>2,836,626.00</u>	<u>1,090,508.00</u>	<u>13,373,541.00</u>	<u>21,555,471.00</u>	<u>556,613,038.00</u>
126,928.00	-	(149,789.00)	-	1,068,409.00
(113,584.00)	-	-	(14,835,569.00)	(14,949,153.00)
(8,652,281.00)	-	-	(130,989,285.00)	(461,937,610.00)
-	-	-	-	-
-	-	1,141,243.00	-	(19,659,263.00)
<u>(8,638,937.00)</u>	<u>-</u>	<u>991,454.00</u>	<u>(145,824,854.00)</u>	<u>(495,477,617.00)</u>
<u>(5,802,311.00)</u>	<u>1,090,508.00</u>	<u>14,364,995.00</u>	<u>(124,269,383.00)</u>	<u>61,135,421.00</u>
21,821,709.00	12,106,450.00	(19,042,700.00)	58,507,711.00	(40,829,504.00)
-	-	-	-	452,324.00
<u>21,821,709.00</u>	<u>12,106,450.00</u>	<u>(19,042,700.00)</u>	<u>58,507,711.00</u>	<u>(40,377,180.00)</u>
<u>\$ 16,019,398.00</u>	<u>\$ 13,196,958.00</u>	<u>\$ (4,677,705.00)</u>	<u>\$ (65,761,672.00)</u>	<u>\$ 20,758,241.00</u>

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

For the fiscal year ended August 31, 2014

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Identifying Number	Pass-Through From		
			Agy./ Univ. #	Agencies or Univ. Amount	Non-State Entities Amount
U.S. Department of Justice					
Pass-Through From:					
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738		300	\$ 129,342.19	-
Total U.S. Department of Justice				\$ 129,342.19	\$ -
U.S. Department of Labor					
Direct Programs:					
Compensation and Working Conditions	17.005			-	-
Consultation Agreements	17.504			-	-
Total U.S. Department of Labor				\$ -	\$ -
U.S. Dept of Health and Human Svcs					
Direct Programs:					
Affordable Care Act Grants to States for Health Insurance Premium Review	93.511			-	-
Pass-Through From:					
Department of Aging and Disability Services Medicare Enrollment Assistance Program	93.071		539	29,545.00	-
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779		539	154,892.35	-
Total U.S. Dept. of Health and Human Svcs				\$ 184,437.35	\$ -
TOTAL FEDERAL FINANCIAL ASSISTANCE				\$ 313,779.54	\$ -

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Direct Program Amount	Total PT From & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
		Agy./ Univ. #	State Agy. or Univ. Amount	Non-State Entities Amount		
-	129,342.19		-	-	\$ 129,342.19	\$ 129,342.19
<u>\$ -</u>	<u>\$ 129,342.19</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,342.19</u>	<u>\$ 129,342.19</u>
260,747.13	260,747.13		-	-	260,747.13	260,747.13
2,740,310.59	2,740,310.59		-	-	2,740,310.59	2,740,310.59
<u>\$ 3,001,057.72</u>	<u>\$ 3,001,057.72</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,001,057.72</u>	<u>\$ 3,001,057.72</u>
893,773.53	893,773.53		-	-	893,773.53	893,773.53
-	29,545.00		-	-	29,545.00	29,545.00
-	154,892.35		-	-	154,892.35	154,892.35
<u>\$ 893,773.53</u>	<u>\$ 1,078,210.88</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,078,210.88</u>	<u>\$ 1,078,210.88</u>
<u>\$ 3,894,831.25</u>	<u>\$ 4,208,610.79</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,208,610.79</u>	<u>\$ 4,208,610.79</u>

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

For the fiscal year ended August 31, 2014

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	\$ 3,894,831.25
Federal Grant Pass-Through Revenue	<u>\$ 313,779.54</u>
 Total Pass-Through and Expenditures per Federal Schedule	 <u><u>\$ 4,208,610.79</u></u>

Separate Disclosure:

Federal Revenue on Exhibit IV, but not considered to be Federal Revenue for the Schedule: Discretely Presented Proprietary Component Unit - Texas Health Insurance Pool (U/F 0393) Entity subject to own audit and not included on Federal Schedule.	 <u><u>\$ 10,028,616.00</u></u>
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UNAUDITED

Texas Department of Insurance (454)
Schedule 6 - Summary of Revenues/Transfers In - State Treasury

For the fiscal year ended August 31, 2014

	Insurance Operating Account (0036)	General Revenue Fund (0001)	Subsequent Injury Fund (5101)	TDI Local Operating Fund (1006)	Healthy TX Small Employer Prem Stab Fund (0329)	Total
COLLECTED BY						
THE TEXAS DEPARTMENT OF INSURANCE						
GENERAL FUNDS						
ORIGINAL APPROPRIATIONS						
Original Appropriations	\$ -	\$ 224,406.00	\$ -	\$ -	\$ -	\$ 224,406.00
TOTAL ORIGINAL APPROPRIATIONS	-	224,406.00	-	-	-	224,406.00
ADDITIONAL APPROPRIATIONS						
Additional Appropriations	\$ -	\$ 104,184.45	\$ -	\$ -	\$ -	\$ 104,184.45
TOTAL ADDITIONAL APPROPRIATIONS	-	104,184.45	-	-	-	104,184.45
TAXES						
Taxes - Certified Self-Insurers	\$ 843,081.71	\$ -	\$ -	\$ -	\$ -	\$ 843,081.71
TOTAL TAXES	843,081.71	-	-	-	-	843,081.71
FEDERAL FUNDS						
Federal Revenue	\$ 3,488,669.70	\$ 399,671.55	\$ -	\$ -	\$ -	\$ 3,888,341.25
Federal Pass-Through Revenue	184,437.35	-	-	-	-	184,437.35
Department of Homeland Security	6,490.00	-	-	-	-	6,490.00
State Grant Pass-Through Revenue	129,342.19	-	-	-	-	129,342.19
TOTAL FEDERAL FUNDS	3,808,939.24	399,671.55	-	-	-	4,208,610.79
LICENSES, FEES AND PERMITS						
Administrative Fees	\$ 856,381.60	\$ -	\$ -	\$ -	\$ -	\$ 856,381.60
Agents Certification and Clearance Letters	22,657.50	-	-	-	-	22,657.50
Amusement Ride Safety Inspections	366,551.00	-	-	-	-	366,551.00
Catastrophic Pool Inspection Fees	4,600.00	-	-	-	-	4,600.00
Insurance Penalties	-	-	-	-	47,083,053.00	47,083,053.00
Examination and Assessment Fees	9,430,880.40	-	-	6,679,284.23	-	16,110,164.63
Examination Premium Finance	66,009.00	-	-	83,114.04	-	149,123.04
Insurance Penalty in Lieu of Suspension	-	1,500,000.00	-	-	-	1,500,000.00
Fees - Certified Self-Insurers	1,022,221.68	-	-	-	-	1,022,221.68
Filing Fees - Health Maintenance Organizations	160,590.50	-	-	-	-	160,590.50
Filing Fees - Insurance Premium Finance	47,860.00	-	-	-	-	47,860.00
Filing Fees - Life	189,866.35	-	-	-	-	189,866.35
Filing Fees - Policy Approval	416,950.00	-	-	-	-	416,950.00
Filing Fees - Property and Casualty	224,739.00	-	-	-	-	224,739.00
Filing Fees - Risk Retention & Purchasing Groups	14,450.00	-	-	-	-	14,450.00
Filing Fees - Third Party Administrators	170,770.00	-	-	-	-	170,770.00
License Fees - Insurance Adjusters and Agents	19,260,026.97	6,987.00	-	-	-	19,267,013.97
License Fee - Title Insurance Companies	183,784.00	-	-	-	-	183,784.00
State Fire Marshal Fees	2,909,589.00	-	-	-	-	2,909,589.00
Miscellaneous Certification Fees	981.70	-	-	-	-	981.70
TOTAL LICENSES, FEES, AND PERMITS	35,348,908.70	1,506,987.00	-	6,762,398.27	47,083,053.00	90,701,346.97
SALES OF GOODS AND SERVICES						
Sale of Lists, Bulletins, Rating Data, etc.	\$ 5,584.17	\$ -	\$ -	\$ -	\$ -	\$ 5,584.17
TOTAL SALES OF GOODS AND SERVICES	5,584.17	-	-	-	-	5,584.17
OTHER REVENUES						
Reimbursements - Third Party	\$ 1,633,580.98	\$ -	\$ -	\$ -	\$ -	\$ 1,633,580.98
Interest and Investment Income	-	-	-	2,313.34	-	2,313.34
Other Miscellaneous Governmental Revenue	44.80	-	-	-	-	44.80
Workers' Compensation Insurance Benefits to State	-	-	11,032,477.09	-	-	11,032,477.09
TOTAL OTHER REVENUES	1,633,625.78	-	11,032,477.09	2,313.34	-	12,668,416.21
TOTAL GENERAL FUNDS COLLECTIONS	41,640,139.60	2,235,249.00	11,032,477.09	6,764,711.61	47,083,053.00	108,755,630.30

UNAUDITED

Texas Department of Insurance (454)
Schedule 6 - Summary of Revenues/Transfers In - State Treasury

For the fiscal year ended August 31, 2014

	Insurance Operating Account (0036)	General Revenue Fund (0001)	Subsequent Injury Fund (5101)	TDI Local Operating Fund (1006)	Healthy TX Small Employer Prem Stab Fund (0329)	Total
AGENCY FUNDS COLLECTIONS						
State Sales Tax/Discounts	\$ -	\$ 337.97	\$ -	\$ -	\$ -	\$ 337.97
Viatical Settlement Registration Fees	-	9,350.00	-	-	-	9,350.00
Utilization Review Fees/Independent Review Organization	-	100,785.00	-	-	-	100,785.00
Filing Fees - Continuing Care Facilities	-	31,936.00	-	-	-	31,936.00
Returned Check Fees	-	1,495.00	-	-	-	1,495.00
Retaliatory Fees	-	200.00	-	-	-	200.00
Interest on Local Deposits	-	2.89	-	-	-	2.89
Insurance Penalties	-	17,395,542.00	-	-	-	17,395,542.00
Judgments (Secured by Court Action)	-	1,130.81	-	-	-	1,130.81
Penalty In Lieu of Suspension/Cancellation	-	5,203,154.89	-	-	-	5,203,154.89
Unauthorized Insurance/Administrative Penalties	-	2,281,083.45	-	-	-	2,281,083.45
Other Miscellaneous Governmental Revenue	-	25.10	-	-	-	25.10
SFMO-Fireworks, Educ Safety	-	61,885.00	-	-	-	61,885.00
License Fees - Insurance Adjusters and Agents	-	212,930.00	-	-	-	212,930.00
SFMO-Building Inspection Fees	-	50,000.00	-	-	-	50,000.00
Continuing Education Provider Fees	-	241,074.00	-	-	-	241,074.00
TOTAL AGENCY FUNDS COLLECTIONS	-	25,590,932.11	-	-	-	25,590,932.11
TOTAL COLLECTIONS TEXAS DEPT. OF INSURANCE	\$ 41,640,139.60	\$ 27,826,181.11	\$ 11,032,477.09	\$ 6,764,711.61	\$ 47,083,053.00	\$ 134,346,562.41
TRANSFERS IN						
From Comptroller of Public Accounts:						
Maintenance Tax - Motor Vehicle	\$ 10,712,730.33	\$ -	\$ -	\$ -	\$ -	\$ 10,712,730.33
Maintenance Tax - Fire and Allied Lines	42,654,938.63	-	-	-	-	42,654,938.63
Maintenance Tax - Workers' Compensation	2,568,430.47	-	-	-	-	2,568,430.47
Maintenance Tax - Casualty	6,269,424.51	-	-	-	-	6,269,424.51
Maintenance Fee - Title	1,703,228.09	-	-	-	-	1,703,228.09
Maintenance Tax - Life/Accident and Health	14,563,042.43	-	-	-	-	14,563,042.43
Maintenance Tax - Third Party Administrator	506,420.72	-	-	-	-	506,420.72
Maintenance Tax - Health Maintenance Organization	2,861,788.97	-	-	-	-	2,861,788.97
Maintenance Tax - Prepaid Legal Services	770.97	-	-	-	-	770.97
Annual Statement Filing Fees	236,824.08	-	-	-	-	236,824.08
Maintenance Tax - Division of Workers' Compensation	58,235,778.18	-	-	-	-	58,235,778.18
Maintenance Tax - Workers' Compensation Research	528,980.38	-	-	-	-	528,980.38
COMPTROLLER OF PUBLIC ACCOUNTS	140,842,357.76	-	-	-	-	140,842,357.76
From Other Sources:						
From Sale of Fixed Assets	\$ -	\$ 9,000.00	\$ -	\$ -	\$ -	\$ 9,000.00
Insurance Recoveries	14,276.88	-	-	-	-	14,276.88
TOTAL REVENUES FROM TRANSFERS IN	14,276.88	9,000.00	-	-	-	23,276.88
TOTAL TRANSFERS IN	140,856,634.64	9,000.00	-	-	-	140,865,634.64
TOTAL REVENUES/TRANSFERS IN	\$ 182,496,774.24	\$ 27,835,181.11	\$ 11,032,477.09	\$ 6,764,711.61	\$ 47,083,053.00	\$ 275,212,197.05

Texas Department of Insurance (454)
Schedule 6A
Comparative Statement of Revenues

2005 - 2014

<u>FISCAL YEAR</u>	<u>TAXES COLLECTED</u>	<u>LICENSES & FEES</u>	<u>OTHER REVENUES</u>	<u>TOTAL</u>
2005	31,636,242.79	35,193,189.82	7,307,232.49	74,136,665.10
2006	105,523,190.31	44,514,896.85	106,591,952.01	256,630,039.17
2007	106,235,978.67	41,481,113.57	15,873,188.81	163,590,281.05
2008	106,577,824.24	35,423,092.34	18,763,013.27	160,763,929.85
2009	109,224,360.62	35,524,442.14	17,474,155.77	162,222,958.53
2010	132,500,456.69	38,901,850.87	21,397,528.08	192,799,835.64
2011	124,831,504.50	38,524,174.59	19,927,592.92	183,283,272.01
2012	135,532,769.11	51,733,467.23	37,917,820.02	225,184,056.36
2013	126,104,076.05	38,914,982.17	31,673,322.13	196,692,380.35
2014	141,448,953.36	91,647,826.05	42,115,417.64	275,212,197.05

Note: Revenues collected by and/or transferred to the Texas Department of Insurance and deposited to the State Treasury are included on this schedule.