Texas Department of Insurance

2026 Annual Financial Report

For the fiscal year ending August 31, 2026

TDI | Texas Department of Insurance

2026 Annual Financial Report

by the

Texas Department of Insurance

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Texas Department of Insurance
PO Box 12030 | Austin, TX 78711 | 800-578-4677 | tdi.texas.gov

October 30, 2026

Honorable Greg Abbott, Governor
Honorable Don Huffines, Texas Comptroller
Phillip Ashley, Director, Legislative Budget Board
Lisa Collier, State Auditor

We are pleased to submit the annual financial report of the Texas Department of Insurance for the year ended August 31, 2026, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

In accordance with statewide requirements associated with Governmental Accounting Standards Board (GASB) Statement No. 103, the Comptroller of Public Accounts does not require this annual financial report to adhere fully to all provisions of the statement. This report will be subject to consideration by the State Auditor as part of the audit of the State of Texas Annual Comprehensive Financial Report (ACFR). As a result, no audit opinion has been issued on the financial statements or related information included in this report.

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

If you have any questions, please contact Karen Urban at (512) 676-6172.

Sincerely,

Amanda Crawford

Amanda Crawford
Commissioner of Insurance

TEXAS DEPARTMENT OF INSURANCE
ANNUAL FINANCIAL REPORT
FISCAL YEAR 2026

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Texas Department of Insurance (454)

Exhibit I - Combined Balance Sheet/Statement of Net Position

Governmental Funds

August 31, 2026

	Governmental Funds (Exhibit A-1)	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Position
ASSETS				
Current Assets:				
Cash and Cash Equivalents (Note 3):				
Cash in Bank	$ 251,807.19	$ -	$ -	$ 251,807.19
Legislative Appropriations	5,850,643.32	-	-	5,850,643.32
Cash in State Treasury	387,574,814.34	-	-	387,574,814.34
Cash Equivalents	15,411,661.27	-	-	15,411,661.27
Receivables from:				
Federal	239,633.35	-	-	239,633.35
Interest and Dividends	531.73	-	-	531.73
Accounts Receivable	2,286,057.80	-	-	2,286,057.80
Interfund Receivable (Note 12)	183,021.78	-	-	183,021.78
Consumable Inventories	78,527.50	-	-	78,527.50
Total Current Assets	473,426,800.92	-	-	473,426,800.92
Non-Current Assets:				
Capital Assets (Note 2):				
Depreciable:				
Furniture and Equipment	-	4,998,187.59	-	4,998,187.59
Less Accumulated Depreciation	-	(4,821,713.44)	-	(4,821,713.44)
Vehicle, Boats, and Aircraft	-	2,701,420.80	-	2,701,420.80
Less Accumulated Depreciation	-	(1,239,961.44)	-	(1,239,961.44)
Other Capital Assets	-	520,252.64	-	520,252.64
Less Accumulated Depreciation	-	(181,852.29)	-	(181,852.29)
Computer Software-Intangible	-	19,889,385.70	-	19,889,385.70
Less Accumulated Amortization	-	(19,814,830.29)	-	(19,814,830.29)
Right to Use Asset - Building	-	13,982,720.82	-	13,982,720.82
Less Accumulated Amortization	-	(7,773,328.14)	-	(7,773,328.14)
Right to Use Asset-Subscription Assets	-	-	-	-
Less Accumulated Amortization	-	-	-	-
Total Non-Current Assets	-	8,260,281.95	-	8,260,281.95
Total Assets	$ 473,426,800.92	$ 8,260,281.95	$ -	$ 481,687,082.87

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

Texas Department of Insurance (454)

Exhibit I - Combined Balance Sheet/Statement of Net Position

Governmental Funds

August 31, 2026

	Governmental Funds (Exhibit A-1)	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Position
LIABILITIES				
Current Liabilities:				
Payables from:				
Accounts	$ 1,073,277.06	$ -	$ -	$ 1,073,277.06
Payroll	11,038,050.83	-	-	11,038,050.83
Interest	-	-	(4,998.56)	(4,998.56)
Interfund Payable (Note 12)	183,021.78	-	-	183,021.78
Due to Other Agencies	3,831,945.91	-	-	3,831,945.91
Deferred Revenues	97,397.21	-	-	97,397.21
Claims and Judgments (Note 5)	-	-	534,202.13	534,202.13
Employees' Compensable Leave (Note 5)	-	-	7,288,421.46	7,288,421.46
Right to Use Lease Obligations (Note 5, 8)	-	-	1,492,378.74	1,492,378.74
Right to Use Subscription Obligations (Note 5, 8)	-	-	-	-
Total Current Liabilities	16,223,692.79	-	9,310,003.77	25,533,696.56
Non-Current Liabilities:				
Claims and Judgments (Note 5)	-	-	9,917,797.75	9,917,797.75
Employees' Compensable Leave (Note 5)	-	-	5,855,497.13	5,855,497.13
Right to Use Lease Obligation (Note 5, 8)	-	-	4,925,372.47	4,925,372.47
Right to Use Lease Obligation (Note 5, 8)	-	-	-	-
Total Non-Current Liabilities	-	-	20,698,667.35	20,698,667.35
Total Liabilities	$ 16,223,692.79	$ -	$ 30,008,671.12	$ 46,232,363.91
FUND FINANCIAL STATEMENT				
Fund Balances (Deficits):				
Nonspendable - Inventory	78,527.50	-	-	78,527.50
Committed	389,951,485.93	-	-	389,951,485.93
Unassigned	67,173,094.70	-	-	67,173,094.70
Total Fund Balances	457,203,108.13	-	-	457,203,108.13
Total Liabilities and Fund Balances	$ 473,426,800.92	$ -		
GOVERNMENT-WIDE STATEMENT OF NET POSITION				
Net Position:				
Invested in Capital Assets, Net of Related Debt		8,260,281.95	-	8,260,281.95
Unrestricted		-	(30,008,671.12)	(30,008,671.12)
Total Net Position		$ 8,260,281.95	$ (30,008,671.12)	$ 435,454,718.96

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

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, 2026

	General Funds (Exhibit A-2)	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
REVENUES				
Legislative Appropriations:				
Original Appropriations	$ 273,056.00	$ -	$ -	$ 273,056.00
Additional Appropriations	234,139.00	-	-	234,139.00
Taxes	819,027.77	-	-	819,027.77
Federal Revenue (Sch 1A)	3,369,700.52	-	-	3,369,700.52
Federal Grant Pass-Through Revenue (Sch 1A)	-	-	-	-
Licenses, Fees and Permits	71,658,331.44	-	-	71,658,331.44
Settlement of Claims	-	-	-	-
Sales of Goods and Services	76,000.00	-	-	76,000.00
Interest and Other Investment Income	1,359,347.43	-	-	1,359,347.43
Other	33,909,442.40	-	-	33,909,442.40
Total Revenues	111,699,044.56	-	-	111,699,044.56
EXPENDITURES				
Salaries and Wages	101,080,073.67	-	2,091,840.82	103,171,914.49
Payroll Related Costs	41,366,657.10	-	-	41,366,657.10
Professional Fees and Services	16,234,497.58	-	-	16,234,497.58
Travel	1,518,841.48	-	-	1,518,841.48
Materials and Supplies	3,130,467.92	-	-	3,130,467.92
Communication and Utilities	2,003,344.56	-	-	2,003,344.56
Repairs and Maintenance	622,839.71	-	-	622,839.71
Rentals and Leases	1,009,132.28	-	-	1,009,132.28
Printing and Reproduction	3,646.32	-	-	3,646.32
Claims and Judgments (Notes 5 & 17)	9,234,071.22	-	(281,278.53)	8,952,792.69
Intergovernmental Payments	2,177,823.27	-	-	2,177,823.27
Other Financing Fees	-	-	-	-
Other Expenditures	2,803,381.89	-	(2,084.37)	2,801,297.52
Debt Service - Principal - Leases	1,949,862.99	-	(1,949,862.99)	-
Capital Outlay	843,044.40	(843,044.40)	-	-
Depreciation and Amortization Expense	-	2,536,365.91	-	2,536,365.91
Total Expenditures	183,977,684.39	1,693,321.51	(141,385.07)	185,529,620.83
Excess (Deficiency) of Revenues Over Expenditures	$ (72,278,639.83)	$ (1,693,321.51)	$ 141,385.07	$ (73,830,576.27)

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

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, 2026

	General Funds (Exhibit A-2)	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
OTHER FINANCING SOURCES (USES)				
Transfers In	$ 250,557,483.04	$ -	$ -	$ 250,557,483.04
Transfers Out	(168,432,072.67)	(3,376.08)	-	(168,435,448.75)
Sale of Capital Assets	28,133.92	(28,133.92)	-	-
Gain (Loss) on Sale of Capital Assets	-	62,984.80	-	62,984.80
Increase in Obligation - Leases/SBITA	-	-	-	-
Legislative Transfers In (Note 12)	658,189.03	-		658,189.03
Appropriations Lapsed	(8,837.00)	-	-	(8,837.00)
Total Other Financing Sources (Uses)	82,802,896.32	31,474.80	-	82,834,371.12
Net Change in Fund Balances/Net Assets	10,524,256.49	(1,661,846.71)	141,385.07	9,003,794.85
FUND FINANCIAL STATEMENT - FUND BALANCES				
Fund Balances, September 1, 2025	444,928,845.12			444,928,845.12
Restatements (Note 14)	1,750,006.52			1,750,006.52
Fund Balances, September 1, 2025, as Restated	446,678,851.64			446,678,851.64
Fund Balances, August 31, 2026	$ 457,203,108.13			$ 455,682,646.49
GOVERNMENT-WIDE STATEMENT OF NET POSITION				
Net Position/Change in Net Position	$ 457,203,108.13	$ (1,661,846.71)	$ 141,385.07	$ 455,682,646.49
Net Position, September 1, 2025		9,922,128.66	(30,150,056.19)	(20,227,927.53)
Restatements (Note 14)		-	-	-
Net Position, September 1, 2025, as Restated		9,922,128.66	(30,150,056.19)	(20,227,927.53)
Net Position, August 31, 2026	$ 457,203,108.13	$ 8,260,281.95	$ (30,008,671.12)	$ 435,454,718.96

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

Texas Department of Insurance (454)

Exhibit VI - Combined Statement of Fiduciary Net Position

August 31, 2026

	Private-Purpose Catastrophe Reserve Trust Fund (3204)	Custodial Fund (3625)	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 3):			
Cash in Bank	$ -	$ 2,865,689.13	$ 2,865,689.13
Cash in State Treasury	-	12,790,408.55	12,790,408.55
Cash Equivalents	57,957,330.19	620,031,327.62	677,988,657.81
Interest and Dividends Receivable	5,864.24	11,352.86	17,217.10
Accounts Receivable	-	-	-
Securities Held in Trust	-	1,009,013,928.31	1,009,013,928.31
Securities Held in Trust	-	-	-
Total Current Assets:	57,963,194.43	1,644,712,706.47	1,702,675,900.90
Noncurrent Assets:			
Investments (Note 3)	-	24.00	24.00
Total Noncurrent Assets:	-	24.00	24.00
Total Assets	57,963,194.43	1,644,712,730.47	1,702,675,924.90
LIABILITIES			
Current Liabilities:			
Accounts Payable	-	-	-
Interfund Payable (Note 12)	-	-	-
Due to Other Agencies	-	-	-
Funds Held for Others	-	-	-
Other Liabilities	-	4,624,241.81	4,624,241.81
Total Current Liabilities:	-	4,624,241.81	4,624,241.81
Noncurrent Liabilities:			
Other Noncurrent Liabilites	-	65,836,214.49	65,836,214.49
Total Noncurrent Liabilities:	-	65,836,214.49	65,836,214.49
Total Liabilities	-	70,460,456.30	70,460,456.30
NET POSITION			
Held in trust for:			
Individuals, Organizations, and Other Governments	57,963,194.43	1,574,252,274.17	1,632,215,468.60
Total Net Position	$ 57,963,194.43	$ 1,574,252,274.17	$ 1,632,215,468.60

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

Texas Department of Insurance (454)

Exhibit VII - Combined Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended August 31, 2026

	Private-Purpose Catastrophe Reserve Trust Fund (3204)	Custodial Fund (3625)	Total
ADDITIONS			
Investment Income:			
From Investing Activities:			
Interest and Investment Income	$ 919,404.71	$ 46,341,107.43	$ 47,260,512.14
Total Investing Income	919,404.71	46,341,107.43	47,260,512.14
Less Investing Activities Expense	-	-	-
Net Income from Investing Activities	919,404.71	46,341,107.43	47,260,512.14
Total Net Investment Income	919,404.71	46,341,107.43	47,260,512.14
Other Additions:			
Other Revenue	45,341,341.00	119,311,494.90	164,652,835.90
Transfers In	-	-	-
Gain/Loss on Other Financial Activity	-	(6,828,912.00)	(6,828,912.00)
Total Other Additions	45,341,341.00	112,482,582.90	157,823,923.90
Total Additions	46,260,745.71	158,823,690.33	205,084,436.04
DEDUCTIONS			
Disaster Relief Payments	-	-	-
Travel	-	-	-
Professional Fees & Services	-	7,823,143.87	7,823,143.87
Communications and Utilities	-	-	-
Rentals and Leases	-	-	-
Claims and Judgments (Note 17)	-	23,315,170.74	23,315,170.74
Interest Expense	-	-	-
Other Expense	4,827.55	42,823,089.19	42,827,916.74
Transfers Out	-	-	-
Total Deductions	4,827.55	73,961,403.80	73,966,231.35
NET INCREASE (DECREASE) IN NET POSITION	46,255,918.16	84,862,286.53	131,118,204.69
NET POSITION			
Net Position, September 1, 2025	11,707,276.27	1,489,394,987.64	1,501,102,263.91
Restatements (Note 14)	-	(5,000.00)	(5,000.00)
Net Position, September 1, 2025, as Restated	11,707,276.27	1,489,389,987.64	1,501,097,263.91
Net Position, August 31, 2026	$ 57,963,194.43	$ 1,574,252,274.17	$ 1,632,215,468.60

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

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

August 31, 2026

	Total Component Units (Exhibit K-1)
ASSETS	
Current Assets:	
Cash and Cash Equivalents (Note 3):	
Cash in Bank	$ 128,722,147.00
Cash Equivalents	828,166,199.00
Short-Term Investments (Note 3)	23,036,480.00
Restricted:	
Cash and Cash Equivalents:	
Cash Equivalents	-
Receivables from:	
Interest and Dividends	552,301.00
Accounts Receivable	27,701,802.00
Taxes	-
Other	-
Prepaid Items	8,905,630.00
Other Current Assets	87,561,417.00
Total Current Assets	1,104,645,976.00
Non-Current Assets:	
Investments (Note 3)	13,690,003.00
Capital Assets (Note 2):	
Furniture and Equipment - Depreciable	27,319,786.00
Less Accumulated Depreciation	(23,243,655.00)
Nondepreciable Assets (CIP)	-
Other Assets - Depreciable	2,188,798.00
Less Accumulated Depreciation - Other	(604,279.00)
Computer Software - Intangible	11,119,428.00
Less Accumulated Amortization - Intangible	(10,011,494.00)
Right To Use Asset - Buildings	9,564,681.09
Less Accumulated Amortization	(2,669,202.77)
Other Noncurrent Assets	483,225.65
Receivables	-
Total Noncurrent Assets	27,837,290.97
Total Assets	1,132,483,266.97
LIABILITIES	
Current Liabilities:	
Payables from:	
Accounts	199,848,351.00
Payroll	-
Interest	296,483,717.21
Other Liabilities	-
Employees' Compensable Leave	309,843.00
Deferred Revenues	520,647,553.00
Right to Use Lease Obligations	782,584.86
Direct Placements - Notes and Loans	-
Total Current Liabilities	1,018,072,049.07
Noncurrent Liabilities:	
Notes, Loans, and Contracts Payable	-
Other Liabilities	(13,352.76)
Total Noncurrent Liabilities	6,779,513.93
Total Liabilities	1,024,851,563.00
NET POSITION	
Invested in Capital Assets, Net of Related Debt	13,315,370.00
Restricted	-
Unrestricted	94,316,333.97
Total Net Position	$ 107,631,703.97

Note: These Component Units have a fiscal year end of December 31, 2025. Financial information is as of that date.

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

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

For the Fiscal Year Ended August 31, 2026

	Total Component Units (Exhibit K-2)
EXPENSES	
Salaries and Wages	$ 28,634,002.00
Payroll Related Costs	15,617,381.00
Professional Fees and Services	361,584.00
Travel	48,239.00
Materials and Supplies	42,536.00
Communication and Utilities	6,621.94
Repairs and Maintenance	7,211.00
Rentals and Leases	(519,040.06)
Printing and Reproduction	-
Depreciation	5,887,799.88
Amortization	-
Other Expenses	479,050,894.24
Total Expenses	529,137,229.00
PROGRAM REVENUES	
Interest and Investment Income	544,685,493.00
Total Program Revenues	544,685,493.00
Net Program Revenues	15,548,264.00
GENERAL REVENUES	
Interest and Investment Income	30,155,143.00
Net Increase (Decrease) Fair Value	318,786.00
Claims and Judgments Expense (Note 17)	-
Interest Expenses and Fiscal Charges	(296,048.58)
Other Nonoperating Revenues (Expenses)	481,770,477.58
Total General Revenues	511,948,358.00
Change in Net Position	527,496,622.00
Net Position, September 1, 2025	(419,864,918.03)
Restatements (Note 14)	-
Net Position, September 1, 2025, as Restated	(419,864,918.03)
Net Position, August 31, 2026	$ 107,631,703.97

Note: These Component Units have a fiscal year end of December 31, 2025. Financial information is as of that date.

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

TEXAS DEPARTMENT OF INSURANCE (454)

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

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

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

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

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

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

TEXAS DEPARTMENT OF INSURANCE (454)

FUND STRUCTURE

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

GOVERNMENTAL FUND TYPES AND GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

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

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

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

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

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

FIDUCIARY FUND TYPES

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

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

Private-Purpose Trust Funds
Private-Purpose Trust Funds are used to account for all other trust arrangements whose principal and interest benefit individuals, private organizations, or other governments.

TEXAS DEPARTMENT OF INSURANCE (454)

COMPONENT UNITS

The fund types of the individual discrete component units are available from the component units' separately issued financial statements. These component units have a fiscal year end of December 31, 2025. Financial information is as of that date.

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

Additional information about component units can be found in Note 19.

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 to liquidate liabilities existing at fiscal year-end.

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

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

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

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

TEXAS DEPARTMENT OF INSURANCE (454)

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 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 that meet the reporting threshold and useful life are capitalized. The capitalization threshold and the estimated useful life vary depending on the asset type. 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. Inexhaustible assets (such as works of art and historical treasures) are not depreciated. Other depreciable assets are depreciated over the estimated useful life of the asset using the straight-line method.

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

For leased assets, the agency capitalizes in accordance with GASB Statement No. 87, *Leases*, for all lease agreements with a net present value of future lease payment per unit exceeding $100,000. In accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, the agency capitalizes all SBITA agreements with a net present value of future subscription payments per contract exceeding $500,000.

TEXAS DEPARTMENT OF INSURANCE (454)

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

Other Assets – Current and Noncurrent
Other assets include assets that are not appropriately classified under other asset accounts. The following component units reported other current and noncurrent assets representing more than 5% of their total assets.

SLTX (fund 3159) reported $9,569.00 in other current assets, and ($26,262.22) in other noncurrent assets for FY 2026.

TWIA (fund 4154) reported $73,689,306.00 in other current assets, and $509,487.90 in other noncurrent assets.

FAIR Plan (fund 4163) reported $13,862,542.00 in other current assets, and $0 in other noncurrent assets.

LIABILITIES

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

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

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

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

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

TEXAS DEPARTMENT OF INSURANCE (454)

Subscription-Based Information Technology Arrangement (SBITA) Liabilities
A subscription liability is measured at the present value of payments, based on a contract, to be made during the subscription term. The state, as a subscriber, reduces the subscription liability as payments are made and recognizes an outflow of resources for interest on the liability. The subscription liability is split into current and noncurrent portions.

FUND BALANCE/NET POSITION

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

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

- Nonspendable fund balances include amounts not available to be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. The nonspendable fund balance for this purpose represents the amount of supplies, postage and prepaid assets held to be used in the next fiscal year.

- Restricted fund balances includes those resources that have constraints placed on their use through external parties or by law through constitutional provisions.

- Committed fund balances 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 balances 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 balances 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.

Net Investment in Capital Assets
Net investment in capital assets consists of capital assets, net of accumulated depreciation and is 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.

TEXAS DEPARTMENT OF INSURANCE (454)

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

INTERFUND ACTIVITIES AND BALANCES

The agency has the following types of transactions among funds:

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

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

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

TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 2: CAPITAL ASSETS

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

PRIMARY GOVERNMENT

A summary of changes in Capital Assets for the year ended August 31, 2026, is presented below:

Asset Type	Balance 9/1/2025	Adjustments	Increase Interagency Transfers	Decrease Interagency Transfers	Additions	Deletions	Balance 8/31/2026
Governmental Activities							
Depreciable Assets							
Furniture and Equipment	$ 5,750,453.54	-	-	(261,840.37)	54,370.50	(544,796.08)	$ 4,998,187.59
Vehicles, Boats, and Aircraft	1,976,614.59	-	79,380.00	-	788,673.90	(143,247.69)	2,701,420.80
Other Capital Assets	520,252.64	-	-	-	-	-	520,252.64
Total Depreciable Assets at Historical Costs	**8,247,320.77**	**-**	**79,380.00**	**(261,840.37)**	**843,044.40**	**(688,043.77)**	**8,219,861.03**
Accumulated Depreciation							
Furniture and Equipment	(5,544,815.88)	-	-	261,840.37	(76,937.40)	538,199.47	(4,821,713.44)
Vehicles, Boats, and Aircraft	(1,103,916.25)	-	(41,308.59)	-	(237,984.29)	143,247.69	(1,239,961.44)
Other Capital Assets	(156,747.65)	-	-	-	(25,104.64)	-	(181,852.29)
Total Accumulated Depreciation	**(6,805,479.78)**	**-**	**(41,308.59)**	**261,840.37**	**(340,026.33)**	**681,447.16**	**(6,243,527.17)**
Amortizable Assets - Intangible							
BC Computer Software	20,709,204.97	-	-	-	-	(819,819.27)	19,889,385.70
Total Amortizable Assets - Intangible	**20,709,204.97**	**-**	**-**	**-**	**-**	**(819,819.27)**	**19,889,385.70**
Accumulated Amortization							
BC A/A Computer Software	(20,360,261.53)	-	-	-	(274,388.03)	819,819.27	(19,814,830.29)
Total Accumulated Amortization	**(20,360,261.53)**	**-**	**-**	**-**	**(274,388.03)**	**819,819.27**	**(19,814,830.29)**
Total Governmental Activities, Net	**$ 1,790,784.43**	**-**	**38,071.41**	**-**	**228,630.04**	**(6,596.61)**	**$ 2,050,889.27**

Leased assets and subscriptions are presented separately in Note 2, in accordance with the implementation of GASB No. 87 and GASB No. 96, for the year ended August 31, 2026.

Asset Type	Balance 9/1/2025	Adjustments	Increase Interagency Transfers	Decrease Interagency Transfers	Additions	Deletions	Balance 8/31/2026
Governmental Activities							
Amortizable Assets - RTU							
Building and Building Improvements	$ 13,982,720.82	-	-	-	-	-	$ 13,982,720.82
Subscription Assets	1,276,618.55	-	-	-	-	(1,276,618.55)	-
Total Amortizable Assets - RTU	**15,259,339.37**	**-**	**-**	**-**	**-**	**(1,276,618.55)**	**13,982,720.82**
Accumulated Amortization - RTU							
Building and Building Improvements	(6,170,531.22)	-	-	-	(1,602,796.92)	-	(7,773,328.14)
Subscription Assets	(957,463.92)	-	-	-	(319,154.63)	1,276,618.55	-
Total Accumulated Amortization-RTU	**(7,127,995.14)**	**-**	**-**	**-**	**(1,921,951.55)**	**1,276,618.55**	**(7,773,328.14)**
Total Governmental Activities, Net	**$ 8,131,344.23**	**-**	**-**	**-**	**(1,921,951.55)**	**-**	**$ 6,209,392.68**

TEXAS DEPARTMENT OF INSURANCE (454)

DISCRETELY PRESENTED COMPONENT UNITS

A summary of changes in Capital Assets for the year ended December 31, 2025, is presented below:

Asset Type	Balance 1/1/2025	Completed CIP	Increase Interagency Transfers	Decrease Interagency Transfers	Additions	Deletions	Balance 12/31/2025
Component Unit Activities							
Depreciable Assets							
Furniture and Equipment	$ 27,309,304.00	-	-	-	10,482.00	-$	$ 27,319,786.00
Other Capital Assets	2,186,821.00	-	-	-	1,977.00	-	2,188,798.00
Total Depreciable Assets at Historical Costs	**29,496,125.00**	**-**	**-**	**-**	**12,459.00**	**-**	**29,508,584.00**
Accumulated Depreciation							
Furniture and Equipment	(20,130,003.00)	-	-	-	(3,113,652.00)	-	(23,243,655.00)
Other Capital Assets	(394,638.00)	-	-	-	(209,641.00)	-	(604,279.00)
Total Accumulated Depreciation	**(20,524,641.00)**	**-**	**-**	**-**	**(3,323,293.00)**	**-**	**(23,847,934.00)**
Amortizable Assets - Intangible							
Computer Software	11,119,428.00	-	-	-	-	-	11,119,428.00
Total Amortizable Assets-Intangible	**11,119,428.00**	**-**	**-**	**-**	**-**	**-**	**11,119,428.00**
Accumulated Amortization							
A/A Computer Software	(8,278,943.00)	-	-	-	(1,732,551.00)	-	(10,011,494.00)
Total Accumulated Amortization	**(8,278,943.00)**	**-**	**-**	**-**	**(1,732,551.00)**	**-**	**(10,011,494.00)**
Total Component Unit Activities, Net	**$ 11,811,969.00**	**-**	**-**	**-**	**(5,043,385.00)**	**-**	**$ 6,768,584.00**

Leased assets and subscriptions are presented separately in Note 2, in accordance with the implementation of GASB No. 87 and GASB No. 96, for the year ended December 31, 2025.

Asset Type	Balance 1/1/2025	Completed CIP	Increase Interagency Transfers	Decrease Interagency Transfers	Additions	Deletions	Balance 12/31/2025
Component Unit Activities							
Amortizable Assets - RTU							
Building and Building Improvements	$ 9,564,681.09	-	-	-	-	-$	$ 9,564,681.09
Total Amortizable Assets - RTU	**9,564,681.09**	**-**	**-**	**-**	**-**	**-**	**9,564,681.09**
Accumulated Amortization - RTU							
Building and Building Improvements	(1,759,908.92)	-	-	-	(909,293.85)	-	(2,669,202.77)
Total Accumulated Amortization - RTU	**(1,759,908.92)**	**-**	**-**	**-**	**(909,293.85)**	**-**	**(2,669,202.77)**
Total Component Unit Activities, Net	**$ 7,804,772.17**	**-**	**-**	**-**	**(909,293.85)**	**-**	**$ 6,895,478.32**

Note: Component units have a fiscal year end of December 31, 2025. Financial information is as of that date.

TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 3: DEPOSITS, INVESTMENTS, AND REPURCHASE AGREEMENTS

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

DEPOSITS OF CASH IN BANK

The carrying amount of deposits presented below were as of August 31, 2026.

Governmental and Business-Type Activities		
Cash in Bank - Carrying Value	$	250,250.00
Addition: Pending withdrawal		1,700.00
Less: Interest Paid		(142.81)
Governmental Funds Current Assets Cash in Bank	$	251,807.19
Cash in Bank per AFR	**$**	**251,807.19**
Fiduciary Funds		
Cash in Bank - Carrying Value	$	2,865,689.13
Fiduciary Funds Current Assets Cash in Bank	$	2,865,689.13
Cash in Bank per AFR	**$**	**2,865,689.13**

The carrying amount of deposits presented below were as of December 31, 2025.

Discrete Component Units		
Cash in Bank - Carrying Value	$	128,722,147.00
Discrete Component Unit Current Assets Cash in Bank	$	128,722,147.00
Cash in Bank per AFR	**$**	**128,722,147.00**

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, 2026, the total bank balances were as follows:

Governmental and Business-Type Activities	$250,250.00	Fiduciary Funds	$2,865,689.13	Discrete Component Units	$128,722,147.00

Note: Component units have a fiscal year end of December 31, 2025. Financial information is as of that date.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, TDI and the discrete component units will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, TDI and the discrete component units will not be able to recover the value of the investment or collateral securities that are in the possession of the outside party.

TEXAS DEPARTMENT OF INSURANCE (454)

TDI does not have a policy for custodial credit risk but maintains cash balances in a major financial institution and monitors account balances for amounts over $250,000 of the Federal Deposit Insurance Corporation (FDIC) limit. The Stamping Office depository accounts are covered by the FDIC up to $250,000 and they do not have collateralized securities in excess of the FDIC limits; therefore, they are not exposed to custodial credit risk. TWIA deposits exceed the insured limit. FAIR deposits exceed the insured limit. The bank balances that were exposed to custodial credit risks are as follows:

Fund Type	GAAP Fund	Uninsured and uncollateralized	Uninsured and collateralized with securities held by the pledging financial institution	Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the state's name
15	4154	$735,548,640.00	-	-

INVESTMENTS

The carrying value and fair value of investments presented below were as of August 31, 2026:

Governmental and Business-Type Activities		**Fair Value**
Repurchase Agreements - Texas Treasury Safekeeping Trust Co. ❶		$ 15,411,661.27
	Total	**$ 15,411,611.27**
Fiduciary Funds		
U.S. Government:		
Repurchase Agreements - Texas Treasury Safekeeping Trust Co.❶		$ 677,877,536.91
Corporate Obligations		24.00
Miscellaneous		111,120.90
	Total	**$ 677,988,681.81**

The carrying value and fair value of investments presented below were as of December 31, 2025.

Discrete Component Units		
U.S. Government:		
U.S. Treasury Securities		$ 629,095,203.00
Corporate Obligations		1,366,568.00
Miscellaneous		234,430,911.00
	Total	**$ 864,892,682.00**

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 counterparty to an investment will not fulfill its obligations. Credit ratings assigned by nationally recognized rating agencies provide an indication of the level of credit risk associated with an investment. At year end, TDI had investments in U.S. Treasury Securities Money Market Mutual Fund that are backed by the U.S. government. SLTX investment policy allows negotiable certificates of deposits. TWIA held investments backed by the U.S. Treasury Money Market Funds program and other investments backed by the U.S. government. FAIR Plan held investments backed by the U.S Treasury Money Market Funds program and other investments backed by the U.S. government.

TEXAS DEPARTMENT OF INSURANCE (454)

As of August 31, 2026, credit quality distribution for securities with credit risk exposure was as follows:

Fund Type	GAAP Fund	Investment Type	AAA	AA	A	BBB
1	1006	Repurchase Agreement - Texas Treasury Safekeeping Trust Co.	$ 5,269,664.15			
1	9999	Repurchase Agreement - Texas Treasury Safekeeping Trust Co.	10,141,997.12			
15	3159	Certificates of Deposit				
15	3159	Corporate Obligations				1,366,568.00
15	3159	Money Market Mutual Funds				
15	3159	U.S. Treasury Securities				
15	4154	U.S. Treasury Securities	497,612,703.00			
15	4154	Money Market Mutual Funds	152,394,144.00			
15	4163	U.S. Treasury Securities	126,945,763.00			
15	4163	Money Market Mutual Funds	51,213,589.00			
20	3204	Repurchase Agreement - Texas Treasury Safekeeping Trust Co.	57,957,330.19			
22	3625	Corporate Obligations				
22	3625	Miscellaneous Interest-Bearing Cash				
22	3625	Repurchase Agreement - Texas Treasury Safekeeping Trust Co.	619,920,206.72			
		TOTAL	**$1,521,455,397.18**	**$ -**	**$ -**	**$1,366,568.00**

Note: Component units (fund type 15) have a fiscal year end of December 31, 2025. Financial information is as of that date.

TEXAS DEPARTMENT OF INSURANCE (454)

BB	B	CCC	CC	C	NR	TOTAL
						5,269,664.15
						10,141,997.12
					20,181,782.00	**20,181,782.00**
						1,366,568.00
					10,641,396.00	**10,641,396.00**
					4,536,737.00	**4,536,737.00**
						497,612,703.00
						152,394,144.00
						126,945,763.00
						51,213,589.00
						57,957,330.19
					24.00	**24.00**
					111,120.90	**111,120.90**
						619,920,206.72
$ -	**$ -**	**$ -**	**$ -**	**$ -**	**$ 35,471,059.90**	**$ 1,558,293,025.08**

TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 4: SHORT-TERM DEBT

Not Applicable

NOTE 5: LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

PRIMARY GOVERNMENT

For the year ended August 31, 2026, the following changes occurred in liabilities:

Governmental Activities	Balance 9/1/2025	Additions	Reductions	Balance 8/31/2026	Amounts Due within One Year	Amounts Due Thereafter
Claims and Judgments	$ 10,733,278.41	84,815.92	(366,094.45)	10,451,999.88	534,202.13	$ 9,917,797.75
Right to Use Lease Obligations	8,029,126.52	-	(1,611,375.31)	6,417,751.21	1,492,378.74	4,925,372.47
Right to Use Subscription Obligations	338,487.68	-	(338,487.68)	-	-	-
Compensable Leave	11,052,077.77	11,050,656.52	(8,958,815.70)	13,143,918.59	7,288,421.46	5,855,497.13
Total Governmental Activities	**$ 30,152,970.38**	**11,135,472.44**	**(11,274,773.14)**	**30,013,669.68**	**9,315,002.33**	**$ 20,698,667.35**

DISCRETELY PRESENTED COMPONENT UNITS

For the year ended December 31, 2025, the following changes occurred in liabilities:

Proprietary Activities	Balance 1/1/2025	Additions	Reductions	Balance 12/31/2025	Amounts Due within One Year	Amounts Due Thereafter
Compensable Leave	$ 109,840.06	200,002.94	-	309,843.00	309,843.00	$ -
Right to Use Lease Obligations	8,301,486.37	-	(726,034.82)	7,575,451.55	782,584.86	6,792,866.69
Total Governmental Activities	**$ 8,411,326.43**	**200,002.94**	**(726,034.82)**	**7,885,294.55**	**1,092,427.86**	**$ 6,792,866.69**

Note: Component units have a fiscal year end of December 31, 2025. Financial information is as of that date.

Claims and Judgments

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

Employees' Compensable Leave

Agencies commonly provide benefits to employees in the form of compensated absences. If a state employee has continuous employment with the state for at least six months, the state employee is entitled to be paid for all unused vacation time in the event of the employee's resignation, dismissal, or separation from state employment.

TEXAS DEPARTMENT OF INSURANCE (454)

Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the statement of net position. Both an expense and a liability for business-type activities are recorded in the proprietary funds as the benefits accrue to employees.

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

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

NOTE 6: BONDED INDEBTEDNESS

Not Applicable

NOTE 7: DERIVATIVE INSTRUMENTS

Not Applicable

TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 8: LEASES/SBITAs

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

Fund Type	Amount
01 (General Fund - Leases)	$ 1,681,225.92
01 (General Fund - Subscriptions)	$ 348,401.35
15 (Component Units - Leases)	$ 1,019,851.73

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

PRIMARY GOVERNMENT – LEASES

Year	Principal	Interest	Total
2027	$ 1,492,378.74	51,748.75	$ 1,544,127.49
2028	1,280,071.89	37,429.86	1,317,501.75
2029	1,148,719.33	24,463.04	1,173,182.37
2030	840,292.54	15,019.68	855,312.22
2031	589,961.35	9,248.29	599,209.64
2032 – 2036	1,066,327.36	955.30	1,067,282.66
2037 – 2041	-	-	-
2042 – 2046	-	-	-
2047 – 2051	-	-	-
Total Minimum Future Lease Rental Payments	**$ 6,417,751.21**	**138,864.92**	**$ 6,556,616.13**

PRIMARY GOVERNMENT – SUBSCRIPTION LIABILITY

There are no future minimum subscription payments under the current subscription-based IT arrangement.

DISCRETELY PRESENTED COMPONENT UNITS – LEASES

Year	Principal	Interest	Total
2027	$ 782,584.86	265,349.28	$ 1,047,934.14
2028	842,040.17	234,695.12	1,076,735.29
2029	904,222.59	202,351.28	1,106,573.87
2030	970,756.26	166,372.41	1,137,128.67
2031	1,039,974.39	128,439.11	1,168,413.50
2032 – 2036	3,035,873.28	137,043.72	3,172,917.00
Total Minimum Future Lease Rental Payments	**$ 7,575,451.55**	**1,134,250.92**	**$ 8,709,702.47**

TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 9: DEFINED BENEFIT PENSION PLANS AND DEFINED CONTRIBUTION PLAN

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

NOTE 10: DEFERRED COMPENSATION

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

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

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Not Applicable

NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS

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

Current interfund receivable and payable balances as of August 31, 2026, are as follows:

	Current Interfund Receivable	Current Interfund Payable
GENERAL REVENUE		
Appropriated Fund 0001		
(D23 Fund 0005)	$ -	$ 55,069.35
(D23 Fund 0008)	-	630.00
Total Appropriated Fund 0001	-	55,699.35
Appropriated Fund 0036		
(D23 Fund 0011)	$ 68,035.13	$ 7,328.64
(D23 Fund 0012)	3,716.12	29,753.92
(D23 Fund 0014)		7,607.47
(D23 Fund 0024)	76,528.00	76,528.00
(D23 Fund 0034)	576.21	4,755.60
(D23 Fund 0036)	33,393.73	576.21
Total Appropriated Fund 0036	182,249.19	126,549.84
Appropriated Fund 5101		
(D23 Fund 0511)	$ 772.59	$ 772.59
Total Appropriated Fund 5101	772.59	772.59
Total Interfund Receivable/Payable	**$ 183,021.78**	**$ 183,021.78**

TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 13: CONTINUANCE SUBJECT TO REVIEW

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

Under SB 1659, 88th Legislature, Regular Session, Article 1, Sec. 1.13, Subsection (b), Section 31.004 of the Insurance Code was amended to read as follows: "Unless continued as provided by Chapter 325, Government Code, the duties of the Division of Workers' Compensation of the Texas Department of Insurance under Title 5, Labor Code, expire September 1, 2029, or another date designated by the legislature."

NOTE 14: ADJUSTMENTS TO BEGINNING NET POSITION, FUND BALANCES, OR FUND NET POSITION

During fiscal year 2026, certain adjustments were made that required the restatement of the beginning net position, as follows:

	As Previously Reported August 31, 2025	Error Correction	As Restated August 31, 2025
Government-Wide			
General Revenue Fund (0001)	$ 5,562,237.86	$ -	$ 5,562,237.86
Local General Fund (9999)	62,493,605.75	1,925,000.00	64,418,605.75
TDI Operating Account (0036)	198,027,706.88	(174,993.48)	197,852,713.40
Subsequent Injury Fund (5101)	119,642,589.27	-	119,642,589.27
Fire Prevention & Public Safety Fund (5138)	49,153.41	-	49,153.41
TexasSure (0161)	218,439.46	-	218,439.46
Premium Stabilization Fund (0329)	47,915,426.07	-	47,915,426.07
Local TDI Operating Fund (1006)	11,019,686.42	-	11,019,686.42
Total Net Position	**$ 444,928,845.12**	**$ 1,750,006.52**	**446,678,851.64**
Fiduciary Funds			
Custodial Funds (3625)	$ 1,489,394,987.64	$ (5,000.00)	$ 1,489,389,987.64
Catastrophe Reserve Trust Fund (3204)	11,707,276.27	-	11,707,276.27
Total Net Position	**$ 1,501,102,263.91**	**$ (5,000.00)**	**$ 1,501,097,263.91**

NOTE 15: CONTINGENCIES AND COMMITMENTS

Unpaid Claims and Lawsuits

As of August 31, 2026, plaintiff Healthy Vision won a constitutional challenge to H.B. 1696, 88th Legislature, (codified in Texas Insurance Code Chapter 1451) and is seeking an award of attorney fees. Some award is probable, but the amount of any potential loss cannot presently be determined. Any liability would be recognized in the governmental fund when due and payable.

NOTE 16: SUBSEQUENT EVENTS

Not Applicable

TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 17: RISK MANAGEMENT

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

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

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

PRIMARY GOVERNMENT

Changes in the balances of the governmental claims liabilities during the fiscal year 2026 were as follows:

Fund	Beginning Balance	Increases	Decreases	Ending Balance
9997	$ 10,733,278.41	84,815.92	(366,094.45)	$ 10,451,999.88
5101	-	9,145,773.40	(9,145,773.40)	-
Total	$ **10,733,278.41**	**9,230,589.32**	**(9,511,867.85)**	$ **10,451,999.88**

FIDUCIARY FUNDS

Balances of the fiduciary funds claims liabilities during the fiscal years 2025 and 2026 were as follows:

FY	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
2025	$ -	163,565,196.05	(163,565,196.05)	$ -
2026	$ -	23,315,170.74	(23,315,170.74)	$ -

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

Not Applicable

TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 19: THE FINANCIAL REPORTING ENTITY

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

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. The component units are responsible for reporting their financial information to TDI for presentation in the financial statements. TDI does not verify the accuracy or completeness of the information and provides no assurances otherwise.

1. **Surplus Lines Stamping Office of Texas** was created pursuant to Texas Insurance Code Chapter 981, Subchapter D, to assist TDI in the regulation of surplus lines insurance. The commissioner of insurance appoints all nine members of the board of directors. The Stamping Office performs its functions under a plan of operation approved by commissioner order. The Stamping Office assesses each surplus lines insurance agent a stamping fee for the administrative funding of the Stamping Office. The primary government can impose its will on the Stamping Office as the assessment rate that funds its operations is subject to commissioner approval.

2. **Texas Windstorm Insurance Association** was created pursuant to Texas Insurance Code Chapter 2210 and is the state's insurer of last resort for wind and hail coverage in the 14 coastal counties and portions of Harris County. The commissioner of insurance appoints all nine members of the board of directors. The primary government can impose its will on TWIA, as the commissioner of insurance has discretion to modify or approve fee changes and approve maximum liability limits for windstorm and hail insurance policies issued by TWIA.

3. **Texas FAIR Plan Association** was created pursuant to Texas Insurance Code Chapter 2211 and was created to deliver residential property insurance to residents of Texas in areas that are not adequately served by the voluntary insurance market. The commissioner of insurance appoints all 11 members of the governing committee. The primary government can impose its will on FAIR, as the commissioner of insurance can remove a governing committee member without cause and can impact revenues by approving or disapproving rates charged.

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

TEXAS DEPARTMENT OF INSURANCE (454)

Administrative Offices

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

Texas FAIR Plan Association
4801 Southwest Pkwy, Bldg 1, Suite 200
Austin, TX 78735

Texas Windstorm Insurance Association
4801 Southwest Pkwy, Bldg 1, Suite 200
Austin, TX 78735

Related Organizations

1. **Texas Life & Health Insurance Guaranty Association** (TLHIGA) was created pursuant to Texas Insurance Code Chapter 463 for the protection of persons against failure in the performance of contractual obligations under life, accident, and health insurance policies and annuity contracts because of the impairment or insolvency of the member insurer that issued the policies or contracts. The commissioner of insurance appoints the nine-member board of directors of the association.

2. **Texas Title Insurance Guaranty Association** (TTIGA) was created pursuant to Texas Insurance Code Chapter 2602 for the purpose of protecting Texas title insurance policyholders and claimants when a title insurance company or agency fails. This applies to all title insurance written by title insurance companies authorized to do business in Texas. The commissioner of insurance appoints the nine-member board of directors.

3. **Texas Mutual Insurance Company** (Texas Mutual) was created pursuant to Texas Insurance Code Chapter 2054 and operates as a domestic mutual insurance company providing workers' compensation insurance in the state of Texas and also serves as the insurer of last resort. The commissioner of insurance regulates this entity to the same extent as a private mutual insurance company. The governor appoints five of the nine members of the board with the advice and consent of the Senate.

Administrative Offices

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

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

Texas Mutual Insurance Company
2200 Aldrich Street
Austin, TX 78723-3474

TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 20: DEFICIT FUND BALANCES/NET POSITION

Not Applicable

NOTE 22: DONOR-RESTRICTED ENDOWMENTS

Not Applicable

NOTE 23: UNUSUAL OR INFREQUENT ITEMS

Not Applicable

NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Fiduciary

Net other payables as of August 31, 2026, as reported by the combining statement of fiduciary net position, are detailed by type as follows:

Net Other Payables Current	
Payables related to current liabilities for insurance companies in receivership (Fund 3625)	$ 4,624,241.81
Total Net Other Payables - Current	$ 4,624,241.81
Net Other Payables Noncurrent	
Payables related to noncurrent liabilities for insurance companies in receivership (Fund 3625)	$ 65,836,214.49
Total Net Other Payables - Noncurrent	$ 65,836,214.49
Total Net Other Payables - Fiduciary	**$ 70,460,456.30**

Proprietary

Net other payables as of August 31, 2026, as reported by the discretely presented component units, are detailed by type as follows:

Net Other Payables Current	
Payables related to losses, loss adjustment expense reserves, and other liabilities (Fund 4154)	$ 242,666,748.97
Payables related to losses, loss adjustment expense reserves, and other liabilities (Fund 4163)	53,796,064.00
Total Net Other Payables - Current	$ 296,462,812.97
Total Net Other Payables - Proprietary	**$ 296,462,812.97**
Total Net Other Payables	**$ 366,923,269.27**

TEXAS DEPARTMENT OF INSURANCE (454)

NOTE 25: TERMINATION BENEFITS

Not Applicable

NOTE 26: SEGMENT INFORMATION

Not Applicable

NOTE 27: PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS

Not Applicable

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

Not Applicable

NOTE 29: TROUBLED DEBT RESTRUCTURING

Not Applicable

NOTE 30: FINANCIAL GUARANTEES

Not Applicable

NOTE 31: TAX ABATEMENTS

Not Applicable

NOTE 32: GOVERNMENTAL FUND BALANCES

TDI has the following restrictions causing fund balances to be unassigned:

GAAP Fund	Fund	AFR 54 Class	Amount	Citation	Comments
9999	0995	Unassigned	$61,547,303.11	Texas Ins Code, Chapter 443	Funds for a specific purpose, securities held in trust for administrative and rehabilitation purposes.

Texas Department of Insurance (454)

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

August 31, 2026

	General		Consolidated	
	General Revenue Fund (0001)	Local GAAP General Fund (9999)	GR Account Texas Dept of Ins Operating (0036)	GR Account Subsequent Injury Fund (5101)
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash in Bank	$ -	$ 151,122.19	$ 100,685.00	$ -
Legislative Appropriations	5,850,643.32	-	-	-
Cash in State Treasury	-	-	202,536,691.73	131,873,906.58
Cash Equivalents	-	10,141,997.12	-	-
Receivables from:				
Federal	-	-	239,633.35	-
Interest and Dividends	-	-	-	-
Accounts Receivable	179,950.00	(79,308.48)	(50.00)	-
Prepaid Items	-	-	-	-
Interfund Receivable (Note 12)	-	-	182,249.19	772.59
Securities Held in Trust	-	61,547,303.11	-	-
Due From Other Agencies	-	-	2,799.53	-
Consumable Inventories	-	-	78,527.50	-
Total Current Assets	6,030,593.32	71,761,113.94	203,140,536.30	131,874,679.17
Total Assets	$ 6,030,593.32	$ 71,761,113.94	$ 203,140,536.30	$ 131,874,679.17
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables from:				
Accounts	$ 169,152.38	$ -	$ 664,034.09	$ 12,621.59
Payroll	-	-	9,813,563.03	-
Interest	-	-	-	-
Interfund Payable (Note 12)	55,699.35	-	126,549.84	772.59
Due To Other Agencies	179,950.00	-	3,651,995.91	-
Deferred Revenues	-	-	97,397.21	-
Total Current Liabilities	404,801.73	-	14,353,540.08	13,394.18
Total Liabilities	404,801.73	-	14,353,540.08	13,394.18
FUND FINANCIAL STATEMENT				
Fund Balances (Deficits):				
Nonspendable - Inventory	-	-	78,527.50	-
Committed	-	10,213,810.83	188,708,468.72	131,861,284.99
Unassigned	5,625,791.59	61,547,303.11	-	-
Total Fund Balances	5,625,791.59	71,761,113.94	188,786,996.22	131,861,284.99
Total Liabilities and Fund Balances	$ 6,030,593.32	$ 71,761,113.94	$ 203,140,536.30	$ 131,874,679.17

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

Accounts				
GR Account Fire Prevention & Public Safety Fund (5138)	TexasSure (0161)	GR Account Premium Stabilization Fund (0329)	Local Texas Dept of Ins Operating (1006)	Total (Exhibit I)
$ -	$ -	$ -	$ -	$ 251,807.19
-	-	-	-	5,850,643.32
49,153.41	3,975,148.75	47,915,426.07	1,224,487.80	387,574,814.34
-	-	-	5,269,664.15	15,411,661.27
-	-	-	-	239,633.35
-	-	-	531.73	531.73
-	-	-	2,185,466.28	2,286,057.80
-	-	-	-	-
-	-	-	-	183,021.78
-	-	-	-	61,547,303.11
-	-	-	-	2,799.53
-	-	-	-	78,527.50
49,153.41	3,975,148.75	47,915,426.07	8,680,149.96	473,426,800.92
$ 49,153.41	$ 3,975,148.75	$ 47,915,426.07	$ 8,680,149.96	$ 473,426,800.92
$ -	$ 227,469.00	$ -	$ -	$ 1,073,277.06
-	-	-	1,224,487.80	11,038,050.83
-	-	-	-	-
-	-	-	-	183,021.78
-	-	-	-	3,831,945.91
-	-	-	-	97,397.21
-	227,469.00	-	1,224,487.80	16,223,692.79
-	227,469.00	-	1,224,487.80	16,223,692.79
-	-	-	-	78,527.50
49,153.41	3,747,679.75	47,915,426.07	7,455,662.16	389,951,485.93
-	-	-	-	67,173,094.70
49,153.41	3,747,679.75	47,915,426.07	7,455,662.16	457,203,108.13
$ 49,153.41	$ 3,975,148.75	$ 47,915,426.07	$ 8,680,149.96	$ 473,426,800.92

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

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, 2026

	General		Consolidated	
	General Revenue Fund (0001)	Local GAAP General Fund (9999)	GR Account Texas Dept of Ins Operating (0036)	GR Account Subsequent Injury Fund (5101)
REVENUES				
Legislative Appropriations:				
Original Appropriations	$ 273,056.00	$ -	$ -	$ -
Additional Appropriations	234,139.00	-	-	-
Taxes	-	-	819,027.77	-
Federal Revenue	507,195.00	-	2,862,505.52	-
Federal Grant Pass-Through Revenue	-	-	-	-
Licenses, Fees, and Permits	2,253,528.00	-	52,092,407.96	-
Settlement of Claims	-	-	-	-
Sales of Goods and Services	-	-	76,000.00	-
Interest and Other Investment Income	-	1,114,381.13	-	-
Other	-	7,775,467.18	4,769,506.10	21,364,469.12
Total Revenues	3,267,918.00	8,889,848.31	60,619,447.35	21,364,469.12
EXPENDITURES				
Salaries and Wages	658,189.03	959,602.81	88,205,328.53	-
Payroll Related Costs	50,639.00	534,645.66	37,776,929.98	-
Professional Fees and Services	-	32,253.88	14,479,114.05	-
Travel	-	-	1,024,996.03	-
Materials and Supplies	-	1,895.86	2,917,931.87	-
Communication and Utilities	-	-	1,998,060.33	-
Repairs and Maintenance	-	-	581,565.06	-
Rentals and Leases	456,556.00	-	(237,867.32)	-
Printing and Reproduction	-	-	3,646.32	-
Claims and Judgments (Note 17)	-	-	88,297.82	9,145,773.40
Intergovernmental Payments	2,177,823.27	-	-	-
Other Expenditures	3,314.00	18,941.91	2,714,993.76	-
Debt Service - Principal - Leases	-	-	1,949,862.99	-
Capital Outlay	-	-	843,044.40	-
Total Expenditures	3,346,521.30	1,547,340.12	152,345,903.82	9,145,773.40
Excess (Deficiency) of Revenues:				
Over Expenditures	(78,603.30)	7,342,508.19	(91,726,456.47)	12,218,695.72
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	235,291,718.48	-
Transfers Out	(528,295.44)	-	(152,638,012.67)	-
Sale of Capital Assets	21,100.44	-	7,033.48	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-
Increase in Obligation - Leases/SBITA	-	-	-	-
Legislative Transfers In	658,189.03	-	-	-
Appropriations Lapsed	(8,837.00)	-	-	-
Total Other Financing Sources (Uses)	142,157.03	-	82,660,739.29	-
Net Change in Fund Balances/Net Assets	63,553.73	7,342,508.19	(9,065,717.18)	12,218,695.72
FUND FINANCIAL STATEMENT - FUND BALANCES				
Fund Balances, September 1, 2025	5,562,237.86	62,493,605.75	198,027,706.88	119,642,589.27
Restatements (Note 14)	-	1,925,000.00	(174,993.48)	-
Fund Balances, September 1, 2025, as Restated	5,562,237.86	64,418,605.75	197,852,713.40	119,642,589.27
Fund Balances, August 31, 2026	$ 5,625,791.59	$ 71,761,113.94	$ 188,786,996.22	$ 131,861,284.99

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

Accounts GR Account Fire Prevention & Public Safety Fund (5138)	TexasSure (0161)	GR Account Premium Stabilization Fund (0329)	Local Texas Dept of Ins Operating (1006)	Total (Exhibit II)
$ -	$ -	$ -	$ -	$ 273,056.00
-	-	-	-	234,139.00
-	-	-	-	819,027.77
-	-	-	-	3,369,700.52
-	-	-	-	-
-	6,060,288.14	-	11,252,107.34	71,658,331.44
-	-	-	-	-
-	-	-	-	76,000.00
-	-	-	244,966.30	1,359,347.43
-	-	-	-	33,909,442.40
-	6,060,288.14	-	11,497,073.64	111,699,044.56
-	-	-	11,256,953.30	101,080,073.67
-	-	-	3,004,442.46	41,366,657.10
-	1,690,519.60	-	32,610.05	16,234,497.58
-	-	-	493,845.45	1,518,841.48
-	7,910.00	-	202,730.19	3,130,467.92
-	900.00	-	4,384.23	2,003,344.56
-	41,274.65	-	-	622,839.71
-	790,443.60	-	-	1,009,132.28
-	-	-	-	3,646.32
-	-	-	-	9,234,071.22
-	-	-	-	2,177,823.27
-	-	-	66,132.22	2,803,381.89
-	-	-	-	1,949,862.99
-	-	-	-	843,044.40
-	2,531,047.85	-	15,061,097.90	183,977,684.39
-	3,529,240.29	-	(3,564,024.26)	(72,278,639.83)
-	-	-	15,265,764.56	250,557,483.04
-	-	-	(15,265,764.56)	(168,432,072.67)
-	-	-	-	28,133.92
-	-	-	-	-
-	-	-	-	-
-	-	-	-	658,189.03
-	-	-	-	(8,837.00)
-	-	-	-	82,802,896.32
-	3,529,240.29	-	(3,564,024.26)	10,524,256.49
49,153.41	218,439.46	47,915,426.07	11,019,686.42	444,928,845.12
-	-	-	-	1,750,006.52
49,153.41	218,439.46	47,915,426.07	11,019,686.42	446,678,851.64
$ 49,153.41	$ 3,747,679.75	$ 47,915,426.07	$ 7,455,662.16	$ 457,203,108.13

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

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

August 31, 2026

	Surplus Lines Stamping Office of Texas (3159) U/F (0391)	Texas Windstorm Insurance Association (4154) U/F (0394)	Fair Access to Insurance Requirements Plan Association (4163) U/F (0397)	Total (Exhibit VIII)
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash in Bank	$ 1,883,693.00	$ 85,541,793.00	$ 41,296,661.00	$ 128,722,147.00
Cash Equivalents	-	650,006,847.00	178,159,352.00	828,166,199.00
Short-Term Investments	23,036,480.00	-	-	23,036,480.00
Interest and Dividends	-	-	552,301.00	552,301.00
Accounts Receivable	633,132.00	-	27,068,670.00	27,701,802.00
Taxes	-	-	-	-
Other	-	-	-	-
Prepaid Items	245,603.00	6,870,218.00	1,789,809.00	8,905,630.00
Other Current Assets	9,569.00	73,689,306.00	13,862,542.00	87,561,417.00
Total Current Assets	25,808,477.00	816,108,164.00	262,729,335.00	1,104,645,976.00
Noncurrent Assets:				
Investments	13,690,003.00	-	-	13,690,003.00
Capital Assets (Note 2):	-	-	-	-
Furniture and Equipment - Depreciable	813,231.00	26,438,262.00	68,293.00	27,319,786.00
Less Accumulated Depreciation	(756,000.00)	(22,419,362.00)	(68,293.00)	(23,243,655.00)
Nondepreciable Assets (CIP)	-	-	-	-
Other Assets - Depreciable	195,248.00	1,993,550.00	-	2,188,798.00
Less Accumulated Depreciation-Other	(39,178.00)	(565,101.00)	-	(604,279.00)
Computer Software - Intangible	11,119,428.00	-	-	11,119,428.00
Less Accumulated Amortization-Intangible	(10,011,494.00)	-	-	(10,011,494.00)
Right To Use Asset - Buildings	1,108,080.31	8,456,600.78	-	9,564,681.09
Less Accumulated Amortization	(272,056.09)	(2,397,146.68)	-	(2,669,202.77)
Other Noncurrent Assets	(26,262.22)	509,487.87	-	483,225.65
Receivables				-
Total Noncurrent Assets	15,821,000.00	12,016,290.97	-	27,837,290.97
Total Assets	41,629,477.00	828,124,454.97	262,729,335.00	1,132,483,266.97
LIABILITIES				
Current Liabilities:				
Payables from:				
Accounts	22,613.00	158,756,222.00	41,069,516.00	199,848,351.00
Payroll	-	-	-	-
Interest	(65.76)	242,687,718.97	53,796,064.00	296,483,717.21
Other Liabilities	-	-	-	-
Employee's Compensable Leave	309,843.00	-	-	309,843.00
Deferred Revenue	-	420,609,030.00	100,038,523.00	520,647,553.00
Right to Use Lease Obligations	96,214.76	686,370.10	-	782,584.86
Direct Placements - Notes and Loans	-	-	-	-
Total Current Liabilities	428,605.00	822,739,341.07	194,904,103.00	1,018,072,049.07
Noncurrent Liabilities:				
Notes, Loans, and Contracts Payable	-	-	-	-
Right to Use Lease Obligations	817,747.76	5,975,118.93	-	6,792,866.69
Other Liabilities	(13,352.76)	-	-	(13,352.76)
Total Noncurrent Liabilities	804,395.00	5,975,118.93	-	6,779,513.93
Total Liabilities	1,233,000.00	828,714,460.00	194,904,103.00	1,024,851,563.00
NET POSITION				
Invested in Capital Assets, Net of Related Debt	1,299,079.00	12,016,291.00	-	13,315,370.00
Restricted	-	-	-	-
Unrestricted	39,097,398.00	(12,606,296.03)	67,825,232.00	94,316,333.97
Total Net Position	$ 40,396,477.00	$ (590,005.03)	$ 67,825,232.00	$ 107,631,703.97

Note: These Component Units have a fiscal year end of December 31, 2025. Financial information is as of that date.

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

Texas Department of Insurance (454)
Exhibit K-2 - Combining Statement of Activities
Discretely Presented Component Units
For the Fiscal Year Ended August 31, 2026

	Surplus Lines Stamping Office of Texas (3159) U/F (0391)	Texas Windstorm Insurance Association (4154) U/F (0394)	Fair Access to Insurance Requirements Plan Association (4163) U/F (0397)	Total (Exhibit IX)
EXPENSES				
Salaries and Wages	$ 4,082,861.00	$ 16,202,966.00	$ 8,348,175.00	$ 28,634,002.00
Payroll Related Costs	1,995,456.00	4,946,757.00	8,675,168.00	15,617,381.00
Professional Fees and Services	361,584.00	-	-	361,584.00
Travel	48,239.00	-	-	48,239.00
Materials and Supplies	42,536.00	-	-	42,536.00
Communication and Utilities	6,621.94	-	-	6,621.94
Repairs and Maintenance	7,211.00	-	-	7,211.00
Rentals and Leases	(119,613.58)	(904,701.48)	505,275.00	(519,040.06)
Printing and Reproduction	-	-	-	-
Depreciation	2,002,327.96	3,885,471.92	-	5,887,799.88
Amortization	-	-	-	-
Other Expenses	428,147.68	384,908,632.56	93,714,114.00	479,050,894.24
Total Expenses	8,855,371.00	409,039,126.00	111,242,732.00	529,137,229.00
PROGRAM REVENUES				
Premium Revenue	7,693,419.00	362,488,878.00	174,503,196.00	544,685,493.00
Total Program Revenues	7,693,419.00	362,488,878.00	174,503,196.00	544,685,493.00
Net Program Revenues	(1,161,952.00)	(46,550,248.00)	63,260,464.00	15,548,264.00
GENERAL REVENUES				
Interest and Investment Income	1,447,221.00	24,729,613.00	3,978,309.00	30,155,143.00
Net Increase (Decrease) Fair Value	318,786.00	-	-	318,786.00
Claims and Judgments Expense (Note 17)	-	-	-	-
Interest Expenses and Fiscal Charges	(29,632.05)	(266,416.53)	-	(296,048.58)
Other Nonoperating Revenues (Expenses)	(7,651.95)	421,755,557.53	60,022,572.00	481,770,477.58
Total General Revenues	1,728,723.00	446,218,754.00	64,000,881.00	511,948,358.00
Change in Net Position	566,771.00	399,668,506.00	127,261,345.00	527,496,622.00
Net Position, September 1, 2025	39,829,706.00	(400,258,511.03)	(59,436,113.00)	(419,864,918.03)
Restatements (Note 14)	-	-	-	-
Net Position, September 1, 2025, as Restated	39,829,706.00	(400,258,511.03)	(59,436,113.00)	(419,864,918.03)
Net Position, August 31, 2026	$ 40,396,477.00	$ (590,005.03)	$ 67,825,232.00	$ 107,631,703.97

Note: These Component Units have a fiscal year end of December 31, 2025. Financial information is as of that date.

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

Texas Department of Insurance (454)

Schedule 1A - Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended August 31, 2026

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ALN Number	Direct Program Amount	Total PT From and Direct Program	Expenditures Amount	Total PT To and Expenditures
U.S. Department of Labor					
Direct Programs:					
Compensation and Working Conditions	17.005	$ 353,583.38	$ 353,583.38	$ 353,583.38	$ 353,583.38
Consultation Agreements	17.504	3,016,117.14	3,016,117.14	3,016,117.14	3,016,117.14
Total U.S. Department of Labor		$ 3,369,700.52	$ 3,369,700.52	$ 3,369,700.52	$ 3,369,700.52
TOTAL FEDERAL FINANCIAL ASSISTANCE		$ 3,369,700.52	$ 3,369,700.52	$ 3,369,700.52	$ 3,369,700.52

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

Texas Department of Insurance (454)

Schedule 1A - Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended August 31, 2026

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 (Exhibit II):	
Federal Grant Pass-Through Revenue	$ -
Federal Revenue	3,369,700.52
Total Pass-Through and Expenditures per Federal Schedule	$ 3,369,700.52

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



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