



Glenn Hegar Texas Comptroller of Public Accounts

State of Texas
**Comprehensive Annual
Financial Report**

For the Fiscal Year Ended August 31, 2019



State of Texas

Comprehensive Annual Financial Report

For the Fiscal Year Ended August 31, 2019

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

Management's Discussion and Analysis, pages 19-32

comptroller.texas.gov/transparency/reports/comprehensive-annual-financial/2019/analysis.xlsx

Basic Financial Statements, pages 33-194

comptroller.texas.gov/transparency/reports/comprehensive-annual-financial/2019/basic.xlsx

Required Supplementary Information other than MD&A, pages 195-220

comptroller.texas.gov/transparency/reports/comprehensive-annual-financial/2019/supplemental.xlsx

Governmental Funds, pages 221-244

comptroller.texas.gov/transparency/reports/comprehensive-annual-financial/2019/governmental.xlsx

Enterprise Funds, pages 245-274

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Fiduciary Funds, pages 275-292

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Discretely Presented Component Units, pages 293-308

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Statistical Section, pages 309-335

comptroller.texas.gov/transparency/reports/comprehensive-annual-financial/2019/statistical.xlsx

Acknowledgments

The Comprehensive Annual Financial Report was prepared by the Financial Reporting section of the Texas Comptroller of Public Accounts with assistance from other sections within the Fiscal Management, Revenue Estimating and Communications and Information Services divisions.

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Special Appreciation To:

All accounting and budget personnel of state agencies and institutions of higher education whose extra time and effort made this report possible.

The State Auditor's Office auditing staff

State of Texas

Comprehensive Annual Financial Report

For the Fiscal Year Ended August 31, 2019

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Section One
**Introductory
Section**





February 28, 2020

To the Citizens of Texas, Governor Abbott
and Members of the 86th Texas Legislature:

The state of Texas Comprehensive Annual Financial Report (CAFR) for the fiscal year ended Aug. 31, 2019, is submitted herewith. Responsibility for both the accuracy of the data presented, as well as the completeness and fairness of the presentation, rests with the office of the Texas Comptroller of Public Accounts. To the best of my knowledge, the information presented is accurate in all material respects, and all disclosures necessary for a reasonable understanding of the state's financial activities are included.

The reporting approach established by the Governmental Accounting Standards Board (GASB) was utilized. The state also voluntarily follows the recommendations of the Government Finance Officers Association (GFOA) of the United States and Canada for the contents of government financial reports and participates in the GFOA's review program for the Certificate of Achievement for Excellence in Financial Reporting. The State Auditor's Office performed an audit, in accordance with generally accepted auditing standards, of the state's general-purpose financial statements. Their opinion is presented in this report preceding the financial statements.

The State Auditor's Office contracted with Clifton-LarsonAllen (CLA) to perform portions of the federal audit procedures necessary to meet the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

The federal portion of the Statewide Single Audit Report for the fiscal year ended Aug. 31, 2019, with the opinion expressed by CLA, will be issued separately.

Profile of the Government

This report includes financial statements for the state of Texas reporting entity. Criteria for determining the reporting entity and presentation of the related financial data are established by GASB. The criteria include legal standing and financial accountability. Other organizations that would cause the financial statements to be misleading or incomplete if they were excluded are also included in the reporting entity. Note 1 of the notes to the financial statements provides detail on the financial reporting entity. Note 19 provides a brief summary of the nature of significant component units and their relationship to the state of Texas.

All activities generally considered part of the state of Texas are included in this report. These activities provide a range of services in the areas of education, health and human services, public safety and corrections, transportation, natural resources and recreation, regulation, general government, employee benefits and teacher retirement state contributions.

The management's discussion and analysis (MD&A) in the financial section provides an overview of the state's financial activities, addressing both governmental and business-type activities reported in the government-wide financial statements.

Accounting System and Budgetary Controls

The state's internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefit.

Budgetary control is exercised through expenditure budgets for each agency. These budgets are entered into the statewide accounting system after the General Appropriations Act (GAA) becomes law. All governmental funds are appropriated for a biennium, except for appropriations related to construction, which are appropriated for five years. The GAA becomes law after passage by the Legislature, certification by my office that the amounts appropriated are within the estimated collections and the signing of the bill by the governor. Controls are maintained first at the agency level, with additional control at the fund and appropriation level to ensure expenditures do not exceed authorized limits. Further detail on budgetary accounting for the state, other than the MD&A section, is found in the required supplementary information.

Financial Policies

Fiscal soundness is an unwavering principle that guides the financial policies of the state. The Texas Constitution supports responsible governance by mandating several limitations on the budgeting process. In addition to the certification process requiring passage of a balanced budget in Article III, Section 49a, budget growth and indebtedness are also limited. According to Article VIII, Section 22, appropriations from state tax revenue not dedicated by the Texas Constitution cannot grow faster than state economic growth estimated by the Legislative Budget Board. Payments required for debt cannot exceed 5 percent of the previous three-year average of nondedicated general revenue as provided in Article III, Section 49j.

The economic stabilization fund (ESF), commonly called the "rainy day fund," authorized in 1988 by the Texas Constitution, Article III, Section 49g, is yet another example of prudent governance. The Comptroller may transfer ESF amounts to the general revenue fund to prevent or eliminate temporary cash deficiencies. Any amounts transferred to general revenue shall be returned to the ESF with interest as soon as practicable, but no later than Aug. 31 of each odd-numbered year. Generally, the Legislature may appropriate within the statutory guidelines, by a three-fifths vote of the members present in each house, amounts in the ESF that do not exceed the amount of any unanticipated deficit in a current biennium or anticipated revenue decline during the next biennium. The Legislature may also appropriate any amount from the ESF for any purpose only if approved by at least two-thirds of the members present in each house. The ESF shall receive a transfer, not later than the 90th day of each biennium, from the general revenue fund for one-half of any unencumbered positive balance remaining in the general revenue fund on the last day of the preceding biennium. The ESF also receives transfers, not later than the 90th day of each fiscal

year, from the general revenue fund for at least 50 percent of the 75 percent of the prior fiscal year oil or natural gas production net collections that exceeded the amount of collections in fiscal 1987. The transfer amount of each production tax is calculated separately and must be in excess of the 1987 threshold. The remaining amount is transferred to the state highway fund as directed by the Texas Constitution, Article III, Section 49-g (c-1) and (c-2).

Until the 2019 session, state law required the Comptroller's office to keep much of revenue in the ESF in relatively low-yield investments that barely kept pace with inflation. SB 69 will allow the agency to move up to 75 percent of the ESF into prudent but higher-yield investments that would maintain the fund's purchasing power.

The balance in the fund on Aug. 31, 2019, was \$11.7 billion. The ESF is also discussed in Note 13.

Economic Outlook

Texas has advantages such as relatively low living costs, an attractive business climate, a central Sunbelt location and a balanced mix of industries that have enabled its economy to grow faster than the nation for many years. These advantages remain and should allow the state's economy to continue to grow over the next biennium and beyond. Texas real Gross State Product (GSP) grew at an estimated rate of 3.6 percent in 2019, after growth of 1.3 and 3.5 percent in 2017 and 2018, respectively. Real GSP is expected to grow by a further 2.7 percent in 2020.

After increasing by 5.1 percent in 2018, Texas personal income is estimated to have again grown by 5.1 percent in 2019 and is projected to grow by a further 5 percent in 2020. Underlying this income growth is growth in the Texas population. Recent estimates by the U.S. Census Bureau show that seven of the nation's 15 most rapidly growing large incorporated cities are in Texas. Texas' population is estimated to have grown by

1.5 percent in 2019 and is projected to grow by a further 1.5 percent in 2020 to reach 29.7 million.

As of November 2019, the Texas unemployment rate was 3.4 percent, down from 3.7 percent in November 2018. Over that period, the U.S. unemployment rate fell from 3.7 percent to 3.5 percent. The Texas unemployment rate is expected to average 3.3 percent in 2020, while the U.S. rate is expected to average 3.5 percent. Total Texas nonfarm employment grew by an estimated 2.3 percent in 2019 and is expected to grow by 1.8 percent in 2020.

Texas Industry Performance

Employment in goods-producing industries increased by 4.1 percent over the past 12 months, while employment in service-producing industries grew by 2.4 percent. All three of the goods-producing industries (mining and logging, manufacturing, and construction) increased employment. Employment was also led by a 56,000 increase in construction, which had the highest rate of growth (7.5 percent) among all industries.

Employment growth in the service-providing industries was led by education and health services (up 65,200) and leisure and hospitality (up 50,700). Among the service-providing industries, other services (4.7 percent), financial activities (3.8 percent) and education and health services (3.8 percent) had the largest percentage increases in employment. The information industry was the only industry to experience an employment decline (1.5 percent) over the year.

Manufacturing

According to the U.S. Census Bureau, the value of Texas exports in 2016 was \$233 billion, a decrease of 7.4 percent from 2015. Year-over-year Texas exports increased for the first time in two years in November 2016 and have increased in every month since. As of October 2019, the value of Texas exports was \$326.8 billion, 6.0 percent higher than the corresponding total

of October 2018. Texas exports comprised 19 percent of total U.S. exports in 2018, and that percentage is likely to increase in 2019.

Construction

Total housing construction activity was up over the year. Total single-family building permits issued in the year ending October 2019, were down slightly by 0.4 percent compared to the prior year period. Building permits for multi-family units rose by 28.5 percent.

According to Multiple Listing Service data from the Texas A&M Real Estate Center, the median sales price for an existing Texas single-family home rose 4.8 percent over the last year, from \$229,000 in October 2018 to \$240,000 in October 2019. The inventory of existing homes for sale in October 2019 was 3.7 months, unchanged from a year ago, but a substantial improvement from the post-recession high of 8.5 months in mid-2011.

Mining and Logging

Texas oil production peaked more than 40 years ago in 1972, when calendar year production reached 1.3 billion barrels. Production volumes reached a low of 343 million barrels in calendar 2007. From that low point, oil production has increased steadily, in large part due to the development and widespread use of enhanced fracturing techniques. Calendar 2019 production is expected to have increased by more than 10 percent from 2018 levels, to reach a new record of 1.6 billion barrels. Production is expected to increase further in 2020, notwithstanding current infrastructure bottlenecks and price volatility.

Major Legislative Initiatives

House Bill (HB) 1, the 2019 GAA, appropriated \$118.3 billion in general revenue and \$248.3 billion in all funds for the 2020-21 budget. The GAA also incorporates other legislation and resolutions enacted by the

86th Legislature which affect appropriations, such as HB 3317 and Senate Bill (SB) 500.

Education and Health and Human Services remain as the largest two areas of the budget, appropriated \$95.9 billion and \$84.3 billion, respectively. The Texas Department of Emergency Management was moved in legislation from the Texas Department of Public Safety and created as a service agency of the Texas A&M University System. Funding for the agency is now included in Article III - Education in the GAA.

Under SB 500, lawmakers also allocated \$9.9 billion in supplemental funding for fiscal 2019 and the 2020-21 biennium, in part to pay for certain needs including foster care, Medicaid expenses and Hurricane Harvey-related items. To shore up this supplemental budget, legislators dipped into the state's ESF, the "rainy day fund," for \$6.2 billion - the largest such draw in the fund's history.

The 2019 session of the Texas Legislature also enacted a variety of new laws affecting state revenues and finances. Legislation in the following areas is expected to have significant revenue implications.

School Finance

The major public school finance bill, HB 3, consumed much of the 140-day session. Lawmakers agreed to use state funds to "buy down" \$5 billion in school district property taxes. In general, HB 3 seeks to push the maintenance and operations (M&O) tax rate for school districts down by an average of 8 cents per \$100 of property valuation in 2020 and 13 cents in 2021. Furthermore, beginning in 2021, school districts that see growth in their property values above the statewide average will be required to use revenue derived from any growth above 2.5 percent to further reduce their tax rates.

In all, HB 3 increased biennial funding by \$11.5 billion over the amount that would have been provided under previous law, including \$6.5 billion in new fund-

ing for schools as well as \$5 billion for property tax relief. Salary increases for teachers and other staff will vary based on a new statewide formula, years of teaching experience and the extra local money available in each district.

In addition, school districts now are required to devote 30 percent of any gains in their basic allotment of state funds per student to compensation for teachers, counselors, librarians and nurses. This compensation can include benefits such as insurance premiums. These changes took effect at the start of the 2019-20 school year.

HB 3 also increased the basic per-student allotment from \$5,140 to \$6,160 and increased “weights” for additional funding that consider specific student characteristics such as economic disadvantage and the need for special education services.

HB 3 also includes funding for full-day pre-kindergarten for eligible children; new incentives for college, career and military readiness; more financial support for special education; financial incentives of \$3,000 to \$32,000 annually to local education agencies for high-performing teachers who teach in rural and/or low-income districts; and a reduction in “recapture” funding by \$3.5 billion compared to what it would have been under previous law.

Local Property Taxes

Many other local government entities besides school districts levy property taxes, including municipalities, counties and special-purpose districts that provide a wide variety of public services. SB 2, the most significant property tax bill, addressed taxes levied by these entities.

Since the 1980s, these taxing authorities have been able to increase their M&O taxes up to 8 percent annually without triggering a provision allowing voters to petition for an election. After SB 2’s passage, beginning in 2020 many of them cannot increase their M&O rev-

enue by more than 3.5 percent in a single year without triggering an automatic election.

The new legislation includes some exceptions, however. Most taxing units subject to the 3.5 percent voter-approval tax rate, as well as municipalities with fewer than 30,000 people, can raise an additional \$500,000 annually in M&O revenue without triggering an election, despite the threshold. In addition, junior college districts, hospital districts, certain water districts and taxing units with low proposed M&O tax rates (2.5 cents or less per \$100) are not subject to the 3.5 percent voter-approval rate and can continue increasing their M&O revenue by up to 8 percent annually.

Furthermore, the new legislation allows taxing units to “bank” unused annual tax increases for the three previous years.

Limiting many jurisdictions’ ability to raise M&O revenue without voter approval may reduce future increases in property tax bills.

Teacher Benefits

Lawmakers also took steps in the supplemental budget (SB 500) to shore up the Teacher Retirement System (TRS) pension fund.

The state’s Pension Review Board considers a pension actuarially sound if it can eliminate its unfunded liability in 30 years or less with current contribution rates. The time needed to do so is called the amortization period; at the beginning of the 2019 session, TRS’ was at 32.2 years. To reduce the amortization period, legislators tapped \$524 million from the ESF.

With the passage of the TRS pension reform bill (SB 12), the state’s contribution to TRS will rise from a rate of 6.8 percent of payroll to 8.25 percent annually from 2019 to 2024. In the same period, active employees’ shares will increase from 7.7 percent of salary to 8.25 percent and district contributions will rise from 1.5 to 2 percent. Current TRS retirees also will receive a one-time extra annuity check, or “13th check,” also

funded from the ESF. This will be either for the amount of their monthly annuity payment or \$2,000, whichever is less, at a cost to the state of \$589 million.

The Legislature also made appropriations to TRS-Care, the retiree health care plan, that will stave off a premium increase for plan members in 2020.

Wayfair Decision

Last year's decision by the U.S. Supreme Court in *South Dakota v. Wayfair* overruled prior decisions that a state could impose sales and use tax collection responsibilities only on sellers with a physical presence in that state.

While Texas has a single state sales tax rate, local sales tax rates vary from zero to 2 percent, which could complicate tax remittance and collection responsibilities for out-of-state sellers. With the passage of HB 2153, the Comptroller's office can set an optional local sales and use tax rate that remote sellers can choose to collect rather than the local sales tax rate where the purchase is delivered.

Another new law, HB 1525, requires online "marketplaces" such as Etsy, Amazon and eBay to collect sales and use taxes on sales made by all third-party sellers who sell to Texans through their sites.

Our agency estimates the new laws and rules adopted to implement *Wayfair* will add \$500 million to state coffers annually.

Awards and Acknowledgments

Certificate of Achievement

The GFOA of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the state of Texas for its CAFR for the fiscal year ended Aug. 31, 2018. The Certificate of Achievement is a prestigious national award that recog-

nizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The state of Texas has received a Certificate of Achievement for the last 29 years (fiscal years ended August 1990 through 2018). We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

I will continue to maintain a highly qualified and professional staff to make this certification possible.

Acknowledgments

The preparation of this report requires the collective efforts of hundreds of financial personnel throughout state government, including the dedicated management and staff of the Comptroller's Financial Reporting section and Fiscal Management Division; the chief financial officers, chief accountants and staff at each agency; and the management and staff of the State Auditor's Office. I sincerely appreciate the dedicated efforts of all these individuals who continue to strive for improvements that will make Texas a national leader in quality financial reporting.

Sincerely,



Glenn Hegar



State of Texas Comprehensive Annual Financial Report

Elected State Officials

Executive

Greg Abbott
Governor

Dan Patrick
Lieutenant Governor

Glenn Hegar
Comptroller of Public Accounts

Ken Paxton
Attorney General

George P. Bush
Land Commissioner

Wayne Christian
Christi Craddick

Sid Miller
Commissioner of Agriculture

Ryan Sitton
Railroad Commissioners

Legislative

Lieutenant Governor Dan Patrick
President of the Senate

Dennis Bonnen
Speaker of the House of Representatives

Judicial

Supreme Court of Texas

Nathan L. Hecht, Chief Justice

Jeffrey S. Boyd, Justice

John Devine, Justice

Paul Green, Justice

Eva M. Guzman, Justice

Debra Lehrmann, Justice

Jimmy Blacklock, Justice

Brett Busby, Justice

Jane Bland, Justice

Court of Criminal Appeals

Sharon Keller, Presiding Judge

Michelle Slaughter, Judge

Barbara Parker Hervey, Judge

Scott Walker, Judge

Michael E. Keasler, Judge

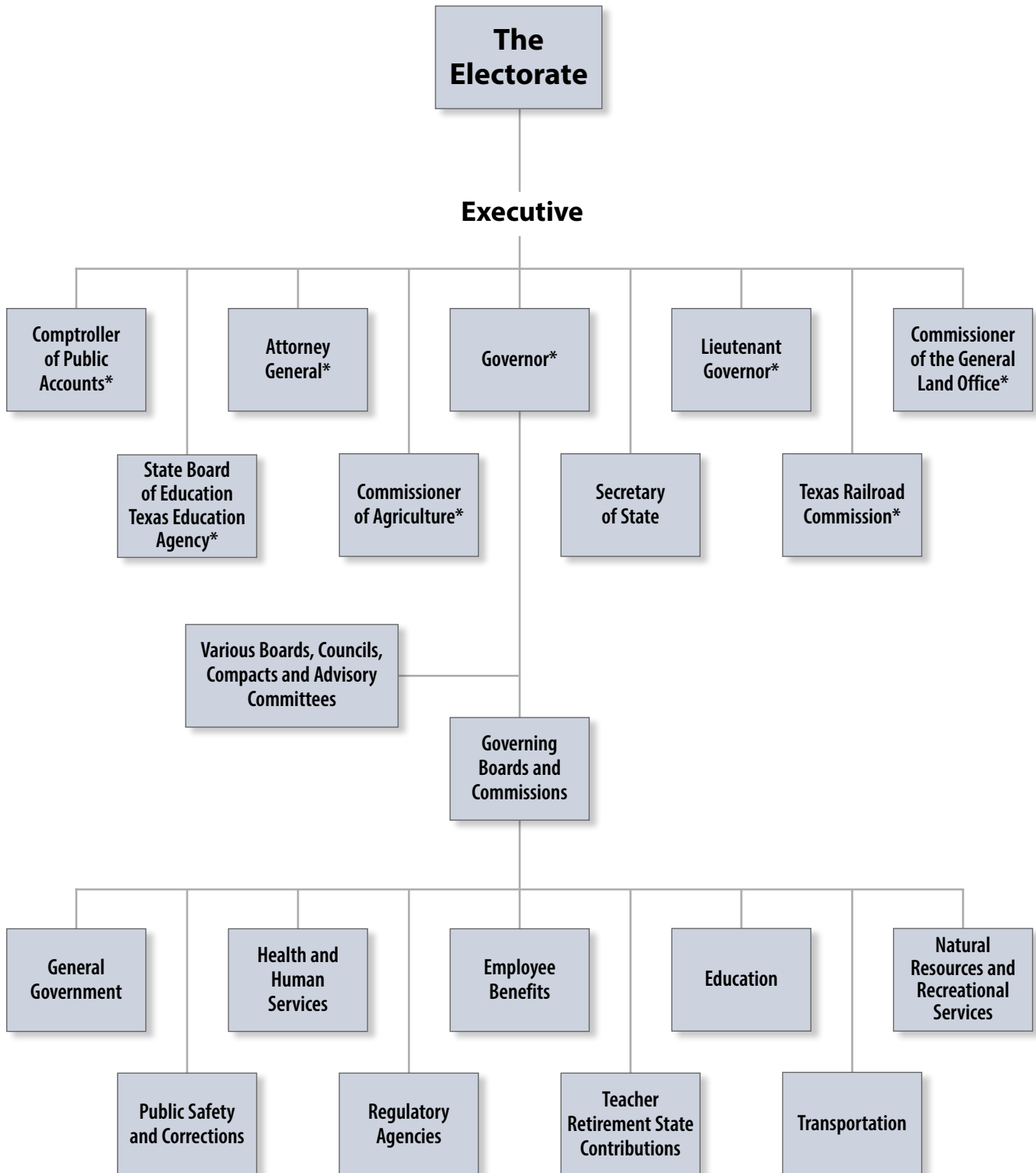
Mary Lou Keel, Judge

David Newell, Judge

Bert Richardson, Judge

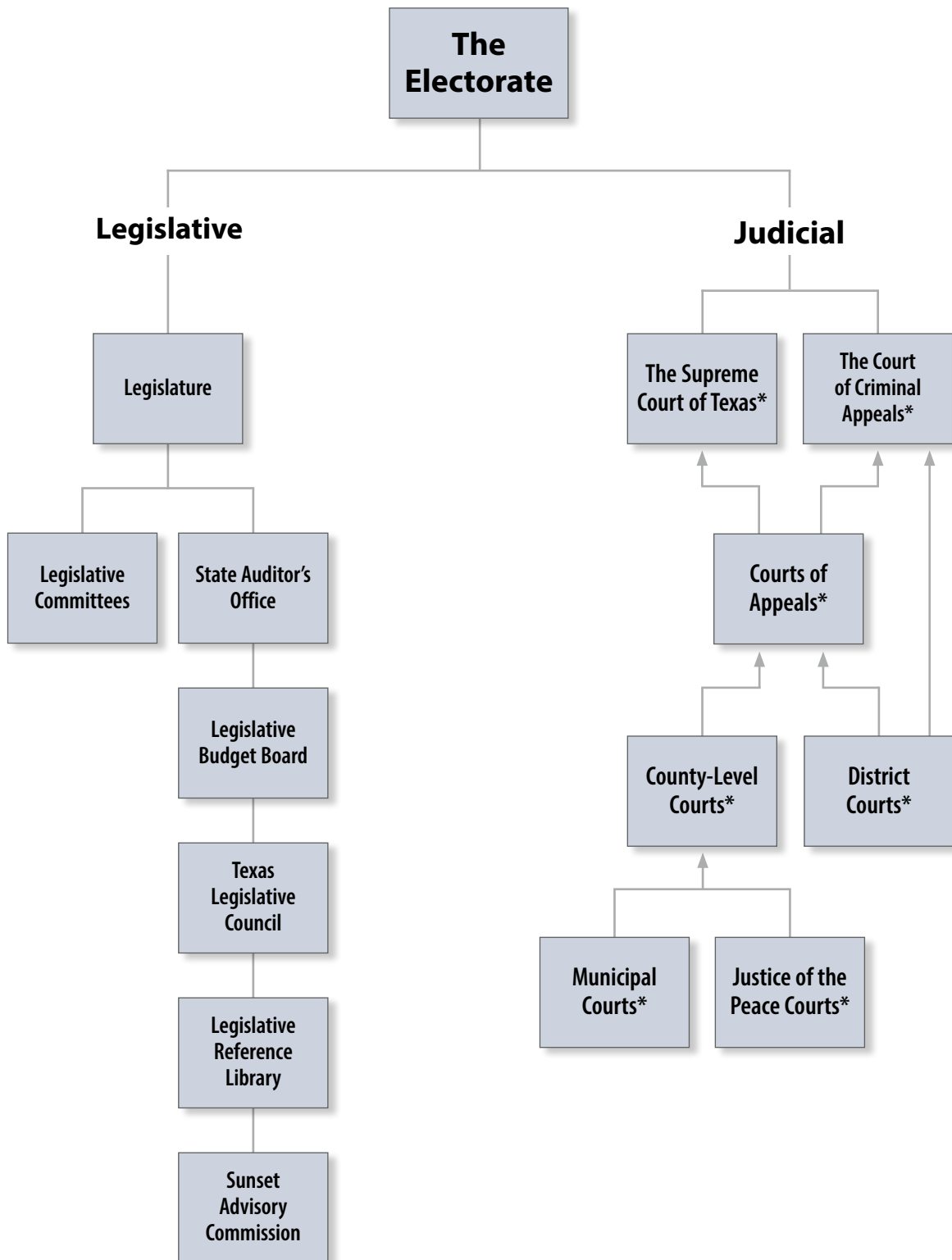
Kevin Yeary, Judge

Government Structure of Texas



* Elected Offices

Government Structure of Texas (concluded)



* Elected Offices



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

State of Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2018

Christopher P. Morill

Executive Director/CEO

Section Two

Financial Section





Lisa R. Collier,
CPA, CFE, CIDA,
First Assistant State Auditor

Independent Auditor's Report

The Honorable Greg Abbott, Governor
The Honorable Glenn Hegar, Comptroller of Public Accounts
The Honorable Dan Patrick, Lieutenant Governor
The Honorable Dennis Bonnen, Speaker of the House of Representatives
and
Members of the Legislature, State of Texas

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the State of Texas, as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these consolidated financial statements based on our audits. We did not audit the financial statements of the following entities:

- The Texas Department of Transportation, a component of the State of Texas, which is included in the governmental and proprietary funds. The Texas Department of Transportation constitutes 99.99 percent of the expenditures for the State Highway Fund, a major governmental fund. The Texas Department of Transportation also constitutes 58.9 percent of the assets of governmental activities.
- The University of Texas System, a component of the State of Texas, which constitutes 71.2 percent of the assets of Colleges and Universities, a major enterprise fund. The University of Texas System also constitutes 55.6 percent of the assets of the business-type activities.
- The Texas Lottery Commission, a component of the State of Texas, whose Lottery Fund is a major enterprise fund that constitutes 19.4 percent of the operating revenues of the business-type activities.

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SAO Report No. 20-318

The statements listed above were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the State of Texas, as of August 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Economic Stabilization Fund

As discussed in Note 13, the Economic Stabilization Fund balance was \$11.7 billion as reported in the governmental fund financial statements as unassigned fund balance as of August 31, 2019. That amount consisted primarily of \$6.8 billion in cash in the State Treasury, \$3.2 billion in current and non-current investments, and \$1.7 billion due from the General Revenue Fund. The \$1.7 billion due from the General Revenue Fund was transferred to the Economic Stabilization Fund in November 2019.

Investments with Values that Are Not Readily Determined

As discussed in Note 3 on page 88, the financial statements include certain investments valued at approximately \$132.7 billion as of August 31, 2019, whose fair values have been estimated by management in the absence of readily determinable fair values.

Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, the schedules of pension liability, and the schedules of OPEB liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the consolidated financial statements that collectively comprise the State's basic financial statements. The combining financial statements and schedules, introductory section, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit,

the procedures performed as described above, and the reports of the other auditors, the Other Supplementary Information Combining Financial Statements and Schedules, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will issue a separate report on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.



Lisa R. Collier, CPA, CFE, CIDA
First Assistant State Auditor

February 25, 2020

Section Two (continued)

Management's Discussion and Analysis



Management's Discussion and Analysis

The following is a discussion and analysis of the state of Texas' financial performance for the fiscal year ended Aug. 31, 2019. Use this section in conjunction with the state's basic financial statements. Comparative data is presented for this 2019 report.

Highlights

Government-wide

Net Position

The assets and deferred outflows of resources of the state of Texas exceeded its liabilities and deferred inflows of resources by \$115.1 billion as of Aug. 31, 2019, an increase of \$15.5 billion or positive 15.6 percent from fiscal 2018. The majority of the increase is primarily due to an increase of \$8.6 billion in restricted net position. The net position is comprised of \$94.2 billion in net investment in capital assets, \$116.6 billion in restricted and negative \$95.8 billion in unrestricted.

Fund Level

Governmental Funds

As of Aug. 31, 2019, the state's governmental funds reported a combined ending fund balance of \$79.9 billion, an increase of \$7.7 billion or 10.7 percent from fiscal 2018, primarily due to an increase in tax revenues investments. The state reported a positive unassigned fund balance of \$9 billion in fiscal 2019.

Proprietary Funds

The proprietary funds reported a net position of \$68.9 billion as of Aug. 31, 2019, an increase of \$2.3 billion or 3.5 percent from fiscal 2018, primarily due to an increase in pledged hospital revenue.

Long-Term Debt

The state's total bonds outstanding increased by \$2.5 billion or 4.5 percent during fiscal 2019. This amount represents the net difference between net issuances, payments and refunding of outstanding bond debt. During fiscal 2019, the state issued bonds totaling \$5.9 billion. Detailed information regarding the government-wide, fund level and long-term debt activities is stated in the debt administration section of this management's discussion and analysis (MD&A).

Overview of the Financial Statements

The focus of this report is on reporting for the state as a whole and on the major individual funds. This report presents a comprehensive view of the state's financial activities and makes it easier to compare the performance of Texas state government to that of other governments.

The Financial Section of this report presents the state's financial position and activities in four parts:

- MD&A (this part)
- The basic financial statements
- Required supplementary information other than MD&A
- Other supplementary information presenting combining statements and schedules

The report also includes statistical and economic data.

The basic financial statements include government-wide financial statements, fund financial statements and notes to financial statements, which provide more detailed information to supplement the basic financial statements.

Reporting on the State as a Whole

The government-wide financial statements are designed to present an overall picture of the financial position of the state. These statements consist of the

statement of net position and the statement of activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. This means that all the current year's revenues and expenses are included, regardless of when cash is received or paid, producing a view of financial position similar to that presented by most private sector companies.

The statement of net position combines and consolidates the government's current financial resources with capital assets and long-term obligations. This statement includes all of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources.

Net position represents one measure of the state's financial health.

Other indicators of the state's financial health include the condition of its roads and highways (infrastructure) and economic trends affecting the state's future tax revenues.

The statement of activities focuses on both the gross and net cost of various activities (governmental, business-type and component units). These costs are paid by the state's general tax and other revenues. This statement summarizes the cost of providing (or the subsidy provided by) specific government services and includes all current year revenues and expenses.

The government-wide statement of net position and the statement of activities divide the state's activities into the following three types.

Governmental Activities

The state's basic services are reported here, including general government, education, employee benefits, teacher retirement state contributions, health and human services, public safety and corrections, transportation, natural resources and recreation, and regulatory services. Taxes, fees and federal grants finance most of these activities.

Business-Type Activities

Activities for which the state charges a fee to customers in order to pay for most or all of the costs of certain services it provides are reported as business-type activities. The state's institutions of higher education are included as business-type activities.

Component Units

Component units are legally separate organizations for which the state is either financially accountable or the nature and significance of their relationship with the state is such that exclusion would cause the state's financial statements to be misleading or incomplete. The state has 23 discretely presented component units. Financial information for these entities is presented separately in the supplemental statements and notes.

Reporting on the State's Most Significant Funds

Fund financial statements provide additional detail about the state's financial position and activities. Some information presented in the fund financial statements differs from the government-wide financial statements due to the perspective and basis of accounting used. Funds are presented on the fund-level statements as major or nonmajor based on criteria set by the Governmental Accounting Standards Board (GASB).

A fund is a separate accounting entity with a self-balancing set of accounts. The state uses funds to keep track of sources of funding and spending related to specific activities.

Governmental Funds

A majority of the state's activity is reported in governmental funds. Reporting of these funds focuses on the flow of money into and out of the funds and the amounts remaining at fiscal year-end for future spending.

Governmental funds are accounted for using the modified accrual basis of accounting, which measures cash and other assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the state's general governmental operations and the basic services it provides. This information helps determine the level of resources available for the state's programs. The reconciliations following the fund financial statements explain the differences between the governmental activities column reported on the government-wide statement of net position and the government-wide statement of activities and the governmental funds reported on the fund financial statements. The general fund, state highway fund and permanent school fund are reported as major governmental funds.

Proprietary Funds

When the state charges customers for services it provides, these activities are generally reported in proprietary funds. Services provided to outside (non-governmental) customers are reported in enterprise funds, a component of proprietary funds, and are accounted for using the economic resources measurement focus and the accrual basis of accounting. These are the same

business-type activities reported in the government-wide financial statements, but are reported here to provide information at the fund level.

The employees life, accident and health insurance benefits fund is reported as an internal service fund and provides services on a cost reimbursement basis to other agencies of the financial reporting entity.

Colleges and universities, the unemployment trust fund and the lottery fund are reported as major proprietary funds.

Reporting on the State's Fiduciary Responsibilities

The state is the trustee or fiduciary for ten defined benefit plans and one defined contribution plan. It is also responsible for other assets that can only be used for trust beneficiaries. All state fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are reported separately from other financial activities because the state cannot use the assets to finance its operations. The state's fiduciary responsibilities include ensuring that assets reported in these funds are used for their intended purposes.

Financial Analysis of the State as a Whole

Net Position

Net position was \$115.1 billion in fiscal 2019, an increase of \$15.5 billion or positive 15.6 percent. Several factors affected net position. Cash and cash equivalents increased by \$5.6 billion in governmental activities and by \$1.1 billion in business-type activities from fiscal 2018. The state's bonded indebtedness was \$56.7 billion, which included new issuances of \$5.9 billion in state bonds to finance new construction, housing, water conservation and other projects. Approximately \$3.6 billion in bonded debt was retired or refunded. Total assets of the state was \$353 billion, an increase of \$18.9 billion or 5.7 percent from fiscal 2018. Total liabilities for the state was \$222.6 billion, an increase of \$14.5 billion or 7 percent from fiscal 2018. Of the state's net position, \$94.2 billion was net investment in capital

assets, while \$116.6 billion was restricted by the constitution or other legal requirements and was not available to finance day to day operations of the state. Unrestricted net position was negative \$95.8 billion. The majority of the net position increase is primarily due to an increase of \$6.5 billion in restricted net position.

Changes in Net Position

The state's net position for fiscal 2019 increased by \$15.5 billion. The state earned program revenues of \$101.7 billion and general revenues of \$65 billion, for total revenues of \$166.7 billion, an increase of \$894.6 million or one percent from fiscal 2018. The major components of this increase were tax revenues, which had an increase of \$3.4 billion, and unrestricted investment earnings, with an increase of \$528.4 million. Federal revenues increased \$523 million and interest and investment income increased by \$86.5 million.

Statement of Net Position

Table MDA-1

August 31, 2019 and 2018
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
ASSETS						
Assets Other Than Capital Assets	\$ 95,939,505	\$ 86,623,179	\$ 108,017,842	\$ 103,062,798	\$ 203,957,347	\$ 189,685,977
Capital Assets	116,365,204	110,784,897	35,697,377	33,615,818	152,062,581	144,400,715
Total Assets	<u>212,304,709</u>	<u>197,408,076</u>	<u>143,715,219</u>	<u>136,678,616</u>	<u>356,019,928</u>	<u>334,086,692</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>19,794,406</u>	<u>9,654,909</u>	<u>7,957,438</u>	<u>1,896,074</u>	<u>27,751,844</u>	<u>11,550,983</u>
LIABILITIES						
Current Liabilities	16,169,637	15,612,668	15,335,543	13,932,205	31,505,180	29,544,873
Noncurrent Liabilities	128,388,163	123,336,920	62,749,375	55,290,550	191,137,538	178,627,470
Total Liabilities	<u>144,557,800</u>	<u>138,949,588</u>	<u>78,084,918</u>	<u>69,222,755</u>	<u>222,642,718</u>	<u>208,172,343</u>
DEFERRED INFLOWS OF RESOURCES	<u>41,318,145</u>	<u>35,109,225</u>	<u>4,730,479</u>	<u>2,818,004</u>	<u>46,048,624</u>	<u>37,927,229</u>
NET POSITION						
Net Investment in Capital Assets	80,632,585	80,746,971	13,571,180	12,705,500	94,203,765	93,452,471
Restricted	63,001,887	56,896,014	53,629,080	53,186,622	116,630,967	110,082,636
Unrestricted	(97,411,302)	(104,638,813)	1,657,000	641,809	(95,754,302)	(103,997,004)
Total Net Position	<u>\$ 46,223,170</u>	<u>\$ 33,004,172</u>	<u>\$ 68,857,260</u>	<u>\$ 66,533,931</u>	<u>\$ 115,080,430</u>	<u>\$ 99,538,103</u>

The expenses of the state were \$151.8 billion, an increase of \$11.5 billion or positive 8.2 percent from fiscal 2018. The expense fluctuations in governmental activities are largely attributable to a \$8 billion increase in general government and a \$362.6 million increase in

teacher retirement benefits. In business-type activities, there was a \$440.4 million increase in lottery expenses and a \$2.1 billion increase in education services.

The financial analysis of the state's funds will further explain the results for changes in the state's financial condition.

Changes in Net Position

Table MDA-2

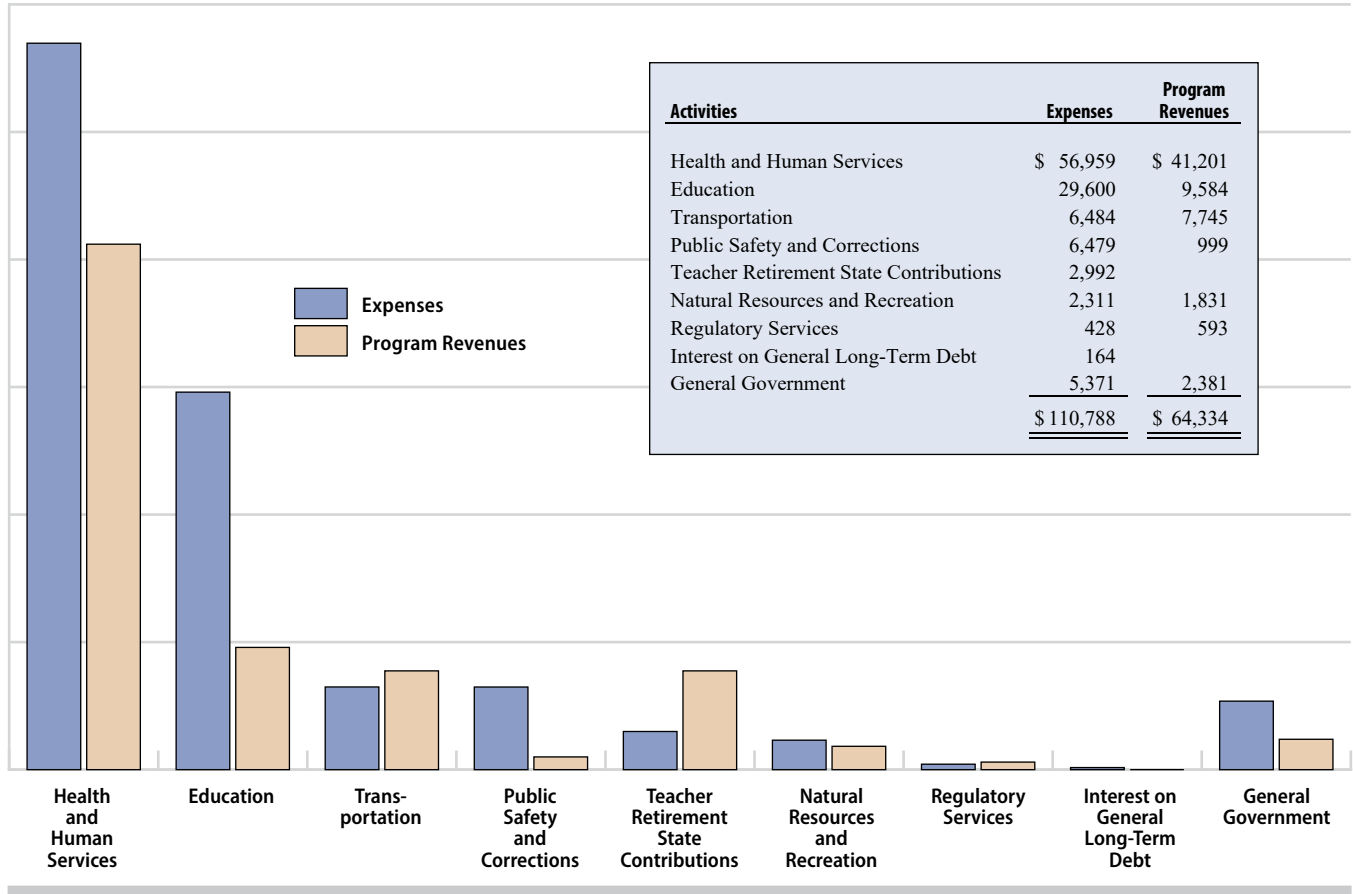
For the Fiscal Years Ended August 31, 2019 and 2018
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program Revenues:						
Charges for Services	\$ 11,897,016	\$ 11,905,492	\$ 27,167,583	\$ 25,490,336	\$ 39,064,599	\$ 37,395,828
Operating Grants and Contributions	52,316,910	52,302,464	9,842,091	15,301,199	62,159,001	67,603,663
Capital Grants and Contributions	120,099	64,179	331,469	289,553	451,568	353,732
Total Program Revenues	<u>64,334,025</u>	<u>64,272,135</u>	<u>37,341,143</u>	<u>41,081,088</u>	<u>101,675,168</u>	<u>105,353,223</u>
General Revenues:						
Taxes	59,322,452	55,962,771			59,322,452	55,962,771
Unrestricted Investment Earnings	1,174,955	724,302	156,819	79,105	1,331,774	803,407
Settlement of Claims	656,055	560,556	2,066	16,368	658,121	576,924
Gain on Sale of Capital Assets	8,030	2,178	3	1,706	8,033	3,884
Loss on Other Financial Activity	(1,348)				(1,348)	
Other General Revenues	3,543,038	2,917,718	145,227	169,986	3,688,265	3,087,704
Total General Revenues	<u>64,703,182</u>	<u>60,167,525</u>	<u>304,115</u>	<u>267,165</u>	<u>65,007,297</u>	<u>60,434,690</u>
Total Revenues	<u>129,037,207</u>	<u>124,439,660</u>	<u>37,645,258</u>	<u>41,348,253</u>	<u>166,682,465</u>	<u>165,787,913</u>
EXPENSES						
General Government	5,371,436	(2,598,195)	179,604	152,487	5,551,040	(2,445,708)
Education	29,599,638	28,653,616	32,919,256	30,864,744	62,518,894	59,518,360
Teacher Retirement State Contributions	2,991,655	2,629,099			2,991,655	2,629,099
Health and Human Services	56,958,226	57,710,097	2,072,611	2,243,354	59,030,837	59,953,451
Public Safety and Corrections	6,479,379	6,473,778	109,443	102,806	6,588,822	6,576,584
Transportation	6,484,481	6,262,684	559,047	491,228	7,043,528	6,753,912
Natural Resources and Recreation	2,311,393	2,180,408	538,560	417,762	2,849,953	2,598,170
Regulatory Services	427,790	398,150			427,790	398,150
Interest on General Long-Term Debt	164,480	155,172			164,480	155,172
Lottery			4,621,619	4,181,178	4,621,619	4,181,178
Total Expenses	<u>110,788,478</u>	<u>101,864,809</u>	<u>41,000,140</u>	<u>38,453,559</u>	<u>151,788,618</u>	<u>140,318,368</u>
Excess (Deficiency) Before Contributions and Transfers	<u>18,248,729</u>	<u>22,574,851</u>	<u>(3,354,882)</u>	<u>2,894,694</u>	<u>14,893,847</u>	<u>25,469,545</u>
Capital Contributions	767	93,354	61,561	41,343	62,328	134,697
Contributions to Permanent and Term Endowments	(9,616)	(11,010)			(9,616)	(11,010)
Transfers	(5,367,035)	(5,043,006)	276,276	255,688	276,276	255,688
Change in Net Position	<u>12,872,845</u>	<u>17,614,189</u>	<u>2,349,990</u>	<u>8,234,731</u>	<u>15,222,835</u>	<u>25,848,920</u>
Net Position, Beginning Balance	33,004,172	101,923,529	66,533,931	65,762,124	99,538,103	167,685,653
Restatements	346,153	(86,533,546)	(26,661)	(7,462,924)	319,492	(93,996,470)
Net Position, Beginning Balance, as Restated	<u>33,350,325</u>	<u>15,389,983</u>	<u>66,507,270</u>	<u>58,299,200</u>	<u>99,857,595</u>	<u>73,689,183</u>
Net Position, Ending Balance	<u>\$ 46,223,170</u>	<u>\$ 33,004,172</u>	<u>\$ 68,857,260</u>	<u>\$ 66,533,931</u>	<u>\$ 115,080,430</u>	<u>\$ 99,538,103</u>

Expenses and Program Revenues: Governmental Activities

Graph MDA-3

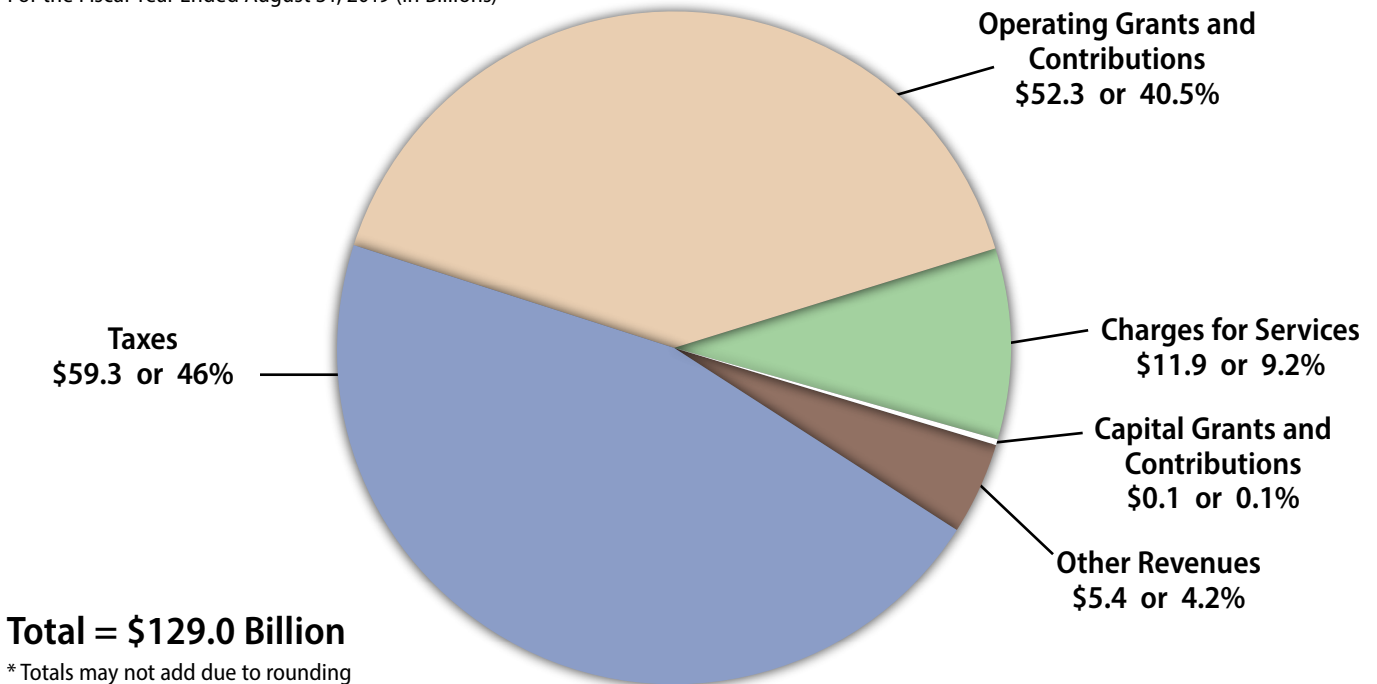
For the Fiscal Year Ended August 31, 2019 (In Millions)



Revenue by Source: Governmental Activities

Graph MDA-4

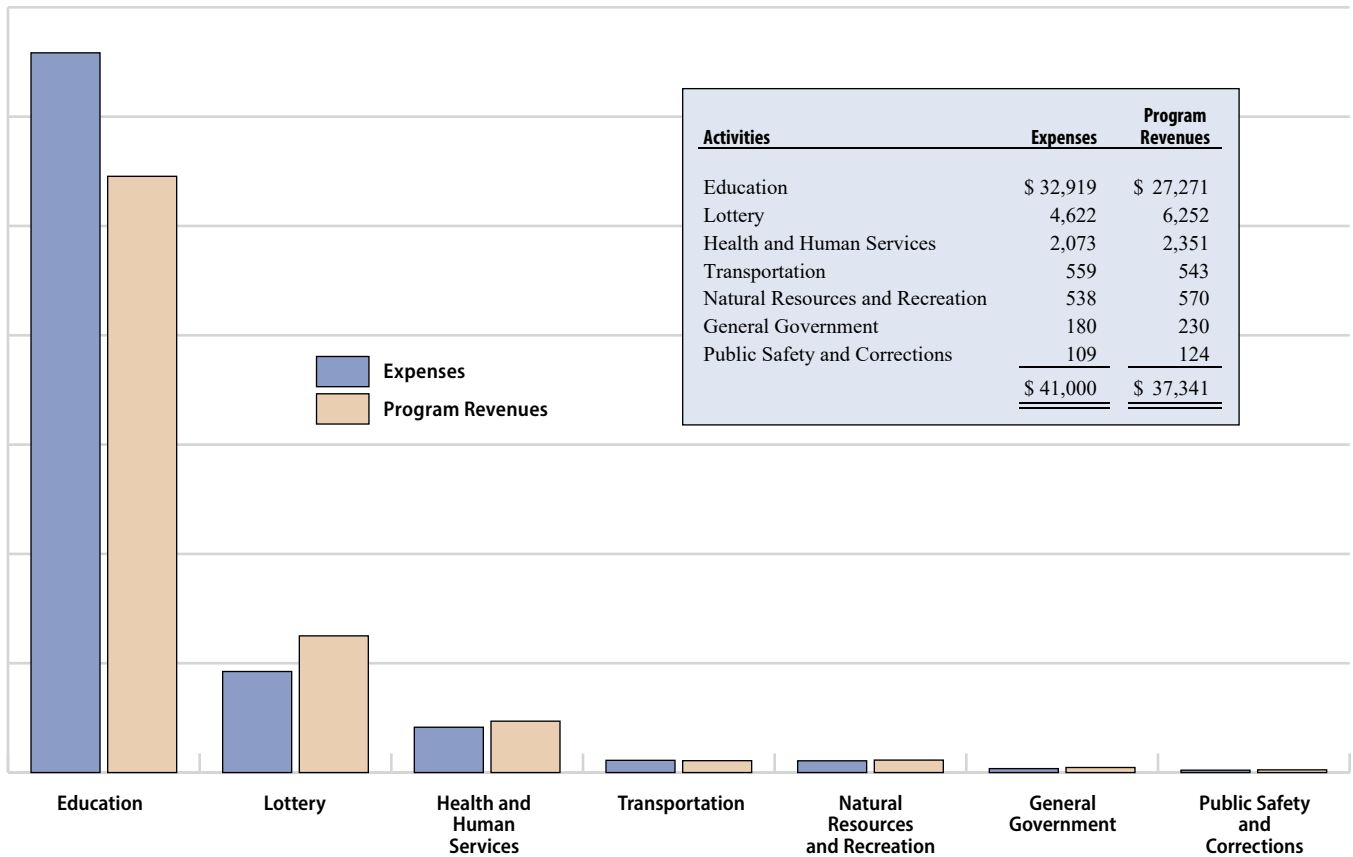
For the Fiscal Year Ended August 31, 2019 (In Billions)*



Expenses and Program Revenues: Business-Type Activities

Graph MDA-5

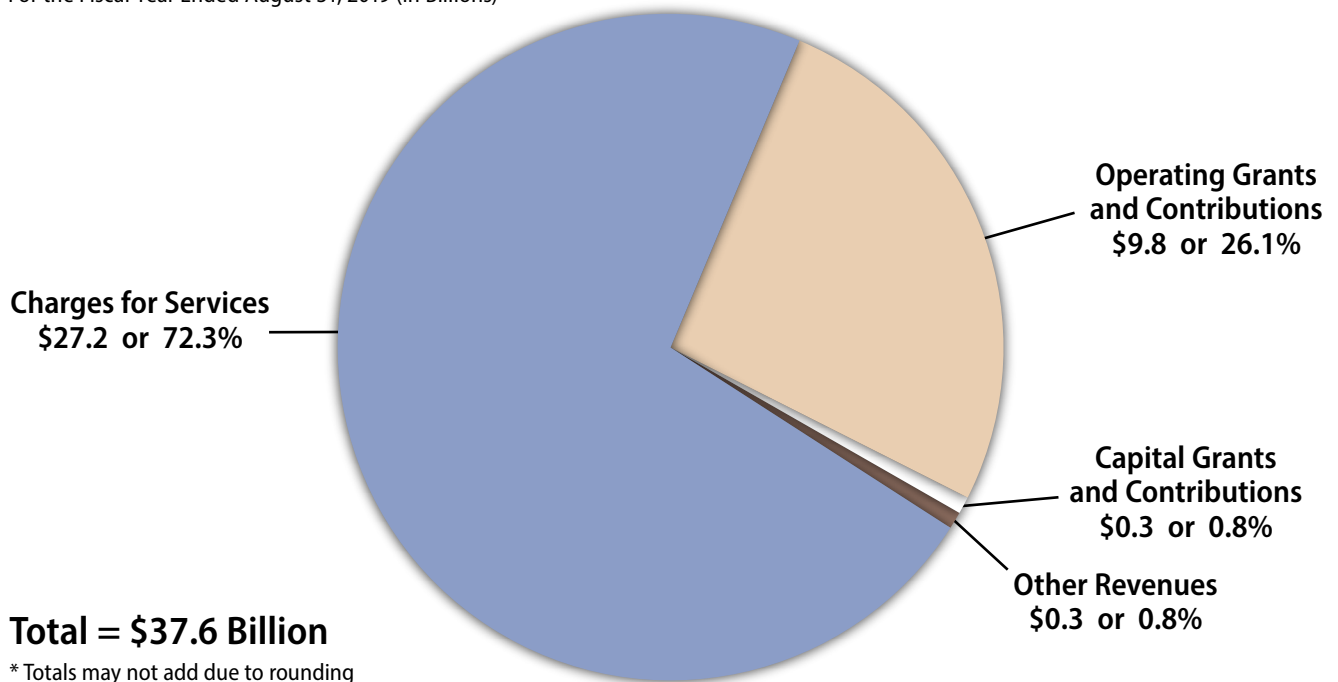
For the Fiscal Year Ended August 31, 2019 (In Millions)



Revenue by Source: Business-Type Activities

Graph MDA-6

For the Fiscal Year Ended August 31, 2019 (In Billions)*



Governmental Activities

Governmental activities program revenue was \$64.3 billion, including charges for services of \$11.9 billion, operating grants and contributions of \$52.3 billion and capital grants and contributions of \$120.1 million. The largest change, a \$55.9 million increase, was for capital grants and contributions. Taxes had increases of \$3.4 billion from general revenue sources, with the largest increase attributed to sales and use tax revenue.

Net Cost (Income) of the State's Governmental Activities

Table MDA-7

For the Fiscal Year Ended August 31, 2019
(Amounts in Thousands)

	Total Cost of Services	Net Cost (Income) of Services
General Government	\$ 5,371,436	\$ 2,990,857
Education	29,599,638	20,014,835
Teacher Retirement State Contributions	2,991,655	2,991,655
Health and Human Services	56,958,226	15,756,713
Public Safety and Corrections	6,479,379	5,480,458
Transportation	6,484,481	(1,260,321)
Natural Resources and Recreation	2,311,393	480,629
Regulatory Services	427,790	(164,853)
Interest on General Long-Term Debt	164,480	164,480
Total	<u>\$ 110,788,478</u>	<u>\$ 46,454,453</u>

Net Cost (Income) of the State's Business-Type Activities

Table MDA-8

For the Fiscal Year Ended August 31, 2019
(Amounts in Thousands)

	Total Cost of Services	Net Cost (Income) of Services
General Government	\$ 179,604	\$ (50,289)
Education	32,919,256	5,648,192
Health and Human Services	2,072,611	(277,723)
Public Safety and Corrections	109,443	(14,808)
Transportation	559,047	15,744
Natural Resources and Recreation	538,560	(31,391)
Lottery	4,621,619	(1,630,728)
Total	<u>\$ 41,000,140</u>	<u>\$ 3,658,997</u>

Governmental activities expenses were \$110.8 billion. All functions of governmental activities in the government-wide statement of activities have a net cost, except the transportation and regulatory functions which reported slight surpluses. The education function and the health and human services function account for 78.1 percent of governmental activities expenses and 77 percent of the net cost. The tax collections of the state provide the primary source of funding, which when added to program revenues, support the payment of governmental services.

Business-Type Activities

Business-type activities generated program revenue of \$37.3 billion, including charges for services of \$27.2 billion, operating grants and contributions of \$9.8 billion and capital grants and contributions of \$331.5 million. The total expenses for business-type activities were \$41 billion. The largest changes occurred in education, with a \$2.1 billion increase for colleges and universities, and in lottery, with an increase of \$440.4 million. There was an increase in net position in the government's business-type activities of \$2.3 billion from \$66.5 billion in fiscal 2018.

Financial Analysis of the State's Funds

Governmental Funds

As of Aug.31, 2019, governmental funds reported fund balances of \$79.9 billion. The general fund reported a positive \$16.3 billion fund balance.

General Fund

The fund balance for the general fund as of Aug. 31, 2019, was \$16.3 billion, an increase of \$3.1 billion from fiscal 2018, mostly due to increases in revenues. Tax revenues increased by \$2.7 billion from fiscal 2018. Also, interest and other investment income and land income revenues increased by \$429.2 million and \$13.2

million, respectively. The state constitution, state statute and federal rule or bond covenants constrain \$7.2 billion. The unassigned fund balance was \$9 billion, which includes \$11.7 billion in the economic stabilization fund, commonly called “the rainy day fund.”

State Highway Fund

The fund balance for the state highway fund for fiscal 2019, was \$9.3 billion, an increase of \$1.8 billion from \$7.4 billion from fiscal 2018. Cash and cash equivalents increased \$3.2 billion as unearned revenues decreased \$61.3 million. Interest and other investment income totaled \$145.3 million, an increase of \$71.3 million from fiscal 2018.

Permanent School Fund

The fund balance for the permanent school fund (PSF) as of Aug. 31, 2019, totaled \$46.5 billion, an increase of \$2.4 billion from fiscal 2018. This increase was primarily attributable to an increase in valuation of investments of \$2.1 billion. Value in the fund provided \$1.5 billion in transfers to provide funding for public education. The PSF also supports the state’s public school system through a bond guarantee program, where the PSF is pledged to guarantee bonds issued by Texas school districts, enhancing their credit rating. In fiscal 2019, a total of \$84.4 billion in school district bond issues were guaranteed at year-end.

Proprietary Funds

Proprietary funds reported net position of \$68.9 billion in fiscal 2019, an increase of \$2.3 billion from fiscal 2018. The state’s public colleges and universities hold 87.3 percent of the reported net position in proprietary funds.

Colleges and Universities

Colleges and universities’ net position for fiscal 2019, totaled \$60.1 billion, an increase of \$1.1 billion

from fiscal 2018. Hospital revenue and professional fees discounts and allowances decreased by \$951.7 million and \$655.4 million, respectively for fiscal 2019. Salaries and wages increased by \$768 million and material and supplies increased by \$475.8 million for fiscal 2019. These revenues and expenses primarily contributed to the net loss before capital contributions, endowments and transfers decrease of \$6.5 billion from fiscal 2018. Change in net position decreased by \$6.3 billion or negative 84.5 percent for fiscal 2019. There was also \$1 billion collected from land mineral income (such as oil royalties) deposited into the Permanent University Fund (PUF) for the benefit of the University of Texas and Texas A&M University Systems. The PUF’s net position after distributions increased by \$953 million from \$21.9 billion in fiscal 2018 to \$22.8 billion in fiscal 2019. This endowment fund contributes to the support of 15 institutions in the University of Texas System and 15 in the Texas A&M University System.

Unemployment Trust Fund

The unemployment trust fund reports activity related to the administration of statewide unemployment benefits in proprietary funds. The fund reported a net position of \$2.3 billion for fiscal 2019, an increase of \$457.6 million from \$1.9 billion from the prior fiscal year. During fiscal 2019, unemployment taxes collected decreased by \$117.2 million from \$2.4 billion in 2018. The unemployment rate was 3.4 percent. Unemployment benefits paid for fiscal 2019 totaled \$2.1 billion, which represents a decrease of \$170.7 million or negative 7.6 percent as compared to fiscal 2018.

Lottery Fund

The Texas Lottery Commission operates draw and scratch ticket lottery games to generate revenue for the state’s foundation school fund. The lottery fund had a net position of \$29.3 million for fiscal 2019, an increase of \$21.4 million from the prior fiscal year. There was

an increase in interest and investment income of \$54.8 million due to the change in the market value of investments. Transfers to state agencies totaled \$1.6 billion. The Commission recorded its highest level of total sales since ticket sales began in 1992 with collections of \$6.3 billion.

Fiduciary Funds

Fiduciary funds reported \$217.1 billion in net position for fiscal 2019, an increase of \$8.5 billion from \$208.6 billion in fiscal 2018, a 4.1 percent increase.

Pension and Other Employee Benefit Trust Funds

Total net position for pension and other employee benefit trust funds was \$188.3 billion for fiscal 2019, an increase of \$3.2 billion from the \$185.2 billion reported in fiscal 2018. The majority of plan assets are held as investments for the pension funds. In fiscal 2019, additions from all sources decreased by \$5.1 billion, while benefit payments increased by \$1 billion. The year was characterized by exceptional returns from US Treasuries as well as the US dollar, while moderate returns from US equities outperformed international equities, which contracted amidst moderately slowing global growth expectations and inflation. The return on investments for the state's two largest pension systems, the Teacher Retirement System of Texas and the Employees Retirement System of Texas was 5.2 percent and 3 percent, respectively, compared to the previous year's returns of 8.2 percent and 9.6 percent.

External Investment Trust Fund

The Texas Treasury Safekeeping Trust (Trust) is the only external investment trust fund. It administers and invests funds belonging to state and local entities as well as providing direct access to services of the Federal Reserve System. The Trust reported a total net position of \$25 billion in fiscal 2019, an increase of \$5 billion from fiscal 2018. The increase in net position is pri-

marily due to an increase in both TexPool and TexPool Prime investment balances.

Private-Purpose Trust Funds

Total net position for private-purpose trust funds was \$3.8 billion in fiscal 2019, an increase of \$292 million from fiscal 2018. Additions from all sources of \$829.7 million exceeded total deductions of \$537.6 million. The net increase of \$292 million is an increase of 17.3 percent from the net increase of \$249 million in fiscal 2018.

Budgetary Highlights

Variances for the General Fund

The differences from original and final revenue budgets are due to both economic and legislative reasons.

Budget mechanisms allow budget revisions for certain revenues when collections exceed the original budget. Accordingly, major revisions were made to both total revenues and expenditures for a net change of \$6 billion.

There was a positive \$1.6 billion variance between the actual and final budget revenues. The largest negative revenue variances occurred with sales of goods and services and other revenue, which reported a \$1.3 billion and \$867.6 million difference, respectively.

The largest negative expenditure variance is related to the health and human services function.

Capital Assets and Debt Administration

Capital Assets

For fiscal 2019, the state has \$152.1 billion in net capital assets. This total represents an increase of \$7.7 billion in total capital assets or 5.3 percent from fiscal 2018. Included in this amount are increases to infrastructure of \$5.5 billion by the Texas Department of

Capital Assets – Net of Depreciation and Amortization

Table MDA-9

August 31, 2019 and 2018
(Amounts In Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land and Land Improvements	\$ 15,142,934	\$ 14,228,715	\$ 2,344,988	\$ 2,221,174	\$ 17,487,922	\$ 16,449,889
Infrastructure	78,683,576	74,987,729	3,006,058	2,966,405	81,689,634	77,954,134
Construction in Progress	19,507,418	18,587,042	3,942,271	4,355,328	23,449,689	22,942,370
Buildings and Building Improvements	1,814,147	1,853,839	20,508,878	18,491,474	22,323,025	20,345,313
Facilities and Other Improvements	70,445	65,695	1,900,030	1,861,346	1,970,475	1,927,041
Furniture and Equipment	260,663	273,398	2,052,763	1,866,371	2,313,426	2,139,769
Vehicles, Boats and Aircraft	580,417	510,802	84,071	85,636	664,488	596,438
Other Capital Assets	194,418	157,657	1,517,239	1,452,446	1,711,657	1,610,103
Intangible Capital Assets, Net	111,186	120,020	341,079	315,638	452,265	435,658
Total Capital Assets	<u>\$116,365,204</u>	<u>\$110,784,897</u>	<u>\$ 35,697,377</u>	<u>\$ 33,615,818</u>	<u>\$152,062,581</u>	<u>\$144,400,715</u>

Transportation (TxDOT). Institutions of higher education also added \$3.5 billion to buildings and building improvements.

To ensure future availability of essential services and to finance capital improvements, TxDOT made commitments for construction contracts, comprehensive development agreements and pass-through toll agreements totaling an estimated \$17.8 billion. These commitments extend beyond fiscal year-end and represent future costs to the state.

Note 2 provides detail about the state's capital assets and Note 15 details the state's significant commitments related to future capital expenditures.

Infrastructure Assets

The value of the state's infrastructure assets is included in the governmental activities column of the government-wide statement of net position. The state accounts for its system of roads and highways using the depreciation method. Additional detail is found in Note 2 for capital assets.

Debt Administration

The state of Texas issues both general obligation bonds and revenue bonds. Each series of revenue bonds is backed by the pledged revenue source and restricted

funds specified in the bond resolution. Most revenue bonds are designed to be self-supporting from a primary revenue source related to the program financed.

The state's general obligation bond issues were rated Aaa by Moody's Investors Service, AAA by Standard & Poor's, AAA by Fitch Ratings, and AAA by Kroll Bank Ratings Agency as of August 2019. During fiscal 2019, Texas' state agencies and institutions of higher education issued \$5.9 billion in state bonds to finance new construction, transportation, housing, water conservation and treatment and other projects. General obligation debt accounted for \$1.3 billion of state bonds issued in fiscal 2019. This debt, which can only be authorized by a constitutional amendment, carries the full faith and credit of the state. The remaining \$4.6 billion is due to new issuances of revenue bonds, which are serviced by the revenue flows of individual entity projects. Bonds retired during the fiscal year were composed of \$795.2 million in general obligation bonds and \$1.2 billion in revenue bonds. Also, \$840.4 million in general obligation bonds and \$820.5 million in revenue bonds were refunded. The total outstanding general obligation debt of the state after new issuances, retirements and refundings as of Aug. 31, 2019 was \$19.4 billion. This represents a decrease of \$446.5 million or negative 2.3 percent from fiscal 2018. An

Outstanding Bonded Debt

Table MDA-10

August 31, 2019 and 2018
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$14,975,560	\$15,416,099	\$3,978,259	\$4,409,919	\$18,953,819	\$19,826,018
General Obligation Bonds –						
Direct Placements	286,913		138,825		425,738	
Revenue Bonds	4,356,052	4,495,617	32,347,964	29,967,142	36,704,016	34,462,759
Revenue Bonds – Direct Placements	150,000		511,897		661,897	
Total Bonds Payable	<u>\$19,768,525</u>	<u>\$19,911,716</u>	<u>\$36,976,945</u>	<u>\$34,377,061</u>	<u>\$56,745,470</u>	<u>\$54,288,777</u>

additional \$10.2 billion of general obligation bonds were authorized but are unissued. Total revenue bonds outstanding were \$37.4 billion, which is an increase of \$2.9 billion or 8.4 percent from fiscal 2018. Note 5 discloses the details on the state's long-term liabilities and Note 6 provides detailed information on the state's bonded indebtedness.

Economic Condition

From November 2018 to November 2019 the Texas economy added 336,700 nonfarm jobs, an increase of 2.7 percent, to reach 12,951,400. Private-sector employment rose by 3 percent while government employment (federal, state and local) grew by 0.8 percent. Texas added more new jobs than any other state over the twelve-month period ending November 2019 and had the third lowest unemployment rate among

the 10 most populous states at the end of that period (behind Florida and Georgia). The state's rate of job growth was the highest among the 10 most populous states and the second highest among all states (behind Utah).

Contacting the State's Financial Management

This financial report is designed to provide the state's citizens, taxpayers, customers, investors and creditors with a general overview of the state's finances and to demonstrate the state's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Financial Reporting section of the Texas Comptroller of Public Accounts at 111 E. 17th Street, Austin, Texas 78774.

Section Two (continued)

Basic Financial Statements



Statement of Net Position

August 31, 2019 (Amounts in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 30,005,800	\$ 7,223,431	\$ 37,229,231	\$ 1,270,520
Short-Term Investments	1,961,322	1,122,642	3,083,964	49,022
Securities Lending Collateral	1,747,053	482,342	2,229,395	
Receivables:				
Taxes (Note 23)	3,542,734		3,542,734	
Federal	3,813,273	829,234	4,642,507	336
Other Intergovernmental	685,987	143,640	829,627	4,030
Accounts	1,050,758	2,350,216	3,400,974	72,657
Interest and Dividends	138,155	226,109	364,264	1,918
Gifts	1,112	318,194	319,306	5,000
Investment Trades	26,614	784,927	811,541	
Other	67,916	531,900	599,816	6,386
From Fiduciary Funds	50,764		50,764	
Inventories	336,244	247,117	583,361	6,293
Prepaid Items	2,643	262,401	265,044	7,646
Loans and Contracts	85,291	459,827	545,118	521
Other Current Assets		449,983	449,983	25,218
Restricted:				
Cash and Cash Equivalents	63,501	5,225,598	5,289,099	47,628
Short-Term Investments	4,971	1,508,695	1,513,666	17,542
Loans and Contracts	131,405	221,416	352,821	1,966
Total Current Assets	<u>43,715,543</u>	<u>22,387,672</u>	<u>66,103,215</u>	<u>1,516,683</u>
Noncurrent Assets:				
Internal Balances (Note 12)	14,249	(14,249)		
Loans and Contracts	1,582,884	10,224,721	11,807,605	4,120
Investments	48,488,326	18,048,140	66,536,466	10,035
Receivables:				
Taxes (Note 23)	157		157	
Gifts		632,826	632,826	17,317
Other	402,294	73,424	475,718	430
Restricted:				
Cash and Cash Equivalents		88,220	88,220	13,478
Short-Term Investments		301	301	
Investments	2,497	49,576,193	49,578,690	473,682
Receivables		210,108	210,108	
Loans and Contracts	1,567,121	3,880,989	5,448,110	4,698
Other	102,035	15,800	117,835	
Assets Held in Trust		5,144	5,144	
Investment Derivative Instrument Asset	2		2	
Prepaid Items				3,389
Intangible Assets – Service Concession				
Arrangements (Note 26)		2,553,937	2,553,937	
Other Noncurrent Assets	64,397	334,616	399,013	214
Capital Assets: (Note 2)				
Non-Depreciable or Non-Amortizable	34,790,600	7,225,256	42,015,856	4,638
Depreciable or Amortizable, Net	81,574,604	28,472,121	110,046,725	23,905
Total Noncurrent Assets	<u>168,589,166</u>	<u>121,327,547</u>	<u>289,916,713</u>	<u>555,906</u>
Total Assets	<u>212,304,709</u>	<u>143,715,219</u>	<u>356,019,928</u>	<u>2,072,589</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources (Note 27)	19,794,406	7,957,438	27,751,844	
Total Deferred Outflows of Resources	<u>19,794,406</u>	<u>7,957,438</u>	<u>27,751,844</u>	<u>0</u>

Concluded on the following page

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

Statement of Net Position (concluded)

August 31, 2019 (Amounts in Thousands)

LIABILITIES	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activities		
Current Liabilities:				
Payables:				
Accounts	\$ 6,749,406	\$ 2,229,774	\$ 8,979,180	\$ 465,750
Payroll	804,943	1,072,322	1,877,265	656
Other Intergovernmental	549,036	3,249	552,285	
Federal	7,631	51,984	59,615	
Investment Trades	50,781	1,301,280	1,352,061	
Interest	339,280	216,194	555,474	16,084
Tax Refunds (Note 23)	520,347		520,347	
Annuities		6,679	6,679	
To Fiduciary Funds	32,057		32,057	
Internal Balances (Note 12)	1,084,732	(1,084,732)		
Unearned Revenue	876,594	4,266,219	5,142,813	247,620
Obligations/Reverse Repurchase Agreement	19,765		19,765	
Obligations/Securities Lending	1,768,923	482,342	2,251,265	
Claims and Judgments (Note 5)	42,034	153,241	195,275	
Capital Lease Obligations (Note 5, 8)	4,010	19,778	23,788	38
Employees' Compensable Leave (Note 5)	627,493	499,824	1,127,317	1,629
Notes and Loans Payable (Note 5)	196,381	28,435	224,816	43,000
General Obligation Bonds Payable (Note 5, 6)	642,643	269,541	912,184	
Revenue Bonds Payable (Note 5, 6)	293,098	2,537,180	2,830,278	670
Pollution Remediation Obligation (Note 5)	58,202		58,202	
Asset Retirement Obligation (Note 5)	211		211	
Liabilities Payable From Restricted Assets (Note 5)		549,339	549,339	
Hedging Derivative Liability	264		264	
Short Term Debt (Note 4)		1,944,779	1,944,779	
Funds Held for Others		160,579	160,579	113,840
OPEB Liability	1,075,405	340,585	1,415,990	
Other Current Liabilities	426,401	286,951	713,352	204,407
Total Current Liabilities	<u>16,169,637</u>	<u>15,335,543</u>	<u>31,505,180</u>	<u>1,093,694</u>
Noncurrent Liabilities:				
Internal Balances (Note 12)				
Claims and Judgments (Note 5)	58,305	41,011	99,316	
Capital Lease Obligations (Note 5, 8)	12,433	242,567	255,000	
Employees' Compensable Leave (Note 5)	253,031	447,299	700,330	1,240
Notes and Loans Payable (Note 5)	1,124,388	2,040,014	3,164,402	331,038
General Obligation Bonds Payable (Note 5, 6)	14,619,830	3,847,543	18,467,373	
Revenue Bonds Payable (Note 5, 6)	4,212,954	30,322,683	34,535,637	66,472
Pollution Remediation Obligation (Note 5)	222,204	1,023	223,227	
Asset Retirement Obligation (Note 5)	1,689	41,710	43,399	
Liabilities Payable From Restricted Assets (Note 5)		1,861,846	1,861,846	
Assets Held for Others		1,111,456	1,111,456	
Pension Liability (Note 9)	51,673,688	7,083,878	58,757,566	
OPEB Liability (Note 11)	56,209,641	14,648,936	70,858,577	
Investment Derivative Instrument Liability		103,797	103,797	
Hedging Derivative Liability (Note 7)		606,848	606,848	
Other Noncurrent Liabilities		348,764	348,764	10,433
Total Noncurrent Liabilities	<u>128,388,163</u>	<u>62,749,375</u>	<u>191,137,538</u>	<u>409,183</u>
Total Liabilities	<u>144,557,800</u>	<u>78,084,918</u>	<u>222,642,718</u>	<u>1,502,877</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources (Note 27)	41,318,145	4,730,479	46,048,624	
Total Deferred Inflows of Resources	<u>41,318,145</u>	<u>4,730,479</u>	<u>46,048,624</u>	<u>0</u>
NET POSITION				
Net Investment in Capital Assets	80,632,585	13,571,180	94,203,765	16,954
Restricted for:				
Education	691,762	3,625,793	4,317,555	146
Transportation	7,284,272		7,284,272	
Debt Service	403,160	450,309	853,469	
Capital Projects	870,777	754,468	1,625,245	
Veterans Land Board Housing Programs		706,050	706,050	
Unemployment Trust Fund		2,322,005	2,322,005	
Funds Held as Permanent Investments:				
Nonexpendable	46,194,729	28,061,518	74,256,247	363,977
Expendable	2,663,606	12,564,053	15,227,659	
Other	4,893,581	5,144,884	10,038,465	24,187
Unrestricted	<u>(97,411,302)</u>	<u>1,657,000</u>	<u>(95,754,302)</u>	<u>164,448</u>
Total Net Position	<u>\$ 46,223,170</u>	<u>\$ 68,857,260</u>	<u>\$ 115,080,430</u>	<u>\$ 569,712</u>

STATE OF TEXAS

Statement of Activities

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities:				
General Government	\$ 5,371,436	\$ 1,443,433	\$ 937,025	\$ 121
Education	29,599,638	1,181,424	8,403,379	
Teacher Retirement State Contributions	2,991,655			
Health and Human Services	56,958,226	4,544,376	36,657,137	
Public Safety and Corrections	6,479,379	301,923	696,844	154
Transportation	6,484,481	3,159,690	4,467,984	117,128
Natural Resources and Recreation	2,311,393	676,790	1,151,278	2,696
Regulatory Services	427,790	589,380	3,263	
Interest on General Long-Term Debt	164,480			
Total Governmental Activities	<u>110,788,478</u>	<u>11,897,016</u>	<u>52,316,910</u>	<u>120,099</u>
Business-Type Activities:				
General Government	179,604	121,877	108,016	
Education	32,919,256	17,879,346	9,072,128	319,590
Health and Human Services	2,072,611	2,293,686	56,648	
Public Safety and Corrections	109,443	124,251		
Transportation	559,047	454,697	76,727	11,879
Natural Resources and Recreation	538,560	41,379	528,572	
Lottery	4,621,619	6,252,347		
Total Business-Type Activities	<u>41,000,140</u>	<u>27,167,583</u>	<u>9,842,091</u>	<u>331,469</u>
Total Primary Government	<u>\$ 151,788,618</u>	<u>\$ 39,064,599</u>	<u>\$ 62,159,001</u>	<u>\$ 451,568</u>
COMPONENT UNITS				
Component Units	\$ 2,562,966	\$ 2,635,580	\$ 279,240	\$ 0
Total Component Units	<u>\$ 2,562,966</u>	<u>\$ 2,635,580</u>	<u>\$ 279,240</u>	<u>\$ 0</u>

Concluded on the following page

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

STATE OF TEXAS

Statement of Activities (concluded)

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Units
	Primary Government		Total	
	Governmental Activities	Business-Type Activities		
PRIMARY GOVERNMENT				
Governmental Activities:				
General Government	\$ (2,990,857)	\$	\$ (2,990,857)	\$
Education	(20,014,835)		(20,014,835)	
Teacher Retirement State Contributions	(2,991,655)		(2,991,655)	
Health and Human Services	(15,756,713)		(15,756,713)	
Public Safety and Corrections	(5,480,458)		(5,480,458)	
Transportation	1,260,321		1,260,321	
Natural Resources and Recreation	(480,629)		(480,629)	
Regulatory Services	164,853		164,853	
Interest on General Long-Term Debt	(164,480)		(164,480)	
Total Governmental Activities	<u>(46,454,453)</u>	<u>0</u>	<u>(46,454,453)</u>	<u>0</u>
Business-Type Activities:				
General Government		50,289	50,289	
Education		(5,648,192)	(5,648,192)	
Health and Human Services		277,723	277,723	
Public Safety and Corrections		14,808	14,808	
Transportation		(15,744)	(15,744)	
Natural Resources and Recreation		31,391	31,391	
Lottery		1,630,728	1,630,728	
Total Business-Type Activities	<u>0</u>	<u>(3,658,997)</u>	<u>(3,658,997)</u>	<u>0</u>
Total Primary Government	<u>(46,454,453)</u>	<u>(3,658,997)</u>	<u>(50,113,450)</u>	<u>0</u>
COMPONENT UNITS				
Component Units				351,854
Total Component Units	<u>0</u>	<u>0</u>	<u>0</u>	<u>351,854</u>
General Revenues				
Taxes:				
Sales and Use	34,013,595		34,013,595	
Motor Vehicle and Manufactured Housing	5,028,763		5,028,763	
Motor Fuels	3,763,178		3,763,178	
Franchise	4,233,528		4,233,528	
Oil and Natural Gas Production	5,565,378		5,565,378	
Insurance Occupation	2,591,631		2,591,631	
Cigarette and Tobacco	1,405,669		1,405,669	
Other	2,720,710		2,720,710	
Unrestricted Investment Earnings	1,174,955	156,819	1,331,774	11,849
Settlement of Claims	656,055	2,066	658,121	
Gain on Sale of Capital Assets	8,030	3	8,033	228
Loss on Other Financial Activity	(1,348)		(1,348)	
Other General Revenues	3,543,038	145,227	3,688,265	7,672
Capital Contributions	767	61,561	62,328	
Distributions from Permanent Fund Principal (Note 12)	(9,616)		(9,616)	
Contributions to Permanent and Term Endowments		276,276	276,276	
Transfers - Internal Activities (Note 12)	(5,367,035)	5,367,035		
Total General Revenues, Contributions, Special Items and Transfers	<u>59,327,298</u>	<u>6,008,987</u>	<u>65,336,285</u>	<u>19,749</u>
Change in Net Position	<u>12,872,845</u>	<u>2,349,990</u>	<u>15,222,835</u>	<u>371,603</u>
Net Position, September 1, 2018	33,004,172	66,533,931	99,538,103	173,146
Restatements (Note 14)	346,153	(26,661)	319,492	24,963
Net Position, September 1, 2018, as Restated	<u>33,350,325</u>	<u>66,507,270</u>	<u>99,857,595</u>	<u>198,109</u>
Net Position, August 31, 2019	<u>\$ 46,223,170</u>	<u>\$ 68,857,260</u>	<u>\$ 115,080,430</u>	<u>\$ 569,712</u>

STATE OF TEXAS

Balance Sheet – Governmental Funds

August 31, 2019 (Amounts in Thousands)

	General	State Highway Fund	Permanent School Fund	Nonmajor Funds	Totals
ASSETS					
Cash and Cash Equivalents	\$ 15,016,863	\$ 6,906,422	\$ 4,736,638	\$ 3,207,126	\$ 29,867,049
Short-Term Investments	637,995	17,275		190,885	846,155
Securities Lending Collateral			1,733,293		1,733,293
Receivables:					
Accounts	381,162	190,434	224,399	17,760	813,755
Taxes (Note 23)	3,213,422	246,938		82,531	3,542,891
Federal	2,822,433	983,072		7,769	3,813,274
Gifts and Pledges				1,112	1,112
Investment Trades			21,344		21,344
Other Intergovernmental	541,463	144,523			685,986
Interest and Dividends	19,122	9,478	82,495	16,022	127,117
Other	470,210				470,210
Due From Other Funds (Note 12)	227,200	1,914,759	282	157,731	2,299,972
Interfund Receivable (Note 12)	23,476			29	23,505
Inventories	197,036	138,937		272	336,245
Prepaid Items	2,637			6	2,643
Investments	2,698,001		41,668,997	2,904,447	47,271,445
Loans and Contracts	261,547	765,596	90	640,942	1,668,175
Other Assets	64,397				64,397
Restricted:					
Cash and Cash Equivalents	54,089	7,668		1,744	63,501
Short-Term Investments		4,971			4,971
Investments		2,497			2,497
Loans and Contracts	546,050			1,152,478	1,698,528
Other Assets				102,035	102,035
Total Assets	\$ 27,177,103	\$ 11,332,570	\$ 48,467,538	\$ 8,482,889	\$ 95,460,100
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Payables:					
Accounts	\$ 4,419,135	\$ 1,568,288	\$ 9,187	\$ 99,609	\$ 6,096,219
Investment Trades	3,052		39,300	389	42,741
Other Intergovernmental	549,036				549,036
Tax Refunds (Note 23)	520,347				520,347
Payroll	714,939	82,089	2,369	5,545	804,942
Federal	7,631				7,631
Due To Other Funds (Note 12)	3,286,079	3,091	101	54,395	3,343,666
Interfund Payable (Note 12)	1,390			1,824	3,214
Unearned Revenues	644,158	16,862	147,229	471,321	1,279,570
Hedging Derivative Liability				264	264
Obligations/Reverse Repurchase Agreements	19,765				19,765
Obligations/Securities Lending			1,754,112		1,754,112
Other Liabilities	429,822	6,600		8,751	445,173
Total Liabilities	10,595,354	1,676,930	1,952,298	642,098	14,866,680
Deferred Inflows of Resources:					
Deferred Inflows of Resources (Note 27)	303,327	392,836	14,860	4,881	715,904
Total Deferred Inflows of Resources	303,327	392,836	14,860	4,881	715,904
Fund Balances					
Nonspendable (Note 13)	711,515	138,936	45,295,575	899,427	47,045,453
Restricted (Note 13)	1,372,275	7,284,275	1,204,805	6,636,782	16,498,137
Committed (Note 13)	5,154,363	720,346		295,572	6,170,281
Assigned (Note 13)	50,648	1,119,247		4,129	1,174,024
Unassigned (Note 13)	8,989,621				8,989,621
Total Fund Balances	16,278,422	9,262,804	46,500,380	7,835,910	79,877,516
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 27,177,103	\$ 11,332,570	\$ 48,467,538	\$ 8,482,889	\$ 95,460,100

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

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

August 31, 2019 (Amounts in Thousands)

Total Fund Balance – Governmental Funds \$ 79,877,516

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets less accumulated depreciation and amortization are included in the Statement of Net Position. (Note 2)

Capital Assets – Non-Depreciable or Non-Amortizable	\$ 34,790,600	
Capital Assets – Depreciable or Amortizable, Net	81,574,604	
		116,365,204

Reversal of prior year unearned tax revenues recorded in governmental funds but not in the Statement of Net Position.		403,006
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Investment derivative instrument asset was reported in the Statement of Net Position to reflect the fair value of derivative instruments.		2
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Deferred inflows of resources represent revenues the state earned after fiscal year-end but not available to pay current year's expenditures, therefore, the revenues are deferred in the funds, but not reported in the Statement of Net Position. (Note 27).		715,904
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Deferred outflows of resources were reported in the Statement of Net Position to reflect the loss on bond/debt refunding and impact of pension OPEB, asset retirement obligation implementation. (Note 27)		19,794,406
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Deferred inflows of resources were reported in the Statement of Net Position to reflect the unamortized upfront payments received and capital assets acquired in connection with the Service Concession Arrangements and impact of pension and OPEB implementation. (Note 26, 27)		(41,318,145)
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Long-term liabilities applicable to the state's governmental activities are not due and payable in the current period and accordingly are not reported in the funds. These liabilities, however, are included in the Statement of Net Position. (Note 5, 9, and RSI)

Claims and Judgments	(100,339)	
Capital Lease Obligations	(16,443)	
Employees' Compensable Leave	(880,524)	
Notes and Loans Payable	(1,320,769)	
General Obligation Bonds Payable	(15,262,473)	
Revenue Bonds Payable	(4,506,052)	
Pollution Remediation Obligation	(280,406)	
Net Pension Liability	(51,418,332)	
Total Pension Liability	(255,356)	
Net OPEB Liability	(53,036,342)	
Total OPEB Liability	(4,248,704)	
Asset Retirement Obligation	(1,900)	
		(131,327,640) *

* current portion = \$2,939,477 and noncurrent portion = \$128,388,163

Interest payable applicable to the state's governmental activities are not due and payable in the current period and accordingly are not reported in the funds. These liabilities, however, are included in the Statement of Net Position.		(320,512)
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The internal service fund is used by management to charge the costs of employees life, accident and health insurance benefits fund to individual funds. Since governmental activities are the predominant activities of internal service funds, the assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		2,033,429
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Net Position of Governmental Activities \$ 46,223,170

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

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	General	State Highway Fund	Permanent School Fund	Nonmajor Funds	Totals
REVENUES					
Taxes	\$ 51,014,744	\$ 5,302,372	\$	\$ 3,018,788	\$ 59,335,904
Federal	42,563,092	4,204,305		61,516	46,828,913
Licenses, Fees and Permits	3,084,575	1,820,962		911,884	5,817,421
Interest and Other Investment Income	801,658	145,349	2,632,260	287,081	3,866,348
Land Income	13,428	29,567	1,070,018	6,599	1,119,612
Settlement of Claims	650,732	41,902	276		692,910
Sales of Goods and Services	4,315,422	84,641	57,251	248,143	4,705,457
Other	6,013,571		1,874	32,716	6,048,161
Total Revenues	<u>108,457,222</u>	<u>11,629,098</u>	<u>3,761,679</u>	<u>4,566,727</u>	<u>128,414,726</u>
EXPENDITURES					
Current:					
General Government	3,326,517			276,556	3,603,073
Education	27,143,166		72,930	2,472,994	29,689,090
Employee Benefits				19,738	19,738
Teacher Retirement State Contributions	2,991,655				2,991,655
Health and Human Services	57,207,785			1,548	57,209,333
Public Safety and Corrections	6,535,934			62,721	6,598,655
Transportation	8,494	3,933,245		132,664	4,074,403
Natural Resources and Recreation	2,087,160		80,815	73,382	2,241,357
Regulatory Services	450,801			91	450,892
Capital Outlay	363,622	6,642,650	608	855,108	7,861,988
Debt Service:					
Principal	4,001	158,066		792,035	954,102
Interest	6			865,070	865,076
Other Financing Fees	5	952		5,319	6,276
Total Expenditures	<u>100,119,146</u>	<u>10,734,913</u>	<u>154,353</u>	<u>5,557,226</u>	<u>116,565,638</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>8,338,076</u>	<u>894,185</u>	<u>3,607,326</u>	<u>(990,499)</u>	<u>11,849,088</u>
OTHER FINANCING SOURCES (USES)					
Transfer In (Note 12)	4,161,902	1,891,938		3,832,180	9,886,020
Transfer Out (Note 12)	(9,627,041)	(982,048)	(1,535,835)	(2,915,496)	(15,060,420)
Bonds and Notes Issued	207,700			454,186	661,886
Bonds Issued for Refunding				651,725	651,725
Premiums on Bonds Issued				91,278	91,278
Payment to Escrow for Refunding				(737,263)	(737,263)
Increase in Obligation for Capital Leases	1,395				1,395
Sale of Capital Assets	9,913	10,122		7	20,042
Service Concession Arrangement		510			510
Gain (Loss) on Other Financial Activity					
Insurance Recoveries	10,623		6		10,629
Distributions from Permanent Fund Principal (Note 12)				(9,616)	(9,616)
Total Other Financing Sources (Uses)	<u>(5,235,508)</u>	<u>920,522</u>	<u>(1,535,829)</u>	<u>1,367,001</u>	<u>(4,483,814)</u>
Net Change in Fund Balances	<u>3,102,568</u>	<u>1,814,707</u>	<u>2,071,497</u>	<u>376,502</u>	<u>7,365,274</u>
Fund Balances, September 1, 2018	13,187,561	7,447,229	44,067,480	7,459,393	72,161,663
Restatements (Note 14)	(11,707)	868	361,403	15	350,579
Fund Balances, September 1, 2018, as Restated	<u>13,175,854</u>	<u>7,448,097</u>	<u>44,428,883</u>	<u>7,459,408</u>	<u>72,512,242</u>
Fund Balances, August 31, 2019	<u>\$ 16,278,422</u>	<u>\$ 9,262,804</u>	<u>\$ 46,500,380</u>	<u>\$ 7,835,910</u>	<u>\$ 79,877,516</u>

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

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

Net Change in Fund Balances \$ 7,365,274

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeds depreciation in the current period is:

Capital Outlay	\$ 7,861,988	
Depreciation Expense (Note 2)	(2,213,369)	
Amortization Expense (Note 2)	<u>(47,446)</u>	
		5,601,173

The effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to decrease net position. (12,012)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (2,594,659)

The internal service fund is used by management to charge the costs of the employees life, accident and health insurance benefits fund to individual funds. The adjustments for the internal service fund “close” the fund by allocating these amounts to participating governmental activities. 972,742

Bond proceeds provide current financial resources to governmental funds, but increase long-term liabilities in the Statement of Net Position. Repayment of long-term debt consumes current financial resources and is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position.

Bonds and Notes Issued	(1,313,611)	
Premiums on Bond Proceeds	(91,278)	
Increase in Obligations Under Capital Leases	(1,395)	
Repayment of Bond and Capital Lease Principal	<u>1,691,365</u>	
		285,081

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 1,447,850

Transfers of capital assets are not reported in the governmental funds. In addition, resource flows between fiduciary funds and governmental funds are converted to revenues or expenses on the Statement of Activities.

Capital Asset Transfers (Note 2)	(192,604)	
Increase in Revenues	31	
Net Change in Transfers	<u>(31)</u>	
		<u>(192,604)</u>

Change in Net Position of Governmental Activities \$ 12,872,845

Statement of Net Position – Proprietary Funds

August 31, 2019 (Amounts in Thousands)

	Business-Type Activities – Enterprise Funds				Totals	Governmental Activities – Internal Service Fund*
	Colleges and Universities	Unemployment Trust Fund	Lottery Fund	Nonmajor Enterprise Funds		
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 5,547,932	\$ 402	\$ 238,853	\$ 1,436,244	\$ 7,223,431	\$ 138,752
Short-Term Investments	335,863			786,779	1,122,642	1,115,168
Securities Lending Collateral	453,059			29,283	482,342	13,760
Restricted:						
Cash and Cash Equivalents	1,751,406	2,338,848		1,135,344	5,225,598	
Short-Term Investments	94,330		79,390	1,334,975	1,508,695	
Loans and Contracts				221,416	221,416	
Receivables:						
Federal	809,480	4,584		15,170	829,234	
Other Intergovernmental	143,640				143,640	
Accounts	2,024,318	229,076	41,086	55,736	2,350,216	237,004
Interest and Dividends	104,450	9,495		112,164	226,109	11,037
Gifts	318,194				318,194	
Investment Trades	784,927				784,927	5,270
Other	526,189			5,711	531,900	
Due From Other Funds (Note 12)	1,247,148	2,461		50,688	1,300,297	3,657
Interfund Receivable (Note 12)	69,302			322	69,624	
Inventories	200,604		33,519	12,994	247,117	
Prepaid Items	261,160		197	1,044	262,401	
Loans and Contracts	131,898			327,929	459,827	
Other Current Assets	440,634			9,349	449,983	
Total Current Assets	<u>15,244,534</u>	<u>2,584,866</u>	<u>393,045</u>	<u>5,535,148</u>	<u>23,757,593</u>	<u>1,524,648</u>
Noncurrent Assets:						
Restricted:						
Cash and Cash Equivalents	88,220				88,220	
Short-Term Investments	301				301	
Investments	46,231,386		418,830	2,925,977	49,576,193	
Receivables	102,240			107,868	210,108	
Loans and Contracts	67,250			3,813,739	3,880,989	
Other	15,011			789	15,800	
Loans and Contracts	18,012			10,206,709	10,224,721	
Investments	17,581,166			466,974	18,048,140	1,216,882
Interfund Receivable (Note 12)	1,224,283			1,645	1,225,928	
Gifts Receivable	690,627				690,627	
Other Receivable		15,623			15,623	
Capital Assets (Note 2):						
Non-Depreciable or Non-Amortizable	6,163,382			1,061,874	7,225,256	
Depreciable or Amortizable, Net	26,523,217		426	1,948,478	28,472,121	
Intangible Assets-Service Concession Arrangements				2,553,937	2,553,937	
Assets Held in Trust	362			4,782	5,144	
Other Noncurrent Assets	334,574			42	334,616	
Total Noncurrent Assets	<u>99,040,031</u>	<u>15,623</u>	<u>419,256</u>	<u>23,092,814</u>	<u>122,567,724</u>	<u>1,216,882</u>
Total Assets	<u>114,284,565</u>	<u>2,600,489</u>	<u>812,301</u>	<u>28,627,962</u>	<u>146,325,317</u>	<u>2,741,530</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows of Resources (Note 27)	7,649,689			307,749	7,957,438	
Total Deferred Outflows of Resources	<u>7,649,689</u>	<u>0</u>	<u>0</u>	<u>307,749</u>	<u>7,957,438</u>	<u>0</u>
LIABILITIES						
Current Liabilities:						
Payables:						
Accounts	\$ 2,021,553	\$ 75,789	\$ 32,780	\$ 99,652	\$ 2,229,774	\$ 653,186
Payroll	1,064,925		2,215	5,182	1,072,322	
Other Intergovernmental	3,249				3,249	
Federal	51,536	448			51,984	
Investment Trades	1,301,269			11	1,301,280	8,039
Interest	38,413			177,781	216,194	
Annuities			6,679		6,679	

Concluded on the following page

Statement of Net Position – Proprietary Funds (concluded)

August 31, 2019 (Amounts in Thousands)

	Business-Type Activities – Enterprise Funds				Totals	Governmental Activities – Internal Service Fund*
	Colleges and Universities	Unemployment Trust Fund	Lottery Fund	Nonmajor Enterprise Funds		
LIABILITIES (concluded)						
Due To Other Funds (Note 12)	\$ 30,531	\$	\$ 170,465	\$ 8,527	\$ 209,523	\$ 32,031
Interfund Payable (Note 12)	75,629			38	75,667	
Unearned Revenue	4,055,298	202,247		8,674	4,266,219	34
Obligations/Securities Lending	453,059			29,283	482,342	14,811
Short-Term Debt (Note 4)	1,810,449			134,330	1,944,779	
Claims and Judgments (Note 5)	153,241				153,241	
Capital Lease Obligations (Note 5, 8)	19,778				19,778	
Employees' Compensable Leave (Note 5)	495,116		1,577	3,131	499,824	
Notes and Loans Payable (Note 5)	17,679			10,756	28,435	
General Obligation Bonds Payable (Note 5, 6)	2,582			266,959	269,541	
Revenue Bonds Payable (Note 5, 6)	2,351,904			185,276	2,537,180	
Liabilities Payable from Restricted Assets (Note 5)	57,432		187,309	304,598	549,339	
Funds Held for Others	160,579				160,579	
OPEB Liability (Note 11)	340,585				340,585	
Other Current Liabilities	281,384		2,733	2,834	286,951	
Total Current Liabilities	<u>14,786,191</u>	<u>278,484</u>	<u>403,758</u>	<u>1,237,032</u>	<u>16,705,465</u>	<u>708,101</u>
Noncurrent Liabilities:						
Interfund Payable (Note 12)	1,240,176				1,240,176	
Claims and Judgments (Note 5)	41,011				41,011	
Capital Lease Obligations (Note 5, 8)	242,567				242,567	
Employees' Compensable Leave (Note 5)	444,920		1,208	1,171	447,299	
Notes and Loans Payable (Note 5)	367,398			1,672,616	2,040,014	
General Obligation Bonds Payable (Note 5, 6)	17,571			3,829,972	3,847,543	
Revenue Bonds Payable (Note 5, 6)	16,400,216			13,922,467	30,322,683	
Liabilities Payable from Restricted Assets (Note 5)	3,480		377,996	1,480,370	1,861,846	
Pollution Remediation Obligation (Note 5)	1,023				1,023	
Asset Retirement Obligation	41,710				41,710	
OPEB Liability (Note 11)	14,648,936				14,648,936	
Pension Liability (Note 9)	7,083,878				7,083,878	
Hedging Derivative Liability (Note 7)	325,363			281,485	606,848	
Investment Derivative Instrument	103,797				103,797	
Assets Held for Others	1,106,674			4,782	1,111,456	
Other Noncurrent Liabilities	211,883			136,881	348,764	
Total Noncurrent Liabilities	<u>42,280,603</u>	<u>0</u>	<u>379,204</u>	<u>21,329,744</u>	<u>63,989,551</u>	<u>0</u>
Total Liabilities	<u>57,066,794</u>	<u>278,484</u>	<u>782,962</u>	<u>22,566,776</u>	<u>80,695,016</u>	<u>708,101</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows of Resources (Note 27)	4,730,479				4,730,479	
Total Deferred Inflows of Resources	<u>4,730,479</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,730,479</u>	<u>0</u>
NET POSITION						
Net Investment in Capital Assets	12,694,048		426	876,706	13,571,180	
Restricted for:						
Education	3,625,793				3,625,793	
Debt Service	70,559			379,750	450,309	
Capital Projects	747,991			6,477	754,468	
Veteran Land Board Housing Programs				706,050	706,050	
Unemployment Trust Funds		2,322,005			2,322,005	
Funds Held as Permanent Investments:						
Nonexpendable	28,061,291			227	28,061,518	
Expendable	12,564,053				12,564,053	
Other			5,000	5,139,884	5,144,884	2,033,429
Unrestricted	2,373,246		23,913	(740,159)	1,657,000	
Total Net Position	<u>\$ 60,136,981</u>	<u>\$ 2,322,005</u>	<u>\$ 29,339</u>	<u>\$ 6,368,935</u>	<u>\$ 68,857,260</u>	<u>\$ 2,033,429</u>

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

* Employees life, accident and health insurance benefits fund is the only internal service fund. Combining statements are not presented.

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Business-Type Activities – Enterprise Funds				Totals	Governmental Activities – Internal Service Fund*
	Colleges and Universities	Unemployment Trust Fund	Lottery Fund	Nonmajor Enterprise Funds		
OPERATING REVENUES						
Lottery Collections	\$	\$	\$ 6,251,833	\$	\$ 6,251,833	\$
Tuition Revenue	104,992				104,992	
Tuition Revenue – Pledged	7,082,655				7,082,655	
Discounts and Allowances	(1,979,069)				(1,979,069)	
Hospital Revenue – Pledged	16,469,453				16,469,453	
Discounts and Allowances	(9,452,270)				(9,452,270)	
Professional Fees	7,695,886				7,695,886	
Professional Fees – Pledged	31,301				31,301	
Discounts and Allowances	(5,396,451)				(5,396,451)	
Auxiliary Enterprises	2,965				2,965	
Auxiliary Enterprises – Pledged	1,722,818			122,166	1,844,984	
Discounts and Allowances	(95,529)				(95,529)	
Unemployment Taxes		2,293,029			2,293,029	
Other Sales of Goods and Services	19,155			42,522	61,677	
Other Sales of Goods and Services – Pledged	1,090,927			456,264	1,547,191	
Discounts and Allowances	(7,892)			(9,930)	(17,822)	
Interest and Investment Income	588			484,456	485,044	
Interest and Investment Income – Pledged	915			(87,267)	(86,352)	
Federal Revenue	2,229,115	56,648		70,499	2,356,262	
State Grant Revenue	27,860				27,860	
Premium Revenue						3,091,997
Other Operating Grant Revenue	990,507				990,507	
Other Operating Grant Revenue – Pledged	1,196,507				1,196,507	
Other Revenues	62,757	136,313	1,005	157,812	357,887	14,956
Other Revenues – Pledged	514,910			10	514,920	
Total Operating Revenues	<u>22,312,100</u>	<u>2,485,990</u>	<u>6,252,838</u>	<u>1,236,532</u>	<u>32,287,460</u>	<u>3,106,953</u>
OPERATING EXPENSES						
Cost of Goods Sold	105,510			87,967	193,477	
Salaries and Wages	14,417,499		19,924	50,114	14,487,537	6,402
Payroll Related Costs	4,388,925		6,992	14,931	4,410,848	2,146
Professional Fees and Services	1,441,372		5,164	124,310	1,570,846	1,379
Travel	368,076		339	811	369,226	60
Materials and Supplies	3,093,611		1,513	13,194	3,108,318	510
Communication and Utilities	706,544		611	3,013	710,168	395
Repairs and Maintenance	661,720		522	25,506	687,748	421
Rentals and Leases	348,242		5,943	2,155	356,340	163
Printing and Reproduction	73,944		36,068	204	110,216	25
Depreciation and Amortization	2,484,803		142	125,620	2,610,565	
Unemployment Benefit Payments		2,072,611			2,072,611	
Bad Debt Expense	10,041		243	1,671	11,955	
Interest Expense	295			427,024	427,319	
Scholarships	1,272,475				1,272,475	
Lottery Fees and Other Costs			460,034		460,034	
Lottery Prize Payments			4,056,494		4,056,494	
Employee/Participant Benefit Payments				26,789	26,789	2,212,805
Claims and Judgments	292,981				292,981	
Net Change in Asset Retirement Obligation	2,511				2,511	
Other Expenses	2,097,342		27,630	155,242	2,280,214	1,565
Total Operating Expenses	<u>31,765,891</u>	<u>2,072,611</u>	<u>4,621,619</u>	<u>1,058,551</u>	<u>39,518,672</u>	<u>2,225,871</u>
Operating Income (Loss)	<u>(9,453,791)</u>	<u>413,379</u>	<u>1,631,219</u>	<u>177,981</u>	<u>(7,231,212)</u>	<u>881,082</u>

Concluded on the following page

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds (concluded)

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Business-Type Activities – Enterprise Funds				Totals	Governmental Activities – Internal Service Fund*
	Colleges and Universities	Unemployment Trust Fund	Lottery Fund	Nonmajor Enterprise Funds		
NONOPERATING REVENUES (EXPENSES)						
Federal Revenue	\$ 1,183,143	\$	\$	\$ 165,297	\$ 1,348,440	\$
Gifts	670,089			2,399	672,488	
Gifts – Pledged	215,166				215,166	
Land Income				14	14	
Interest and Investment Income	1,166,638	44,269	26,760	164,856	1,402,523	91,534
Interest and Investment Income – Pledged	1,166,565				1,166,565	
Loan Premium and Fees on Securities Lending				2	2	218
Investing Activities Expense	(195,290)			(496)	(195,786)	
Depreciation and Amortization				27,237	27,237	
Interest Expense	(686,408)			(365,780)	(1,052,188)	
Borrower Rebates and Agent Fees	(5,464)			(54)	(5,518)	(92)
Gain/(Loss) on Sale of Capital Assets	(54,360)			(10)	(54,370)	
Settlement of Claims	2,065			1	2,066	
Claims and Judgments	(3,079)			(6)	(3,085)	
Other Revenues	74,588				74,588	
Other Revenues – Pledged	144,476				144,476	
Other Expenses	(144,787)			(51,642)	(196,429)	
Total Nonoperating Revenues (Expenses)	<u>3,533,342</u>	<u>44,269</u>	<u>26,760</u>	<u>(58,182)</u>	<u>3,546,189</u>	<u>91,660</u>
Income (Loss) Before Capital Contributions, Endowments and Transfers	<u>(5,920,449)</u>	<u>457,648</u>	<u>1,657,979</u>	<u>119,799</u>	<u>(3,685,023)</u>	<u>972,742</u>
CAPITAL CONTRIBUTIONS, ENDOWMENTS AND TRANSFERS						
Capital Contributions – Federal	848				848	
Capital Contributions – Other	380,344			204,441	584,785	
Contributions to Permanent and Term Endowments	276,276				276,276	
Transfer In (Note 12)	6,981,609			443,450	7,425,059	
Transfer Out (Note 12)	(556,816)		(1,636,590)	(58,549)	(2,251,955)	
Total Capital Contributions, Endowments and Transfers	<u>7,082,261</u>	<u>0</u>	<u>(1,636,590)</u>	<u>589,342</u>	<u>6,035,013</u>	<u>0</u>
Change in Net Position	<u>1,161,812</u>	<u>457,648</u>	<u>21,389</u>	<u>709,141</u>	<u>2,349,990</u>	<u>972,742</u>
Net Position, September 1, 2018	59,002,184	1,864,357	7,950	5,659,440	66,533,931	1,060,699
Restatements (Note 14)	(27,015)			354	(26,661)	(12)
Net Position, September 1, 2018, as Restated	<u>58,975,169</u>	<u>1,864,357</u>	<u>7,950</u>	<u>5,659,794</u>	<u>66,507,270</u>	<u>1,060,687</u>
Net Position, August 31, 2019	<u>\$ 60,136,981</u>	<u>\$ 2,322,005</u>	<u>\$ 29,339</u>	<u>\$ 6,368,935</u>	<u>\$ 68,857,260</u>	<u>\$ 2,033,429</u>

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

* Employees life, accident and health insurance benefits fund is the only internal service fund. Combining statements are not presented.

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Business-Type Activities-Enterprise Funds				Totals	Governmental Activities- Internal Service Fund*
	Colleges and Universities	Unemployment Trust Fund	Lottery Fund	Nonmajor Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES						
Proceeds from Customers	\$ 9,864,207	\$ 2,329,119	\$ 6,245,208	\$ 718,040	\$ 19,156,574	\$ 469,548
Proceeds from Tuition and Fees	5,269,702				5,269,702	
Proceeds from Research Grants and Contracts	4,559,623	53,190			4,612,813	
Proceeds from Gifts				26	26	
Proceeds from Loan Programs	306,428			2,081,226	2,387,654	
Proceeds from Auxiliaries	1,628,503				1,628,503	
Proceeds from Other Operating Revenues	1,105,285	136,634		128,167	1,370,086	2,719,571
Payments to Suppliers for Goods and Services	(9,385,705)		(539,725)	(408,100)	(10,333,530)	(14,613)
Payments to Employees	(17,600,012)		(26,638)	(62,468)	(17,689,118)	
Payments for Loans Provided	(288,196)			(2,319,016)	(2,607,212)	
Payments for Lottery Prizes			(4,035,960)		(4,035,960)	
Payments for Unemployment Benefits		(2,027,176)			(2,027,176)	
Payments for Other Operating Expenses	(1,184,073)			(245,808)	(1,429,881)	(2,365,914)
Net Cash Provided (Used) by Operating Activities	(5,724,238)	491,767	1,642,885	(107,933)	(3,697,519)	808,592
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Proceeds from Debt Issuance				7,195,224	7,195,224	
Proceeds from Gifts	872,544				872,544	
Proceeds from Endowments	513,465				513,465	
Proceeds from Transfers from Other Funds	7,283,075	658		2,560,155	9,843,888	
Proceeds from Interfund Payables				8,333	8,333	
Proceeds from Loan Programs	23,486				23,486	
Proceeds from Grant Receipts	1,216,344			154,349	1,370,693	
Proceeds from Other Noncapital Financing Activities	636,585		989	219,492	857,066	
Payments of Principal on Debt Issuance				(4,961,007)	(4,961,007)	
Payments of Interest	(21)			(580,034)	(580,055)	
Payments of Other Costs on Debt Issuance	(1,532)			(8,598)	(10,130)	
Payments for Transfers to Other Funds	(1,330,663)		(1,612,815)	(2,175,343)	(5,118,821)	
Payments for Grant Disbursements	(21,422)			(60,005)	(81,427)	
Payments for Interfund Receivables				(8,168)	(8,168)	
Payments for Other Noncapital Financing Uses	(502,123)		(70,149)	(244,637)	(816,909)	
Net Cash Provided (Used) by Noncapital Financing Activities	8,689,738	658	(1,681,975)	2,099,761	9,108,182	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from Sale of Capital Assets	5,090			284	5,374	
Proceeds from Debt Issuance	3,573,228			260,960	3,834,188	
Proceeds from State Grants and Contracts	43,564				43,564	
Proceeds from Federal Grants and Contracts				19,300	19,300	
Proceeds from Gifts	30,612			5	30,617	
Proceeds from Other Capital and Related Financing Activities	296,689			11,892	308,581	
Proceeds from Capital Contributions	232,625				232,625	
Payments for Additions to Capital Assets	(4,179,848)		(211)	(165,913)	(4,345,972)	
Payments of Principal on Debt Issuance	(3,001,195)			(20,365)	(3,021,560)	
Payments for Capital Leases	(23,327)				(23,327)	
Payments of Interest on Debt Issuance	(789,400)			(110,409)	(899,809)	
Payments of Other Costs on Debt Issuance	(288,660)			(1,568)	(290,228)	
Payments for Interfund Receivables	(5,015)			(254)	(5,269)	
Net Cash (Used) by Capital and Related Financing Activities	(4,105,637)	0	(211)	(6,068)	(4,111,916)	0

Concluded on the following page

Statement of Cash Flows – Proprietary Funds (concluded)

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Business-Type Activities-Enterprise Funds					Governmental Activities- Internal Service Fund*
	Colleges and Universities	Unemployment Trust Fund	Lottery Fund	Nonmajor Enterprise Funds	Totals	
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from Sale of Investments	\$ 38,493,978	\$	\$ 70,149	\$ 3,531,422	\$ 42,095,549	\$
Proceeds from Interest and Investment Income	2,408,737	41,717		1,212,232	3,662,686	3,512
Proceeds from Principal Payments on Loans	6			816,779	816,785	
Payments to Acquire Investments	(39,167,411)		(993)	(4,468,417)	(43,636,821)	(675,802)
Payments for Nonprogram Loans Provided				(3,688,529)	(3,688,529)	
Net Cash Provided (Used) by Investing Activities	<u>1,735,310</u>	<u>41,717</u>	<u>69,156</u>	<u>(2,596,513)</u>	<u>(750,330)</u>	<u>(672,290)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	595,173	534,142	29,855	(610,753)	548,417	136,302
Cash and Cash Equivalents, September 1, 2018	6,792,385	1,805,108	208,998	3,182,318	11,988,809	2,450
Restatements				23	23	
Cash and Cash Equivalents, September 1, 2018, as Restated	<u>6,792,385</u>	<u>1,805,108</u>	<u>208,998</u>	<u>3,182,341</u>	<u>11,988,832</u>	<u>2,450</u>
Cash and Cash Equivalents, August 31, 2019	<u>\$ 7,387,558</u>	<u>\$ 2,339,250</u>	<u>\$ 238,853</u>	<u>\$ 2,571,588</u>	<u>\$ 12,537,249</u>	<u>\$ 138,752</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (9,453,791)	\$ 413,379	\$ 1,631,219	\$ 177,981	\$ (7,231,212)	\$ 881,082
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation and Amortization	2,484,803		142	125,620	2,610,565	
Bad Debt Expense	380,308		243	1,671	382,222	
Pension Expense	852,484				852,484	
OPEB Expense	764,435				764,435	
Operating Income (Loss) and Cash Flow Categories Classification Differences	(5,104)			15,131	10,027	
Changes in Assets and Liabilities:						
(Increase) Decrease in Receivables	(426,471)	11,107	(7,629)	115,362	(307,631)	39,366
(Increase) Decrease in Due From Other Funds	(5,352)			64,829	59,477	(3,192)
(Increase) in Inventories	(18,122)		(9,758)	(186)	(28,066)	
Decrease in Notes Receivable	5				5	
(Increase) Decrease in Loans and Contracts	25,702			(2,103,131)	(2,077,429)	
(Increase) Decrease in Other Assets	(89,362)			198,751	109,389	
(Increase) in Deferred Outflows of Resources - Pensions	(2,748,546)				(2,748,546)	
(Increase) in Deferred Outflows of Resources - OPEB	(2,950,989)				(2,950,989)	
(Increase) Decrease in Prepaid Expenses	(35,990)		197	25,536	(10,257)	
Increase (Decrease) in Payables	219,235	42,998	28,471	(159,993)	130,711	13,961
(Decrease) in Deposits	(25,323)			(286,875)	(312,198)	
(Decrease) in Due To Other Funds	(686)			(3,760)	(4,446)	(122,658)
Increase (Decrease) in Unearned Revenue	232,362	24,283		(64,732)	191,913	33
Increase (Decrease) in Employees' Compensable Leave	39,423			(41)	39,382	
(Decrease) in Benefits Payable	(25,732)				(25,732)	
Increase in Liabilities to Employees for Defined Benefit Pensions	2,522,718				2,522,718	
Increase in Liabilities to Employees for Defined Benefit OPEB	511,372				511,372	
Increase in Other Liabilities	43,343			1,785,904	1,829,247	
(Decrease) in Deferred Inflows of Resources - Pensions	(229,827)				(229,827)	
Increase in Deferred Inflows of Resources - OPEB	2,200,008				2,200,008	
Increase in Asset Retirement Obligation	14,859				14,859	
Total Adjustments	<u>3,729,553</u>	<u>78,388</u>	<u>11,666</u>	<u>(285,914)</u>	<u>3,533,693</u>	<u>(72,490)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (5,724,238)</u>	<u>\$ 491,767</u>	<u>\$ 1,642,885</u>	<u>\$ (107,933)</u>	<u>\$ (3,697,519)</u>	<u>\$ 808,592</u>
NONCASH TRANSACTIONS						
Donation of Capital Assets	\$ 117,868	\$	\$	\$ 191,847	\$ 309,715	\$
Net Change in Fair Value of Investments	\$ (2,436,918)	\$	\$ 26,760	\$ 79,070	\$ (2,331,088)	\$ 33,360
Borrowing Under Capital Lease Purchase	\$ 166,407	\$	\$	\$	\$ 166,407	\$
Other	\$ 221,233	\$	\$	\$ 72,769	\$ 294,002	\$

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

* Employees life, accident and health insurance benefits fund is the only internal service fund. Combining statements are not presented.

Statement of Fiduciary Net Position

August 31, 2019 (Amounts in Thousands)

	Pension and Other Employee Benefit Trust Funds	External Investment Trust Fund*	Private- Purpose Trust Funds	Agency Funds
ASSETS				
Cash and Cash Equivalents	\$ 2,286,726	\$	\$ 584,171	\$ 1,882,540
Restricted Cash and Cash Equivalents			14	
Securities Lending Collateral	18,986,698			
Investments:				
U.S. Government	27,757,777	10,364,182	55,908	369,743
Corporate Equity	20,934,313		16,728	194,083
Corporate Obligations	1,773,233	3,922,139	3,392	423
Repurchase Agreements		9,807,486		34,397
Foreign Securities	33,496,911		8,425	
Externally Managed Investments	82,467,954			
Other	20,768,037	1,120,428	3,372,021	177,327
Restricted Investments				
Receivables:				
Federal	145,014			
Interest and Dividends	364,828	29,943	1,005	4,667
Accounts	1,020,857		478	7,746
Taxes				20
Investment Trades	3,228,668			
Other			602	
Other Intergovernmental				
From Fiduciary Funds				
Due From Other Funds (Note 12)	44,021			
Due From Primary Government				
Interfund Receivable				
Inventories				
Prepaid Items	2,021			
Loans and Contracts			1,356	
Properties, at Cost, Net of Accumulated				
Depreciation or Amortization	90,036		572	
Other Assets	106			1,444,213
Total Assets	<u>213,367,200</u>	<u>25,244,178</u>	<u>4,044,672</u>	<u>4,115,159</u>
LIABILITIES				
Payables:				
Accounts	938,473	50,607	25,611	410
Investment Trades	4,785,057	173,609	742	
Payroll	6,159			
Other Intergovernmental				1,233,995
Interest			19	
Annuities	109,861			
Due To Other Funds (Note 12)	61,993			734
Unearned Revenue	850		1,012	
Employees' Compensable Leave	15,441			
Obligations/Securities Lending	18,963,463			
Funds Held for Others			80	2,880,020
Payables from Restricted Assets			1,322	
Other Liabilities	179,224	1,579	231,166	
Total Liabilities	<u>25,060,521</u>	<u>225,795</u>	<u>259,952</u>	<u>4,115,159</u>
NET POSITION				
Restricted for Pensions	186,931,639			
Restricted for OPEB **	1,352,416			
Other Purposes	22,624			
Held in Trust for Individuals, Organizations and Other Governments			3,784,720	
Pool Participants		25,018,383		
Total Net Position	<u>\$ 188,306,679</u>	<u>\$ 25,018,383</u>	<u>\$ 3,784,720</u>	<u>\$ 0</u>

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

* The activities of the Texas local government investment pool (TexPool) and the Texas local government investment pool prime (TexPool Prime) are reported as an external investment trust fund. Combining statements are not presented.

** Other Post Employment Benefits (OPEB)

Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Pension and Other Employee Benefit Trust Funds	External Investment Trust Fund*	Private- Purpose Trust Funds
ADDITIONS			
Contributions:			
Member Contributions	\$ 4,516,578	\$	\$
State Contributions	4,109,765		
Federal Contributions	310,173		5,497
Other Contributions	2,263,975		241,645
Total Contributions	<u>11,200,491</u>	<u>0</u>	<u>247,142</u>
Investment Income:			
From Investing Activities:			
Net Increase in Fair Value of Investments	1,289,240		51,724
Interest, Dividend and Other	7,400,731	636,851	127,909
Total Investing Income	8,689,971	636,851	179,633
Less Investing Activities Expense	247,738	12,137	4,759
Net Income from Investing Activities	<u>8,442,233</u>	<u>624,714</u>	<u>174,874</u>
From Securities Lending Activities:			
Securities Lending Income	525,155		
Less Securities Lending Expense:			
Borrower Rebates*	466,290		
Management Fees	5,876		
Net Income from Securities Lending	<u>52,989</u>	<u>0</u>	<u>0</u>
Total Net Investment Income	<u>8,495,222</u>	<u>624,714</u>	<u>174,874</u>
Capital Share and Individual Account Transactions:			
Net Increase in Participant Investments	<u>0</u>	<u>4,418,064</u>	<u>0</u>
Other Additions:			
Settlement of Claims	2,168		4,259
Other Revenue	(3,624)		403,390
Transfer In (Note 12)	130,805		
Total Other Additions	<u>129,349</u>	<u>0</u>	<u>407,649</u>
Total Additions	<u>19,825,062</u>	<u>5,042,778</u>	<u>829,665</u>
DEDUCTIONS			
Benefits	15,727,230		225,492
Refunds of Contributions	632,746		
Transfer Out (Note 12)	129,509		
Intergovernmental Payments			79,360
Administrative Expenses	83,763		21,255
Depreciation and Amortization Expense	15,403		39
Settlement of Claims			16,362
Interest Expense	1		19
Gain/Loss on Sale of Capital Assets	456		
Other Expenses	84,039		195,102
Total Deductions	<u>16,673,147</u>	<u>0</u>	<u>537,629</u>
INCREASE (DECREASE) IN NET POSITION	<u>3,151,915</u>	<u>5,042,778</u>	<u>292,036</u>
NET POSITION			
Net Position, September 1, 2018	185,152,455	19,975,605	3,492,684
Restatements (Note 14)	2,309		
Net Position, September 1, 2018, as Restated	<u>185,154,764</u>	<u>19,975,605</u>	<u>3,492,684</u>
Net Position, August 31, 2019	<u>\$ 188,306,679</u>	<u>\$ 25,018,383</u>	<u>\$ 3,784,720</u>

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

* The activities of the Texas local government investment pool (TexPool) and the Texas local government investment pool prime (TexPool Prime) are reported as an external investment trust fund. Combining statements are not presented.

** The pension funds of the Employees Retirement System of Texas received rebates from borrowers in excess of payments made to borrowers due to increased demand in the securities lending market.

State of Texas

Notes to Financial Statements

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Note 1

Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements of the state of Texas were prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The state implemented the following three GASB statements in fiscal 2019.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, relates to accounting and financial reporting for certain asset retirement obligations (AROs) as a legally enforceable liability associated with the retirement of a tangible capital asset. The GASB statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for the ARO. This Statement also requires disclosure of information of the governmental entity's AROs, the methods and assumptions used for the estimated liabilities and the estimated remaining life of the associated tangible capital assets.

GASB Statement No. 88, *Certain Disclosures related to Debt, including Direct Borrowings and Direct Placements*, defines debt for purposes of disclosure in notes to the financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date a contractual obligation is established. The GASB statement expands the additional essential information related to debt disclosures including unused lines of credit, assets pledged as collateral of debt and terms specified in debt agreements. For note disclosure, direct borrowings and direct placements should be reported separately from other debt.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, requires interest cost incurred before the end of the construction period to be recognized as an expense in the period incurred for financial statements prepared using the economic resources measurement focus.

Financial Reporting Entity

For financial reporting purposes, the state of Texas includes all agencies, boards, commissions, authorities, institutions of higher education and other organizations that compose its legal entity. The reporting entity also includes legally separate organizations for which the state is financially accountable and any other organizations that would cause the financial statements to be misleading if they were excluded. All activities considered part of the state are included. These activities provide a range of services in the areas of:

- General government
- Education
- Employee benefits
- Teacher retirement state contributions
- Health and human services
- Public safety and corrections
- Transportation
- Natural resources and recreation
- Regulatory services

The reporting entity for the state is in accordance with the criteria established by GASB. Note 19 provides a listing and brief summary of the component units and their relationship to the state of Texas. The government-wide financial statements present the balances and activities of the state of Texas (the primary government) and its component units.

The state's public school districts, junior colleges and community colleges are excluded from the state's financial reporting entity. These entities are legally separate and fiscally independent from the state. The state is not financially accountable for these entities and it does

not make the state's financial statements misleading to exclude them.

Financial Reporting Structure

The basic financial statements include government-wide financial statements, fund financial statements and notes to the financial statements. The reporting model based on GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, focuses on the state as a whole in the government-wide financial statements and major individual funds in the fund financial statements.

Government-wide Financial Statements

The government-wide financial statements (statement of net position and statement of activities) display information about the state as a whole - its financial position at the end of the fiscal year and the change in financial position resulting from the activities of the fiscal year, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the state (including its blended component units), and its discretely presented component units. These statements also report all current and noncurrent assets and liabilities, revenues, expenses and gains and losses of the state using an economic resources measurement focus and an accrual basis of accounting.

The statement of net position is presented in a net position format. The net position is displayed in three components: net investment in capital assets; restricted (presented with major categories of restrictions); and unrestricted. This statement reports deferred outflows of resources and deferred inflows of resources in separate categories from assets and liabilities and distinguishes between restricted and unrestricted current and noncurrent assets.

The statement of activities reflects both the gross expense and net expense/revenue by function (public safety and corrections, transportation, etc.) The net expense/revenue is calculated by netting program expenses, including depreciation and amortization, against program revenues for each program. The net expense/revenue identifies the extent to which each function draws from the general revenues of the state or is self-financing through fees and intergovernmental aid.

Program revenues are directly associated with a function of governmental or business-type activities. Internally-dedicated resources are reported as general revenues rather than program revenues.

Program revenues include charges for services, operating grants and contributions, and capital grants and contributions. Charges for services arise from charges to customers or applicants who purchase, use or directly benefit from the goods, services or privileges provided. Charges for services include special assessments and payments made by parties outside of the state's citizenry if that money is restricted to a particular program.

Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflect capital-specific grants from other governments, organizations or individuals. Multipurpose grants that provide financing for more than one program are reported as program revenue if the amounts restricted to each program are specifically identifiable. Multipurpose grants that do not provide for specific identification of the programs and amounts are reported as general revenues.

Certain general government administrative overhead expenses are charged to the various functions of the state. These charges are paid from applicable funding sources and are reflected as direct expenses. Other expenses reported for each function are clearly identifiable to that particular function and are direct

expenses. The amount of direct interest expense included in direct expenses in the statement of activities is \$670.4 million.

Fiduciary funds are presented in the fund financial statements by type (pension and other employee benefit trust, external investment trust, private-purpose trust and agency). The assets of fiduciary funds are held for the benefit of others and cannot be used to finance activities or obligations of the government. They are, therefore, not incorporated into the government-wide financial statements.

Fund Financial Statements

The fund financial statements are presented after the government-wide financial statements. They display information about major funds individually and in the aggregate for governmental and proprietary nonmajor funds. In governmental and fiduciary funds, assets and liabilities are presented in order of relative liquidity. In proprietary funds, assets and liabilities are presented in a classified format that distinguishes between all current and noncurrent assets and liabilities. Current assets in the classified format are those considered available for appropriation and expenditure. Examples of expendable financial resources include cash, various receivables and short-term investments not restricted for specific purposes. All other assets are considered noncurrent. Current liabilities are obligations to be paid within the next fiscal year. Examples include payables and the current portion of long-term liabilities.

The governmental funds in the fund financial statements are presented on a current financial resources measurement focus and modified accrual basis of accounting. This presentation is deemed most appropriate to demonstrate compliance with legal and covenant requirements, the source and use of financial resources, and how the state's actual results of activities conform to the budget. A reconciliation between the governmental fund financial statements and the governmental

activities column of the government-wide financial statements is presented since a different measurement focus and basis of accounting is used. The reconciliation explains the adjustments required to convert the fund-based financial statements to the reporting entity-based financial statements.

The state uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. State transactions are recorded in the fund types described below.

Governmental Fund Types

Governmental funds focus on the sources and uses of funds. Included in the governmental fund financial statements are general, special revenue, debt service, capital projects and permanent funds. 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 account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Debt service funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest payments. Capital projects funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments. Permanent funds are used to

report resources legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the state's programs.

The state's major governmental funds are listed below.

The **General Fund** is the primary operating fund for the state and includes transactions for general government, education, employee benefits, teacher retirement state contributions, health and human services, public safety and corrections, transportation, natural resources and recreation, and regulatory services.

The **State Highway Fund**, a special revenue fund, receives funds allocated by law for public road construction, maintenance, monitoring and law enforcement of the state's highway system.

The **Permanent School Fund** is an investment fund consisting of land and proceeds from the sale of land that establishes a perpetual provision for the support of the public schools of Texas. All dividends and other income are allocated to the credit of the available school fund.

Proprietary Fund Types

Proprietary funds focus on determining operating income, changes in financial position and cash flows.

Proprietary funds are reported using economic resources measurement focus and full accrual basis of accounting. GAAP similar to those used by private-sector businesses are applied in accounting for these funds. Included in proprietary fund financial statements are enterprise funds and an internal service fund.

Enterprise funds are used to report 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 secured solely by a pledge of the net revenues from fees and charges of the activity.

- Laws or regulations require the activity's costs of providing services, including capital costs (such as depreciation, amortization or debt service), to be recovered with fees and charges.
- The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

Internal service funds are used to report any activity that provides goods or services, on a cost reimbursement basis, to other funds, departments or agencies of the reporting entity or other governments. The Employees Life, Accident and Health Insurance Benefits Fund accounts for the services provided to state of Texas agencies and institutions of higher education that participate in the Texas Employees Group Benefits Program.

The major enterprise funds for the state are listed below. The **Colleges and Universities** include:

- University of Texas System
- Texas A&M University System
- Texas Tech University System
- University of Houston System
- Texas State University System
- University of North Texas System
- Texas Woman's University
- Stephen F. Austin State University
- Texas Southern University
- Midwestern State University
- Texas State Technical College

These institutions of higher education are represented as a single column in the proprietary fund financial statements and individually in the schedules of colleges and universities in the other supplementary information section of this report.

The **Unemployment Trust Fund** contains the activity of the state related to the administration of state and federally financed unemployment benefits.

The **Lottery Fund** receives fees from external users and uses the fees to operate the state lottery, finance

debt and make investments to meet future installment obligations to prize winners.

Fiduciary Fund Types

Fiduciary funds account for assets held in either a trustee capacity or as an agent for individuals, private organizations, other governmental units 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.

Pension and other employee benefit trust funds report resources held in trust for the members and beneficiaries of defined benefit pension plans.

External investment trust funds report the external portions of investment pools reported by the sponsoring government.

Private-purpose trust funds report all other trust arrangements whose principal and interest benefit individuals, private organizations or other governments. These trusts include tobacco settlement money, reserve for insurance company liquidations, relief of catastrophic insurance losses, contributions of prison inmates, educational savings plans and others.

Agency funds report assets the state holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt and remittance of fiduciary resources to individuals, private organizations or other governments. Agency funds include those funds established to account for the collection of sales and use tax for distribution to localities, bond escrow funds, deposits of insurance carriers, child support collections and other miscellaneous accounts.

Component Units

All component units of the state of Texas are reported as nonmajor component units. The combining statement of net position - component units and the combining statement of activities - component units are discretely presented.

Additional information about blended and discretely presented component units can be found in Note 19. More detailed information of the individual component units is available from the component units' separately issued financial statements.

Basis of Accounting, Measurement Focus and Financial Statement Presentation

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all economic resources and obligations of the reporting entity, both current and noncurrent, are reported. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which partially amended GASB Statement No. 33.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (such as revenues and other financing sources) and decreases (such as expenditures and other financing uses) in current financial resources.

Under the modified accrual basis of accounting, revenues are recognized in the period in which they become both measurable and available to finance opera-

tions of the fiscal year or liquidate liabilities existing at fiscal year-end. The state of Texas considers all major revenues (such as operating grants and contributions and taxes) reported in the governmental funds to be available if the revenues are due at fiscal year-end and collected within 60 days thereafter.

In the governmental fund financial statements, revenues that are earned but not expected to be collected within 60 days are not available to liquidate the liabilities of the current period and are reported as deferred inflows of resources. Unearned revenue is recorded when cash or other assets are received prior to being earned.

Under the accrual basis of accounting, as used in the government-wide financial statements, proprietary fund financial statements and fiduciary fund financial statements, unearned revenue is recorded when cash or other assets are collected in advance before the revenue recognition criteria are met. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Amounts paid to acquire capital assets are capitalized as assets rather than reported as expenditures as they would be under the modified accrual basis of accounting used in the governmental fund financial statements. Proceeds of long-term debt are recorded as liabilities rather than other financing sources under the modified accrual basis. Amounts paid to reduce long-term indebtedness of the state are reported as reductions of the related liabilities rather than expenditures.

Proprietary funds distinguish operating from nonoperating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and capital asset depreciation and amortization. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Although agency funds use the accrual basis of accounting, they do not have a measurement focus because they do not recognize revenues and expenses.

Budgetary Information

The budgetary comparison schedule and the notes to the budgetary comparison schedule are in the required supplementary information other than management's discussion and analysis (MD&A) section. The budgetary comparison schedule presents the original budget, the final budget and the actual activity of the major governmental funds. Reconciliations for the general fund and the state highway fund budgetary basis to the GAAP basis are presented as required supplementary information with explanations of the reconciling items. Budgetary information for nonmajor governmental funds is presented as other supplementary information. The governmental funds with legally adopted annual budgets are the general fund, the state highway fund and the other nonmajor special revenue funds listed in other supplementary information.

Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents includes cash on hand, cash in transit, cash in local banks, cash in the federal and state treasuries, and cash equivalents. Cash in local banks is primarily held by enterprise funds, discrete component units and employee benefit trust funds. Cash balances of most state funds are pooled and invested by the Treasury Operations Division of the Comptroller's office. Interest earned is deposited in the general revenue fund and specified funds designated by law.

The statement of cash flows for proprietary funds presents the change in cash and cash equivalents during the fiscal year. Cash equivalents are defined as short-term, highly-liquid investments that are both readily convertible to known amounts of cash and so near maturity they present insignificant risk of a decrease in

value due to changes in interest rates. Investments with an original maturity of three months or less and used for cash management rather than investing activities are considered cash equivalents. Restricted securities held as collateral for securities lending are not included as cash equivalents on the statement of cash flows.

Investments

Investments are reported at fair value in the balance sheet or other statements of net financial position with exceptions. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Texas local government investment pool (TexPool) and Texas local government investment pool prime (TexPool Prime) meet the criteria for a qualifying external investment pool under GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Certain money market investments may be reported at amortized cost provided the investment has a remaining maturity of one year or less at date of purchase. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement or statement of activities.

Receivables and Payables

The major receivables for governmental activities are federal revenue and taxes receivable. The major receivables for business-type activities are patient receivables, federal receivables and gifts, pledges and donations. Receivables represent amounts due to the state as of Aug. 31, 2019, from private persons or organizations. Amounts expected to be collected within the next fiscal year are classified as current and amounts expected to be collected beyond the next fiscal year are classified as noncurrent. All receivables are recorded net of allowances for uncollectible accounts.

Taxes receivable represent amounts earned in fiscal 2019 that will be collected sometime in the future. In the government-wide financial statements, a corresponding amount is recorded as revenue. In the governmental fund financial statements, the portion considered available is recorded as revenue; the remainder is recorded as unearned revenue. Taxes receivable are estimated based on collection experience. Tax refunds payable represent amounts owed to taxpayers for overpayments or amended tax returns. See Note 23 for details on taxes receivable and tax refunds payable.

Other receivables in the general fund consist primarily of program receivables for health care, supplemental nutrition assistance program and temporary assistance for needy families. Other receivables in the colleges and universities fund consist primarily of receivables from investments, from external parties and other companies. Other receivables in proprietary funds other than the colleges and universities fund consist of receivables related to unemployment benefit overpayments. Activities between funds that represent lending/borrowing arrangements outstanding at fiscal year-end are interfund loans. All other outstanding balances between funds are reported as due from/due to other funds. Any residual balances between governmental and business-type activities are reported in the government-wide financial statements as “internal balances”.

Noncurrent interfund receivables in the general fund, as shown in Note 12, are reported as nonspendable fund balance. Noncurrent interfund receivables in other governmental funds are reported as committed, restricted or assigned fund balance.

Investment trade receivables are reported for sales of investments pending settlement. Investment trade payables are purchases of investments pending settlement.

Inventories and Prepaid Items

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost generally utilizing the last-in, first-out method.

The consumption method of accounting is used to account for inventories and prepaid items that appear in both governmental and proprietary fund types. The costs of inventories are expensed when they are consumed. Prepaid items reflect payments for costs applicable to future accounting periods and are recorded in both government-wide financial statements and fund financial statements.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include certain proceeds of enterprise fund general obligation and revenue bonds, as well as certain revenues, set aside for statutory or contractual requirements.

Capital Assets

Capital assets are reported in proprietary funds, fiduciary funds and on the government-wide financial statements. The capitalization threshold and the estimated useful life of the assets vary depending upon the asset type. Note 2 includes a table identifying the capitalization threshold and the estimated useful life by asset type. It also provides information on the state's depreciation/amortization policy and other detailed information.

The state has adopted the depreciation method for reporting its highway system. The Texas Department of Transportation, the state agency responsible for construction and maintenance of the state's road and highway systems, adopted the composite approach for reporting infrastructure and bridges. The composite approach is a method for calculating depreciation of a

group of similar and dissimilar assets of the same class (all the roads and bridges of the state) using the same depreciation rate. The composite depreciation rate for fiscal 2019 is 2.5 percent based on a 40-year weighted average life expectancy of the assets in service.

Long-Term Liabilities

Reporting long-term liabilities in the statement of net position requires two components - the amount due within one year (current) and the amount due in more than one year (noncurrent).

General long-term liabilities consist of claims and judgments, capital lease obligations, employees' compensable leave and other noncurrent liabilities. General long-term liabilities are not reported as liabilities in governmental funds but are reported in the governmental activities column in the government-wide statement of net position. The state reports rebatable arbitrage in claims and judgments. General long-term debt is not limited to liabilities arising from debt issuances, but may also include noncurrent liabilities on lease-purchase agreements and other commitments that are not current liabilities.

In the government-wide financial statements and proprietary fund financial statements, bond premiums and discounts are currently amortized over the life of the bonds using the straight-line method. State agencies also have the option of using bonds outstanding or the effective interest method. Bonds payable are reported net of the applicable bond accretion, premium or discount. Gain or loss on refunding is reported as deferred inflows of resources or deferred outflows of resources, respectively, and amortized over a shorter final maturity of the refunded or the refunding bonds. Issuance costs are expensed in the fiscal year in which they were incurred.

In the governmental fund financial statements, bond premiums, discounts and bond issuance costs are recognized during the current fiscal year. The face

amount of the debt issued and the related premiums are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Employees' Compensable Leave Balances

Annual leave, commonly referred to as vacation leave, and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employee. Benefits are earned when the employee's right to receive compensation is attributable to services already rendered and it is probable the employer will compensate the employee for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Employees accrue vacation time at a rate of eight to 21 hours per month depending on years of employment. The maximum number of hours that can be carried forward to the next fiscal year ranges from 180 hours to 532 hours based on years of service.

Under the federal Fair Labor Standards Act and state laws for nonexempt, nonemergency employees overtime can be accumulated in lieu of immediate payment as compensatory leave (at one-and-one-half hours for each overtime hour worked) to a maximum of 240 hours. All overtime exceeding 240 hours must be paid with the next regular payroll. At termination or death, all overtime balances must be paid in full. For emergency personnel (firefighters, law enforcement, prison officers, etc.), overtime can be accumulated to a maximum of 480 hours.

Unused overtime is included in the calculation of current and noncurrent liabilities because each employee may be paid for the overtime or use it as compensatory time.

Compensatory leave is allowed for exempt employees not eligible for overtime pay. This leave is accu-

mulated on an hour-for-hour basis and must be taken within one year from the date earned or it lapses. There is no death or termination benefit for compensatory leave and it is nontransferable. Compensatory leave is reported as a current liability.

Sick leave is accrued at a rate of eight hours per month with no limit on the amount that can be carried forward to the next fiscal year. Accumulated sick leave is not paid at employee termination, although an employee's estate may be paid for one-half of the accumulated sick leave to a maximum of 336 hours. In 2009, the 81st Legislature passed House Bill 2559, which does not allow employees hired on or after Sept. 1, 2009, to apply unused sick or annual leave as service credit to meet retirement eligibility. State employees hired before Sept. 1, 2009, are entitled to service credit in the retirement system for unused sick or annual leave on the last day of employment. The maximum amount of the state's contingent obligation for sick leave was not determined. The probability of a material impact on state operations in any given fiscal year is considered remote.

Capital Lease Obligations

Capital lease contracts payable, which are not funded by current resources, represent the liability for future lease payments under capital lease contracts. Note 8 provides details for capital lease obligations.

Conduit Debt Obligations

Conduit debt issued by the state in the form of bonds is for the express purpose of providing capital financing for a specific third party that is not part of the state's financial reporting entity. The bonds are secured by the property financed and are payable solely from payments received from the third party on the underlying loans. The state has no obligations for the debt beyond the resources provided by the third party on whose behalf the bonds were issued. The state has cho-

sen to continue reporting conduit debt obligations as long-term liabilities on the balance sheet for debt issued prior to GASB Interpretation No. 2, *Disclosure of Conduit Debt Obligations, an Interpretation of NCGA Statement 1*, as well as subsequent debt obligations that are substantially the same as those already reported. GASB Interpretation No. 2, which was effective for Texas beginning Sept. 1, 1996, requires only note disclosure for issuance of all other conduit debt. Note 6 provides details on conduit debt obligations.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources are defined in GASB Concepts Statement No. 4, *Elements of Financial Statements*, as the consumptions and acquisitions of net assets by the government that are applicable to future periods.

Note 27 provides details on deferred outflows of resources and deferred inflows of resources.

Net Position and Fund Balances

The state reports restricted net position when constraints placed on resources are either:

- externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments; or
- imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the government to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources can only be used for the specific purposes stipulated in the legislation. Restricted net position is designated as either expendable or nonexpendable. Expendable restricted resources are those that may be expended for either a stated purpose or for a general purpose subject to externally imposed stipulations. Nonexpendable

restricted resources are those required to be retained in perpetuity. Restricted resources include the state's permanent endowment funds subject to externally imposed restrictions governing their use.

Net investment in capital assets, consists of capital assets - including restricted capital assets - net of accumulated depreciation/amortization and reduced by the outstanding balances of bonds, mortgages, notes or other debt attributable to the acquisition, construction or improvement of such assets. Significant unspent related debt proceeds are not included in the calculation of net investment in capital assets. The unspent portion of the debt is included in the restricted for capital projects category of net position.

Fund balances for governmental funds are classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances include amounts that cannot be spent because they are either not in a spendable form or they are legally or contractually required to be maintained intact. Fund balances are reported as restricted when constraints placed upon the use of resources are either:

- externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments; or
- imposed by law through constitutional provisions or enabling legislation.

Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed through legislation passed into law by formal action of the Texas Legislature, the state's highest level of decision-making authority. These committed amounts cannot be used for any other purpose unless the Texas Legislature removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Fund balances are reported as assigned when the state intends for resources to be used for specific purposes, yet the constraints do not meet the requirements

to be reported as restricted or committed. Intent is expressed by either the Texas Legislature, agency governing board or the agency head/official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Unassigned fund balances represent amounts that have not been restricted, committed or assigned to specific purposes. The Texas Legislature, agency governing board/the agency head or official to which the governing body has delegated the authority to assign amounts shall determine the procedures and policies for determining assigned fund balances.

The general fund is the only fund that can report a deficit unassigned fund balance. Note 13 presents disaggregated fund balances.

When both restricted and unrestricted resources are available for use, it is the state's policy to use restricted resources first and then unrestricted resources as they are needed. When only unrestricted resources are available for use, it is the state's policy to use committed resources first, then assigned resources, and lastly unassigned resources.

Interfund Activity and Transactions - Government-wide Financial Statements

Interfund activities are presented on the fund financial statements but are not carried forward to the government-wide financial statements. The interfund activities on the government-wide financial statements are consolidated to present only the activities between governmental activities and business-type activities. Interfund services provided and used are allocated to various functions within the primary government. Interfund activity with fiduciary funds is reclassified and reported as external activity.

Interfund payables and receivables are also presented on the fund financial statements but are not car-

ried forward to the statement of net position except for amounts due between governmental and business-type activities. These amounts are reported as internal balances on the statement of net position. Interfund activities between the primary government and component units with a different fiscal year-end are limited and immaterial.

Interfund transactions with discretely presented component units are reclassified and reported as external activity. Note 12 provides details of interfund activities and transactions.

Risk Financing

The state maintains a combination of commercial insurance and self-insurance programs. The state is self-insured for workers' compensation and unemployment compensation claims. The liabilities are funded on a pay-as-you-go basis. The group insurance programs are provided through a combination of insurance contracts, self-funded health plans and health maintenance organization contracts.

Liabilities are reported when it is probable that a loss has been incurred at the date of the financial statements and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims incurred but not reported. See Note 17 for additional information.

Note 2

Capital Assets

Capital assets of governmental funds, which include land, infrastructure, buildings, equipment and intangible assets, are recorded as expenditures at the time of purchase and capitalized in the governmental activities column of the government-wide statement of net position. Capital assets of other funds and component units are capitalized in the fund in which they are utilized. Capital assets are assets with a cost above a set minimum capitalization threshold that, when acquired, have an estimated useful life of more than one year. The capitalization thresholds and estimated useful lives of the state's various categories of capital assets are presented in table 2A.

Table 2B on the following pages presents the composition of the state's capital assets, adjustments, reclassifications, additions and deletions during fiscal 2019. The adjustments column includes assets not previously reported, accounting errors and other changes. The reclassifications column includes amounts for transfers of capital assets between agencies and reclassifies amounts for completed construction projects previously reported as construction in progress. The additions column includes current year purchases, depreciation and amortization. The deletions column includes assets removed during the current fiscal year.

All capital assets are capitalized at cost or estimated historical cost if actual historical cost is not available. Depreciation or amortization is reported on all exhaustible assets. Inexhaustible assets, such as works of art and historical treasures, are not depreciated. Professional, academic and research library books and materials are considered exhaustible assets and are depreciated. Intangible assets with determinable useful lives are amortized. Donated assets are reported at the acquisition value. Assets are depreciated or amortized over their estimated useful life using the straight-line method.

Most land improvements (infrastructure), including curbs, sidewalks, fences, bridges and lighting systems, are capitalized. The state's highway infrastructure is reported using the depreciation approach.

Capitalization of Assets		
Table 2A		
Type	Capitalization Threshold	Estimated Useful Life
Land and Land Improvements	\$ 0	Not applicable
Infrastructure, Non-Depreciable	0	Not applicable
Construction in Progress	0	Not applicable
Buildings and Building Improvements	100,000	5-30 years
Infrastructure, Depreciable	500,000	10-50 years
Facilities and Other Improvements	100,000	10-60 years
Furniture and Equipment	5,000	3-15 years
Vehicles, Boats and Aircraft	5,000	5-40 years
Other Capital Assets		
(Library Books, Leasehold Improvements and Livestock)		
Depreciable	Various	3-22 years
Non-Depreciable	0	Not applicable
Internally Generated		
Computer Software	1,000,000	3-10 years
Other Computer Software	100,000	3-10 years
Land Use Rights – Permanent	0	Not applicable
Land Use Rights – Term	100,000	10-60 years
Other Intangible Capital Assets	100,000	3-15 years

Capital Asset Activity

Table 2B

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	PRIMARY GOVERNMENT					Balance 8/31/19
	Balance 9/1/18	Adjustments	Reclassifications	Additions	Deletions	
GOVERNMENTAL ACTIVITIES						
Non-Depreciable & Non-Amortizable Assets						
Land and Land Improvements	\$ 14,228,715	\$ 1,512	\$ (45,832)	\$ 962,586	\$ (4,047)	\$ 15,142,934
Infrastructure	636					636
Construction in Progress	18,587,042	(2,920)	(5,766,016)	6,689,312		19,507,418
Other Capital Assets	72,623			98	(1)	72,720
Land Use Rights – Permanent	27,306			39,617	(31)	66,892
Total Non-Depreciable & Non-Amortizable Assets	<u>32,916,322</u>	<u>(1,408)</u>	<u>(5,811,848)</u>	<u>7,691,613</u>	<u>(4,079)</u>	<u>34,790,600</u>
Depreciable Assets						
Buildings and Building Improvements	6,361,288	3,116	130,148	10,891	(2,104)	6,503,339
Infrastructure	95,598,031		5,416,336	136,696	(3,662)	101,147,401
Facilities and Other Improvements	250,220		11,310	683		262,213
Furniture and Equipment	1,245,144	2,426	13,653	50,920	(36,779)	1,275,364
Vehicles, Boats and Aircraft	1,359,680	(1,111)	17,073	150,581	(46,394)	1,479,829
Other Capital Assets	157,500		458	2,657	(4,173)	156,442
Total Depreciable Assets at Historical Cost	<u>104,971,863</u>	<u>4,431</u>	<u>5,588,978</u>	<u>352,428</u>	<u>(93,112)</u>	<u>110,824,588</u>
Less Accumulated Depreciation for:						
Buildings and Building Improvements	(4,507,449)	(6,413)		(176,150)	820	(4,689,192)
Infrastructure	(20,610,938)	(111)		(1,854,074)	662	(22,464,461)
Facilities and Other Improvements	(184,525)			(7,243)		(191,768)
Furniture and Equipment	(971,746)	(660)	117	(76,758)	34,346	(1,014,701)
Vehicles, Boats and Aircraft	(848,878)	36	(3)	(93,241)	42,674	(899,412)
Other Capital Assets	(99,772)			(5,903)	4,039	(101,636)
Total Accumulated Depreciation*	<u>(27,223,308)</u>	<u>(7,148)</u>	<u>114</u>	<u>(2,213,369)</u>	<u>82,541</u>	<u>(29,361,170)</u>
Depreciable Assets, Net	<u>77,748,555</u>	<u>(2,717)</u>	<u>5,589,092</u>	<u>(1,860,941)</u>	<u>(10,571)</u>	<u>81,463,418</u>
Intangible Capital Assets – Amortizable						
Land Use Rights – Term	15,880			446		16,326
Computer Software	547,845	(5,889)	30,152	8,513	(8,462)	572,159
Other Intangible Capital Assets – Term	79,673					79,673
Total Intangible Assets at Historical Cost	<u>643,398</u>	<u>(5,889)</u>	<u>30,152</u>	<u>8,959</u>	<u>(8,462)</u>	<u>668,158</u>
Less Accumulated Amortization for:						
Land Use Rights – Term	(14,880)			(770)		(15,650)
Computer Software	(459,910)	5,630		(38,709)	8,222	(484,767)
Other Intangible Capital Assets – Term	(48,588)			(7,967)		(56,555)
Total Accumulated Amortization*	<u>(523,378)</u>	<u>5,630</u>	<u>0</u>	<u>(47,446)</u>	<u>8,222</u>	<u>(556,972)</u>
Amortizable Assets, Net	<u>120,020</u>	<u>(259)</u>	<u>30,152</u>	<u>(38,487)</u>	<u>(240)</u>	<u>111,186</u>
Governmental Activities Capital Assets, Net	<u>\$ 110,784,897</u>	<u>\$ (4,384)</u>	<u>\$ (192,604)</u>	<u>\$ 5,792,185</u>	<u>\$ (14,890)</u>	<u>\$ 116,365,204</u>

* Depreciation and amortization expense was charged to governmental activities as follows:

General Government	\$ 46,327
Education	19,519
Employee Benefits	4
Health and Human Services	51,796
Public Safety and Corrections	168,378
Transportation	1,929,636
Natural Resources and Recreation	40,672
Regulatory Services	4,483
Total	<u>\$ 2,260,815</u>

Continued on the following page

Capital Asset Activity (continued)

Table 2B

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	PRIMARY GOVERNMENT					Balance 8/31/19
	Balance 9/1/18	Adjustments	Reclassifications	Additions	Deletions	
BUSINESS-TYPE ACTIVITIES						
Non-Depreciable & Non-Amortizable Assets						
Land and Land Improvements	\$ 2,221,174	\$ (48)	\$ 46,731	\$ 78,482	\$ (1,351)	\$ 2,344,988
Construction in Progress	4,355,328	289	(3,435,902)	3,063,130	(40,574)	3,942,271
Other Capital Assets	830,689		3,164	66,184	(3,725)	896,312
Land Use Rights – Permanent	22,892					22,892
Other Intangible Capital Assets - Permanent	17,498		1,295			18,793
Total Non-Depreciable & Non-Amortizable Assets	<u>7,447,581</u>	<u>241</u>	<u>(3,384,712)</u>	<u>3,207,796</u>	<u>(45,650)</u>	<u>7,225,256</u>
Depreciable Assets						
Buildings and Building Improvements	35,423,996	(111)	3,049,160	504,058	(56,315)	38,920,788
Infrastructure	4,177,181		169,356	2,872	(2,955)	4,346,454
Facilities and Other Improvements	3,081,221		138,953	24,972	(44,257)	3,200,889
Furniture and Equipment	6,268,288	(124)	81,520	709,848	(314,646)	6,744,886
Vehicles, Boats and Aircraft	326,464	(24)	282	22,958	(13,653)	336,027
Other Capital Assets	1,775,286		2,136	84,551	(46,478)	1,815,495
Total Depreciable Assets at Historical Cost	<u>51,052,436</u>	<u>(259)</u>	<u>3,441,407</u>	<u>1,349,259</u>	<u>(478,304)</u>	<u>55,364,539</u>
Less Accumulated Depreciation for:						
Buildings and Building Improvements	(16,932,522)			(1,513,607)	34,219	(18,411,910)
Infrastructure	(1,210,776)			(129,974)	354	(1,340,396)
Facilities and Other Improvements	(1,219,875)			(124,047)	43,063	(1,300,859)
Furniture and Equipment	(4,401,917)	253	(117)	(532,396)	242,054	(4,692,123)
Vehicles, Boats and Aircraft	(240,828)	23	(17)	(22,540)	11,406	(251,956)
Other Capital Assets	(1,193,919)	(22)		(80,326)	38,014	(1,236,253)
Total Accumulated Depreciation**	<u>(25,199,837)</u>	<u>254</u>	<u>(134)</u>	<u>(2,402,890)</u>	<u>369,110</u>	<u>(27,233,497)</u>
Depreciable Assets, Net	<u>25,852,599</u>	<u>(5)</u>	<u>3,441,273</u>	<u>(1,053,631)</u>	<u>(109,194)</u>	<u>28,131,042</u>
Intangible Capital Assets – Amortizable						
Land Use Rights – Term	255					255
Computer Software	1,582,332	10,237	136,043	37,760	(51,011)	1,715,361
Other Intangible Capital Assets – Term	1,777			700		2,477
Total Intangible Assets at Historical Cost	<u>1,584,364</u>	<u>10,237</u>	<u>136,043</u>	<u>38,460</u>	<u>(51,011)</u>	<u>1,718,093</u>
Less Accumulated Amortization for:						
Land Use Rights – Term	(217)			(26)		(243)
Computer Software	(1,268,383)	(4,958)		(143,052)	39,877	(1,376,516)
Other Intangible Capital Assets – Term	(126)			(129)		(255)
Total Accumulated Amortization**	<u>(1,268,726)</u>	<u>(4,958)</u>	<u>0</u>	<u>(143,207)</u>	<u>39,877</u>	<u>(1,377,014)</u>
Amortizable Assets, Net	<u>315,638</u>	<u>5,279</u>	<u>136,043</u>	<u>(104,747)</u>	<u>(11,134)</u>	<u>341,079</u>
Business Activities Capital Assets, Net	<u>\$ 33,615,818</u>	<u>\$ 5,515</u>	<u>\$ 192,604</u>	<u>\$ 2,049,418</u>	<u>\$ (165,978)</u>	<u>\$ 35,697,377</u>
** Depreciation and amortization expense was charged to business-type activities as follows:						
Education	\$ 2,484,503					
Transportation	54,493					
Lottery	142					
Other Business-Type Activities	6,959					
Total	<u>\$ 2,546,097</u>					

Concluded on the following page

Capital Asset Activity (concluded)

Table 2B

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Balance 9/1/18	Adjustments	Reclassifications	Additions	Deletions	Balance 8/31/19
COMPONENT UNITS						
Non-Depreciable & Non-Amortizable Assets						
Land and Land Improvements	\$ 3,896	\$	\$	\$ 348	\$ (998)	\$ 3,246
Construction in Progress	1,885			1,848	(2,341)	1,392
Total Non-Depreciable & Non-Amortizable Assets	<u>5,781</u>	<u>0</u>	<u>0</u>	<u>2,196</u>	<u>(3,339)</u>	<u>4,638</u>
Depreciable Assets						
Buildings and Building Improvements	14,187			3,227	(206)	17,208
Facilities and Other Improvements	414					414
Furniture and Equipment	29,121			338	(801)	28,658
Vehicles, Boats and Aircraft	5,867			1,296	(675)	6,488
Other Capital Assets	1,957			246	(80)	2,123
Total Depreciable Assets at Historical Cost	<u>51,546</u>	<u>0</u>	<u>0</u>	<u>5,107</u>	<u>(1,762)</u>	<u>54,891</u>
Less Accumulated Depreciation for:						
Buildings and Building Improvements	(6,559)			(221)	20	(6,760)
Facilities and Other Improvements	(401)			(3)		(404)
Furniture and Equipment	(19,028)			(2,593)	789	(20,832)
Vehicles, Boats and Aircraft	(3,316)			(1,180)	576	(3,920)
Other Capital Assets	(1,053)			(205)	80	(1,178)
Total Accumulated Depreciation	<u>(30,357)</u>	<u>0</u>	<u>0</u>	<u>(4,202)</u>	<u>1,465</u>	<u>(33,094)</u>
Depreciable Assets, Net	<u>21,189</u>	<u>0</u>	<u>0</u>	<u>905</u>	<u>(297)</u>	<u>21,797</u>
Intangible Capital Assets – Amortizable						
Computer Software	6,413			2,366	(123)	8,656
Total Intangible Assets at Historical Cost	<u>6,413</u>	<u>0</u>	<u>0</u>	<u>2,366</u>	<u>(123)</u>	<u>8,656</u>
Less Accumulated Amortization for:						
Computer Software	(6,182)			(489)	123	(6,548)
Total Accumulated Amortization	<u>(6,182)</u>	<u>0</u>	<u>0</u>	<u>(489)</u>	<u>123</u>	<u>(6,548)</u>
Amortizable Assets, Net	<u>231</u>	<u>0</u>	<u>0</u>	<u>1,877</u>	<u>0</u>	<u>2,108</u>
Component Units Capital Assets, Net	<u>\$ 27,201</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,978</u>	<u>\$ (3,636)</u>	<u>\$ 28,543</u>

The state's capitalization policy regarding works of art and historical treasures states that capitalization is encouraged, but not required, for works of art and historical treasures that meet certain conditions. Works of art and historical treasures not required to be capitalized are those that are:

- Held for public exhibition, education or research in furtherance of public service, rather than for financial gain;

- Protected, kept unencumbered, cared for and preserved; and/or
- Subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for the collection.

Assets of this nature include the historical archives of the Texas General Land Office. This vast collection includes more than 36.5 million documents and approximately 45 thousand maps, dating back to 1561.

Note 3

Deposits, Investments and Repurchase Agreements

Authority for Investments

All monies in funds established in the Texas Comptroller of Public Accounts (Comptroller) Treasury Operations Division (Treasury) by the Texas Constitution or by an act of the Legislature are pooled for investment purposes. State statutes authorize the Treasury to invest state funds in fully collateralized time deposits, direct security repurchase agreements, reverse repurchase agreements, obligations of the United States and its agencies and instrumentalities, bankers' acceptances, commercial paper and contracts written by the Comptroller's office, which are commonly known as covered call options.

The Treasury obtains direct access to the services of the Federal Reserve System through the Texas Treasury Safekeeping Trust Company (Trust Company). The Federal Reserve Bank requires that the Trust Company maintain a positive cash balance in the account during and at the end of the day. The Trust Company met those requirements throughout fiscal 2019. The Trust Company safe-keeps U.S. Government securities in book-entry form for the major investment funds, safe-keeps collateral pledged to secure deposits of the Treasury in financial institutions, and acts as trustee for other public bodies to hold and manage funds on their behalf.

Certain state agencies, component units, public employee retirement systems and institutions of higher education are authorized to invest funds not deposited with the Treasury. As of Aug. 31, 2019, the Teacher Retirement System of Texas (TRS), the permanent school fund (PSF), the Employees Retirement System of Texas (ERS) and the University of Texas System (UT) reported more than 88.6 percent of the total investment fair value; this does not include the investments held by the Texas Comptroller's Treasury Pool, Texpool and Texpool Prime. TRS, PSF, ERS, UT and Texas

Prepaid Higher Education Tuition Board (TPHETB) make investments following the "prudent investor rule." Authorized investments include equities, fixed income obligations, cash equivalents and other investments.

Collateralization

State law requires all treasury funds deposited in financial institutions above the amounts insured by the Federal Deposit Insurance Corporation be fully collateralized by pledging, to the Treasury, securities valued at market excluding accrued interest. Generally, the list of eligible securities includes all U.S. Treasury obligations, most federal agency obligations, and securities issued by state agencies and political subdivisions within the state. All securities pledged to the Treasury must be held by a third-party bank doing business in the state through a main office or one or more branches, any Federal Reserve Bank, the Trust Company, any Federal Home Loan Bank or in the vault of the Treasury. During fiscal 2019, no depository holding state funds failed.

State agencies and institutions of higher education with deposits of public funds not managed by the Treasury are required to secure deposits through collateral pledged by depository banks and savings and loan institutions. Eligible collateral securities are prescribed by state law; however, retirement systems and PSF are exempt by statute from this requirement.

External Investment Pool

The activities of the Texas local government investment pool (TexPool) and the Texas local government investment pool prime (TexPool Prime) are reported as an external investment trust fund. Separate audited financial statements may be obtained by contacting:

Texas Treasury Safekeeping Trust Company
208 E. 10th St., 4th floor
Austin, Texas 78701.

Deposits

As of Aug. 31, 2019, the carrying amounts of deposits for governmental and business-type activities, fiduciary funds and discretely presented component units were \$1.1 billion, \$258.7 million and \$439.1 million, respectively. These amounts consist of all cash in local banks and a portion of short-term investments. These amounts are included on the combined statement of net position as part of the cash and cash equivalents and investment related line items. As of Aug. 31, 2019, the total bank balances for governmental and business-type activities, fiduciary funds and discretely presented component units were \$1.2 billion, \$256.9 million and \$422 million, respectively.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, deposits or collateral securities in the possession of an outside party will not be recovered. There is no formal deposit policy for managing custodial credit risk. The state's securities lending programs are subject to custodial credit risk. This type of risk is inherent to the securities lending programs. The bank balances exposed to custodial credit risk as of Aug. 31, 2019, are presented in table 3A.

	Uninsured and Uncollateralized	Uninsured and Collateralized with Securities Held by the Pledging Financial Institution
GOVERNMENTAL ACTIVITIES		
Permanent School Fund	\$ 7,860	\$
Total Governmental Activities	<u>7,860</u>	<u>0</u>
BUSINESS-TYPE ACTIVITIES		
College and Universities	1,912	78,478
Total Business-Type Activities	<u>1,912</u>	<u>78,478</u>
Total Governmental and Business-Type Activities	<u>\$ 9,772</u>	<u>\$ 78,478</u>
FIDUCIARY FUNDS	<u>\$ 123,682</u>	<u>\$ 0</u>
COMPONENT UNITS	<u>\$ 636,236</u>	<u>\$ 0</u>

Foreign Currency Risk: Foreign currency risk for bank balances is the risk that changes in exchange rates will adversely affect the deposit. There is no formal deposit policy for managing foreign currency risk. Foreign currency deposits are intended for settlement of pending international investment trades. Table 3B presents the bank balances exposed to foreign currency risk as of Aug. 31, 2019.

Bank Balances Exposed to Foreign Currency Risk

Table 3B

August 31, 2019 (Amounts in Thousands)

	Governmental and Business-Type Activities	Fiduciary Funds
Argentine Peso	\$ 15	\$
Australian Dollar	207	3,435
Brazilian Real	398	434
British Pound	333	3,581
Canadian Dollar	365	3,996
Chilean Peso	1	2
Chinese Yuan (Offshore)		(1,810)
Chinese Yuan Renminbi	22	2,844
Colombian Peso		56
Czech Koruna		3,620
Danish Krone	324	34
Egyptian Pound		763
Euro	347	68,813
Hong Kong Dollar	171	12,706
Hungarian Forint		7
Indian Rupee		2,466
Indonesian Rupiah	1	255
Japanese Yen	146	8,223
Malaysian Ringgit	144	9
Mexican Peso	315	2,469
New Israel Shekel		1,307
New Taiwan Dollar	846	2,004
New Turkish Lira	1	4
New Zealand Dollar		27
Norwegian Krone		101
Philippine Peso	3	21
Polish Zloty	7	604
Qatari Rial	1,212	112
Saudi Riyal		956
Singapore Dollar	188	351
South African Rand	67	310
South Korean Won	614	5,379
Swedish Krona	147	363
Swiss Franc	14	205
Thai Baht	87	1,865
United Arab Emirates Dirham	796	306
Total	<u>\$ 6,771</u>	<u>\$ 125,818</u>

Investments

The state's investments are recorded at fair value and have been categorized based upon a fair value hierarchy in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

In accordance with GASB Statement No. 72, valuation techniques used for assets and liabilities accounted for at fair value are generally categorized into three types:

- a. Market approach valuation techniques use prices and other relevant information from market transactions involving identical or comparable assets or liabilities. Valuation techniques consistent with the market approach include comparables and matrix pricing. Comparables use market multiples, which may be in ranges with a different multiple for each comparable. The selection of where within the range the appropriate multiple falls requires judgment to consider both quantitative and qualitative factors specific to the measurement. Matrix pricing is a mathematical technique used to value certain securities without relying exclusively on quoted prices for those securities by comparing them to benchmark or comparable securities.
- b. Income approach valuation techniques convert future amounts, such as cash flows or earnings, to a single present amount. These techniques rely on current market expectations of future amounts. Examples of income approach valuation techniques include present value techniques, option-pricing models, binomial or lattice models that incorporate present value techniques and the multi-period excess earnings method.
- c. Cost approach valuation techniques are based upon the amount that, at present, would be required to replace the service capacity of an asset or its current replacement cost. From the perspective of a market participant (seller), the

price that would be received for the asset is determined based on the cost to a market participant (buyer) to acquire or construct a substitute asset of comparable utility.

GASB Statement No. 72 defines "fair value" as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors including the type of security, whether the security is new and not yet established in the marketplace and other characteristics particular to the transaction.

GASB Statement No. 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

Level 1 inputs - Unadjusted, quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. An active market is defined as a market where transactions for the financial instrument occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs - Inputs, other than quoted prices in active markets that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

Level 3 Inputs - Inputs are unobservable inputs and should be used only if relevant Level 1 and Level 2

inputs are not available. The state may use their own data or assumptions to develop unobservable inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the investment.

The state has some investments that are not subject to GASB Statement No. 72. Investments not measured at fair value include money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less. These investments are reported at amortized cost.

U.S. treasury securities, equity securities, fixed income money market and bond mutual funds classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt and debt derivative securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. Index linked debt securities are valued by multiplying the external market price feed by the applicable day's index ratio. Level 2 debt securities also have non-proprietary information from multiple independent sources that were readily available to market participants who are known to be actively involved in the market. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities.

Level 3 debt securities use proprietary information or single source pricing. Value of equity securities classified in Level 3 is based on last trade data that is 30 days or more before the fiscal year-end or not qualified to be reported in Level 1, Level 2 or at net asset value (NAV). Real assets classified in Level 3 are real estate investments generally valued using the income approach by internal manager reviews or independent external appraisers, except for the lands with interest in oil and gas described below.

The fair value of the state permanent school fund (PSF) and permanent university fund (PUF) lands' interest in oil and gas is based on a third party reserve study of proved reserves. The present value of the royalty cash flows is calculated by applying a 10 percent discount rate to future expected production volumes of oil and gas based on the price of oil and gas on Aug. 31, 2019. A percentage of probable and possible reserves of oil and gas are included in the fair value estimate. The PSF and PUF lands' surface interests are reported at the price per acre from the American Society of Farm Managers and Rural Appraisers. The PSF and PUF lands are categorized as Level 3 in the fair value hierarchy. The remaining minerals, the trust minerals, because of size, distribution, and limited production histories are valued at three times the previous 12 months revenue. This measure has been used historically to determine the selling price of these types of properties by willing parties. Other types of real estate holdings are reported by one of the following methods of valuation: the latest available appraised amount as determined by an independent state certified or other licensed appraiser or tax assessments used for real estate investments with values that are not significant or by any other generally accepted industry standard. The fair values of investments as of Aug. 31, 2019 are presented in tables 3C, 3D and 3E.

Investments Fair Values Governmental & Business Type Activities

Table 3C

August 31, 2019 (Amounts in Thousands)

	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
INVESTMENTS AT FAIR VALUE				
U.S. Treasury Securities	\$ 4,751,421	\$ 8,095,573	\$	\$ 12,846,994
U.S. Treasury Strips	223,993			223,993
U.S. Treasury TIPS	1,195,842			1,195,842
U.S. Government Agency Obligations	1,189,915	6,921,402		8,111,317
Corporate Obligations	207,710	5,285,783	13,975	5,507,468
Corporate Asset and Mortgage Backed Securities	156	3,756,668		3,756,824
Equity	9,198,385	93,240	1,119	9,292,744
International Obligations (Govt and Corp)	559	6,040,528	891	6,041,978
International Equity	9,412,097	5,459	1,892	9,419,448
International Other Commingled Funds	14,746	6,427	202,108	223,281
Repurchase Agreement	13,992	610,746		624,738
Mutual Funds - Domestic/International	781,187	43,813	135,146	960,146
Fixed Income Money Market and Bond Mutual Fund	7,795,307	8,285		7,803,592
Other Commingled Funds	2,552,442	11,239	39,203	2,602,884
Commercial Paper	425,005	9,790,845		10,215,850
Invested Collateral	13,760	2,186,352		2,200,112
Securities Lending Collateral Investment Pool	29,283			29,283
Real Estate	13,915	5,503	11,737,569	11,756,987
Derivatives - Domestic/International	2,252	141,514		143,766
Alternative Investments - Domestic/International	69,978	199,569	527,734	797,281
Miscellaneous	2,568,546	90,159	30,266	2,688,971
Total Investments at Fair Value	<u>40,460,491</u>	<u>43,293,105</u>	<u>12,689,903</u>	<u>96,443,499</u>
INVESTMENTS AT NAV				
U.S. Treasury Securities				20,166
Equity				788,929
International Equity				131,953
International Other Commingled Funds				4,640,835
Repurchase Agreement				11,145
Mutual Funds - Domestic/International				138,115
Fixed Income Money Market and Bond Mutual Fund				1,636,370
Other Commingled Funds				2,468,413
Real Estate				3,332,450
Derivatives - Domestic/International				2
Alternative Investments - Domestic/International				47,037,831
Miscellaneous				158,107
Total Investments at NAV				<u>60,364,316</u>
INVESTMENTS AT AMORTIZED COSTS OR NOT SUBJECT TO GASB STATEMENT NO. 72				
U.S. Treasury Securities				821,035
U.S. Government Agency Obligations				463,501
Repurchase Agreement				3,543,085
Fixed Income Money Market and Bond Mutual Fund				630,004
Other Commingled Funds				88,734
Miscellaneous				239,550
Total Investments at Amortized Costs or not subject to GASB Statement No. 72				<u>5,785,909</u>
Total of Investments - Governmental & Business Type Activities				<u>\$ 162,593,724</u>

Investments Fair Values Fiduciary Funds

Table 3D

August 31, 2019 (Amounts in Thousands)

	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
INVESTMENTS AT FAIR VALUE				
U.S. Treasury Securities	\$ 21,684,140	\$ 4,234,129	\$	\$ 25,918,269
U.S. Treasury Strips		35,770		35,770
U.S. Treasury Tips		5,590,895		5,590,895
U.S. Government Agency Obligations	3,386	8,392,297		8,395,683
Corporate Obligations	6,859	1,820,642	526	1,828,027
Corporate Asset and Mortgage Backed Securities	18,645	612,536	3,470	634,651
Equity	21,136,408	3,819	342	21,140,569
International Obligations (Govt and Corp)		1,934,761		1,934,761
International Equity	31,889,748		2,403	31,892,151
International Other Commingled Funds	5,486	2,622		8,108
Repurchase Agreement	34,397	9,807,486		9,841,883
Mutual Funds - Domestic/International	1,192,122		109	1,192,231
Fixed Income Money Market and Bond Mutual Fund	266,922			266,922
Other Commingled Funds	429,299	3,374	8,908	441,581
Commercial Paper		5,103,239		5,103,239
Invested Collateral	154,222	18,354,568	477,908	18,986,698
Real Estate	1,203,233	43,883		1,247,116
Derivatives - Domestic/International	38,885	(25)		38,860
Alternative Investments - Domestic/International			930,736	930,736
Miscellaneous	758,779	4,495		763,274
Total Investments at Fair Value	<u>78,822,531</u>	<u>55,944,491</u>	<u>1,424,402</u>	<u>136,191,424</u>
INVESTMENTS AT NAV				
International Other Commingled Funds				5,175,957
Mutual Funds - Domestic/International				527,560
Fixed Income Money Market and Bond Mutual Fund				952,567
Other Commingled Funds				6,741,355
Real Estate				5,130
Alternative Investments - Domestic/International				83,801,652
Miscellaneous				5,806,807
Total Investments at NAV				<u>103,011,028</u>
INVESTMENTS AT AMORTIZED COSTS OR NOT SUBJECT TO GASB STATEMENT NO. 72				
U.S. Treasury Securities				37,457
U.S. Government Agency Obligations				13,985
Repurchase Agreement				789,022
Fixed Income Money Market and Bond Mutual Fund				92,295
Miscellaneous				2,375
Total Investments at Amortized Costs or not subject to GASB Statement No. 72				<u>935,134</u>
Total of Investments - Fiduciary Funds				<u>\$ 240,137,586</u>

Investments Fair Values Discrete Components

Table 3E

August 31, 2019 (Amounts in Thousands)

	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
INVESTMENTS AT FAIR VALUE				
U.S. Treasury Securities	\$ 47,057	\$ 89,270	\$	\$ 136,327
U.S. Government Agency Obligations	10,596	47,610		58,206
Corporate Obligations		29,599		29,599
Corporate Asset and Mortgage Backed Securities		80,279		80,279
Equity	35,976	556		36,532
International Obligations (Govt and Corp)		32,763		32,763
International Equity	16,700			16,700
International Other Commingled Funds		21,017		21,017
Mutual Funds - Domestic/International	137,795		10	137,805
Fixed Income Money Market and Bond Mutual Fund		40,161		40,161
Commercial Paper		115,410		115,410
Real Estate			17,235	17,235
Derivatives - Domestic/International		(104)		(104)
Alternative Investments - Domestic/International	2,237	14,560		16,797
Miscellaneous	92,034	15,364	31,233	138,631
Total Investments at Fair Value	<u>342,395</u>	<u>486,485</u>	<u>48,478</u>	<u>877,358</u>
INVESTMENTS AT NAV				
Mutual Funds - Domestic/International				475
Fixed Income Money Market and Bond Mutual Fund				11,853
Real Estate				3,985
Alternative Investments - Domestic/International				96,430
Miscellaneous				310,247
Total Investments at NAV				<u>422,990</u>
INVESTMENTS AT AMORTIZED COSTS OR NOT SUBJECT TO GASB STATEMENT NO. 72				
Repurchase Agreement				121,063
Fixed Income Money Market and Bond Mutual Fund				19,289
Other Commingled Funds				154
Miscellaneous				10,531
Total Investments at Amortized Costs or not subject to GASB Statement No. 72				<u>151,037</u>
Total of Investments - Discrete Components				<u>\$ 1,451,385</u>

The state utilizes the NAV per share as a method for determining fair value for certain investments in equity, repurchase agreements, commingled funds, mutual funds, real estate, fixed income money market and externally managed investment. These investments calculate the NAV consistent with the Financial Accounting Standards Board's (FASB) measurement principles for investment companies and the state does not intend to sell all or portion of the investment for an amount that is different from the NAV. These invest-

ments are exempt from classification within the fair value hierarchy.

TRS, PSF, ERS and UT account for 91.2 percent of the value reported at NAV. For more detailed information about the redemption frequency, redemption notice period, related unfunded commitments, redemption restrictions and the significant investment strategies of these agencies pertaining to their investments reported at NAV, please refer to the individual financial statements of the agency by contacting:

Employees Retirement System of Texas
P.O. Box 13207
Austin, Texas 78711

Teacher Retirement System of Texas
1000 Red River St.
Austin, Texas 78701

Texas Permanent School Fund
400 W. 15th St.
Austin, Texas 78701

The University of Texas
210 W. 7th St.
Austin, Texas 78701

The investments measured at NAV per share as of Aug. 31, 2019, including unfunded commitments, are presented in table 3F.

Commingled Funds: An external manager pools and invests the funds of several institutional investors. Securities are owned by the overall fund and each investor owns a pro rata share of the fund. The U.S. Securities and Exchange Commission (SEC) does not regulate commingled funds.

Energy, Natural Resources and Infrastructure: Energy, natural resources and infrastructure funds are also referred to as real assets. Real assets are physical assets that have value due to their substance and properties. Real assets include precious metals, commodities, agricultural land, machinery and oil.

Fixed Income: Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. These investments include private fixed income funds and bonds issues by countries in emerging markets.

Hedge Funds: Hedge funds may be broadly defined as pooled funds that are not registered with the SEC,

are typically available only to institutional investors or individuals with a high net worth and use advanced trading strategies such as leverage, derivatives, short selling and arbitrage.

Mutual Funds: Similar to commingled funds, the funds of multiple investors are pooled by the external manager. The investors own shares of the fund but do not own

Investments Reported at Net Asset Value (NAV)				
Table 3F				
August 31, 2019 (Amounts in Thousands)				
INVESTMENT TYPE	Fair Value	Redemption Frequency	Redemption Notice Period	Unfunded Commitment
Alternative	\$ 7,749,397	Daily - Annually	3 - 90 days	\$ 3,911,122
Commingled Funds	25,885,785	Daily - Annually	1 - 95 days	267,682
Energy, Natural Resources, Infrastructure	12,566,375	Daily - 4yr	1 day - 1yr	8,962,143
Fixed Income	3,026,635	Daily - Annually	1 day - 90 days	314,027
Hedge funds	32,887,919	Daily - 3yr	1 day - 2yr	1,289,104
Mutual Funds	3,150,454	Daily - Annually	1 - 90 days	108,661
Private Equity	44,689,182	Daily - 5yr	2 days - 1yr	27,485,711
Real Estate	27,802,332	Monthly - 5yr	15 days - 1yr	18,278,590
Risk Parity	6,020,089	Daily - Monthly	1 - 15 days	
US Government Obligations	20,166	N/A	N/A	
Total Investments at Fair Value	\$163,798,334			\$60,617,040

Alternative: These investments are externally managed and invest in multiple types of assets and securities, which may include hedge funds, private equity and the other types described in the following paragraphs.

the individual securities. The public, as well as institutional investors can invest in mutual funds. In contrast with commingled funds, mutual funds are regulated by the SEC.

Private Equity: Private equity funds are privately managed investment pools, typically organized as limited partnerships. They are managed by the fund's general partners who typically make long-term investments in private companies and who may take a controlling interest with the aim of increasing the value of these companies, often by helping to manage the companies. Private equity fund strategies include venture capital investments and leveraged buyouts among others.

Real Estate: Includes real estate held for investment directly or through investment vehicles such as private investment funds, which are limited partnerships that invest in real estate. Such investments are designed to produce high current income and/or capital gains through appreciation in the underlying real estate.

Risk Parity: Risk parity is a portfolio allocation strategy based on targeting risk levels across the various

components of an investment portfolio. The risk parity approach to asset allocation allows investors to target specific levels of risk and to divide that risk equally across the entire investment portfolio in order to achieve optimal portfolio diversification for each individual investor. Risk parity strategies are in contrast to traditional allocation methods

that are based on holding a certain percentage of investment classes, such as 60 percent stocks and 40 percent bonds, within one's investment portfolio.

U.S. Government Obligations: These investments are made in an index fund which invests in securities issued by the U.S. Treasury and U.S. Government Agencies.

TRS, PSF, ERS, UT and TPHETB participate in individual securities lending programs. Cash collateral received by the lending agent on behalf of each entity is invested in a non-commingled pool exclusively for the benefit of the individual entity. Additional information about securities lending activity is disclosed in the "Securities Lending" section of this note. As of Aug. 31, 2019, the investment type balances for the invested securities lending cash collateral are presented in table 3G.

Invested Securities Lending Collateral Fair Value

Table 3G
August 31, 2019 (Amounts in Thousands)

Governmental and Business Type Activities

	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
INVESTMENTS AT FAIR VALUE				
Corporate Obligations	\$	\$ 1,260,742	\$	\$ 1,260,742
Corporate Asset and Mortgage Backed Securities		354,207		354,207
International Obligations (Govt and Corp)		120,017		120,017
Repurchase Agreement	13,760	377,874		391,634
Commercial Paper		12,307		12,307
Miscellaneous		61,205		61,205
Total Investments at Fair Value	<u>\$ 13,760</u>	<u>\$ 2,186,352</u>	<u>\$ 0</u>	<u>\$ 2,200,112</u>

Fiduciary Funds

	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
INVESTMENTS AT FAIR VALUE				
Repurchase Agreement	\$ 154,222	\$ 7,256,024	\$	\$ 7,410,246
Commercial Paper		11,077,416	477,908	11,555,324
Miscellaneous		21,128		21,128
Total Investments at Fair Value	<u>\$ 154,222</u>	<u>\$ 18,354,568</u>	<u>\$ 477,908</u>	<u>\$ 18,986,698</u>

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the value of its investments or collateral securities in the possession of an outside party will not be recovered. There is no formal investment policy

for managing custodial credit risk. Consistent with the securities lending program, underlying securities on loans are subject to custodial credit risk.

As of Aug. 31, 2019, the investments exposed to custodial credit risk are presented in the table 3H.

Investments Exposed to Custodial Credit Risk		
Table 3H		
August 31, 2019 (Amounts in Thousands)		
	Fair Value that is Uninsured and Unregistered with Securities Held by the Counterparty	Fair Value that is Uninsured and Unregistered with Securities Held by the Counterparty's Trust Department or Agent but Not in the State's Name
GOVERNMENTAL ACTIVITIES		
Permanent School Fund		
Corporate Obligations	\$	\$ 1,222,997
Corporate Asset and Mortgage Backed Securities		354,207
Repurchase Agreement		94,787
Miscellaneous		61,302
Total Governmental Activities	<u>0</u>	<u>1,733,293</u>
BUSINESS-TYPE ACTIVITIES		
Colleges and Universities		
Equity	<u>3,544</u>	<u>0</u>
Total Business-Type Activities	<u>3,544</u>	<u>0</u>
Total Governmental and Business-Type Activities	<u>\$ 3,544</u>	<u>\$ 1,733,293</u>

Foreign Currency Risk: Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. TRS, PSF, ERS and UT are exposed to investment foreign currency risk. TRS, PSF and ERS do not have an investment policy for managing foreign currency risk. UT's investment policy has no limitation on investments in non-U.S. denominated bonds or common stocks.

The investments exposed to foreign currency risk as of Aug. 31, 2019, are presented on table 3I.

Investments Exposed to Foreign Currency Risk

Table 31

August 31, 2019 (Amounts in Thousands)

	Governmental and Business-Type Activities				Fiduciary Funds				Component Units
	International Obligations	International Equity	International Other		International Obligations	International Equity	International Other		Other Investments
			Commingled Funds	Other Investments			Commingled Funds	Other Investments	
Argentine Peso	\$ 57	\$	\$	\$ 1,642	\$	\$	\$	\$	\$ 80
Australian Dollar	82,540	240,438	66	142,587	216,004	928,533	345	31,992	173
Botswana Pula						64			
Brazilian Real	116,984	567,050	28,735	8,556		733,821			817
British Pound	95,910	705,584	(1,207)	122,521	400,525	2,903,415	528	575,150	1,939
Bulgarian Lev				1,052					49
Canadian Dollar	146,493	395,960	504	253,606		1,957,488	489		476
Cayman Islands Dollar						43			
CFA Franc				619					29
Chilean Peso		13,980	31	29		46,964			1
Chinese Yuan (Offshore)	54					18,356			
Chinese Yuan Renminbi	731	647,234	30,450	17,711		197,053			1,640
Colombian Peso	90,838	6,326	1,286	6,210		9,397			568
Czech Koruna		2,485	84	125		24,773			
Danish Krone	82,253	91,411	(152)	3,794		256,335	160		106
Egyptian Pound		15,660	10	169		33,403			
Euro	502,442	1,499,064	10,397	478,859	417,675	6,045,255	483,668	3,597,773	6,089
Hong Kong Dollar		596,208	2,630	2,951		2,915,172	60		82
Hungarian Forint	14,639	7,103	100	333		68,163			6
Indian Rupee	1	87,340	493	3,027		1,077,256	1		346
Indonesian Rupiah	66,186	64,393	230	391		379,250			11
Israeli New Shekel		30,613	2	842		62,688			23
Japanese Yen	439,584	1,274,299	25,472	6,862	7,991	4,537,423	969		191
Malaysian Ringgit	86,859	51,757	137	2,668		184,852			318
Mexican Peso	307,382	149,449	1,115	1,757		348,864			98
New Zealand Dollar	1,044	9,120	2	221		19,918			12
Nigerian Naira						6			
Norwegian Krone	25,977	44,392	1,520	249		319,734			19
Pakistan Rupee						8,204			
Peruvian Nuevo Sol	17,612	109	9	1,022		21			41
Philippine Peso		16,394	18			104,481			
Polish Zloty	109,956	24,099	643	248		92,181			3
Qatari Rial		20,211	286			42,064			
Romanian Leu	9,600								
Russian Ruble	944	37,438	(1)	9,246		155,842			927
Saudi Riyal		2,968		261		32,538			7
Singapore Dollar	85,300	59,760	47	334		228,062			9
South African Rand	68,635	109,997	1,785	628		591,362			18
South Korean Won	12,227	547,768	7,659	2,900		1,396,849		22,129	118
Sri Lankan Rupee		3,224							
Swedish Krona	349	93,066	67	189		312,523	275		5
Swiss Franc		380,020	488	5,096		1,366,155	924		144
Taiwan Dollar		312,546	1,501	1,227		1,105,554	60		34
Thai Baht		71,292	64	87		366,754	86		2
Turkish Lira		55,798	126	(47)		132,720			(7)
Ukrainian Hryvnia				708					33
United Arab Emirates Dirham		47,635	42			58,820			
Venezuelan Bolivar				1,032					48
Vietnamese Dong		20,053							
Total	\$ 2,364,597	\$ 8,302,244	\$ 114,639	\$ 1,079,712	\$ 1,042,195	\$ 29,062,356	\$ 487,565	\$ 4,227,044	\$ 14,455

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk ratings are assigned by a nationally recognized statistical rating organization (NRSRO).

TRS' investment policy states that for over-the-counter derivatives, the minimum credit rating, based on a NRSRO, must be at least A- or better at the inception of the contract. The net market value of all over-the-counter derivative positions, less collateral posted, may not exceed \$500 million and all over-the-counter derivative positions without collateral may not exceed 5 percent of the total market value of the fund. Repurchase agreements may not exceed 5 percent of the market value of the total investment portfolio. A securities lending agent must be an organization rated A or better by a NRSRO.

PSF's investment policy requires investments to adhere to specific Standard & Poor's rating guidelines. Fixed income securities must be rated at least BBB and short-term money market instruments must be rated at least A-1.

ERS' general investment policy requires that non-cash interest paying securities in the high yield bond portfolios not exceed 15 percent of the market value of the portfolio.

UT's investment policy has no requirements or limitations for investment ratings.

As of Aug. 31, 2019, the credit quality distribution for securities with credit risk exposure is presented on table 3J.

Investments Exposed to Credit Risk*

Table 3J

August 31, 2019 (Amounts in Thousands)

	Governmental and Business-Type Activities								Totals
	U.S. Government Agency	Corporate Obligations	Corporate Asset/Mortgage Backed	International Obligations	Repurchase Agreements	Fixed Income/Bond Mutual Fund	Commercial Paper	Other Investments	
AAA	\$ 905,705	\$ 532,675	\$ 3,499,805	\$ 3,012,455	\$ 273,554	\$	\$	\$ 275,830	\$ 8,500,024
AA	9,526,836	2,176,331	74,977	265,947	2,507,123			286,202	14,837,416
A	729,199	2,010,165	22,040	710,557	114,999			57,294	3,644,254
BBB	11,309	1,681,584	321,469	398,605				2,443	2,415,410
BB		151,420	5,359	232,399				8,915	398,093
B	1,039	117,757	2,220	51,857				2,271	175,144
CCC		17,880	7,919	9,172					34,971
CC			905	94					999
D		1,531	23	2,914					4,468
AAAf						7,443,802			7,443,802
AAAAm						2,231,969			2,231,969
Aaf						2,702			2,702
Af						42,129			42,129
BBBf						29,864			29,864
BBf						35,143			35,143
Bf						52,854			52,854
CCCf						5,343			5,343
A-1							9,901,683		9,901,683
Not Rated	831,601	40,202	181,236	1,358,901	754,813	2,346,460	131,617	3,705,103	9,349,933
Total	<u>\$ 12,005,689</u>	<u>\$ 6,729,545</u>	<u>\$ 4,115,953</u>	<u>\$ 6,042,901</u>	<u>\$ 3,650,489</u>	<u>\$ 12,190,266</u>	<u>\$ 10,033,300</u>	<u>\$ 4,338,058</u>	<u>\$ 59,106,201</u>

Concluded on the following page

Investments Exposed to Credit Risk* (concluded)

Table 3J

August 31, 2019 (Amounts in Thousands)

	Fiduciary Funds								Totals
	U.S. Government Agency	Corporate Obligations	Corporate Asset/Mortgage Backed	International Obligations	Repurchase Agreements	Fixed Income/Bond Mutual Fund	Commercial Paper	Other Investments	
AAA	\$ 7,716,048	\$ 60,209	\$ 427,375	\$ 327,551	\$ 10,591,622	\$	\$	\$ 1,365,093	\$ 20,487,898
AA	1,086,370	195,368	21,571	6,539	600,643			1,980	1,912,471
A	21,804	38,818	16,300	16,241				7,818	100,981
BBB		13,010	36,138	29,797					78,945
BB	902	519,141	15,660	102,495				64,374	702,572
B	1,507	812,000	8,750	303,142				5	1,125,404
CCC		130,696	18,483	76,108					225,287
CC			494	766					1,260
C								2	2
D		12,417	3,006	23,716					39,139
AAAf						422,822			422,822
AAA m						35,488			35,488
Af						17,538			17,538
BBBf						26,395			26,395
BBf						51			51
Bf						72			72
CCCf						9			9
A-1							5,347,485		5,347,485
Not Rated	48,927	43,507	86,877	1,048,406		782,907	414	305,668	2,316,706
Total	\$ 8,875,558	\$ 1,825,166	\$ 634,654	\$ 1,934,761	\$ 11,192,265	\$ 1,285,282	\$ 5,347,899	\$ 1,744,940	\$ 32,840,525

	Component Units								Totals
	U.S. Government Agency	Corporate Obligations	Corporate Asset/Mortgage Backed	International Obligations	Repurchase Agreements	Fixed Income/Bond Mutual Fund	Commercial Paper	Other Investments	
AAA	\$ 15,073	\$ 5,618	\$ 79,385	\$ 30,633	\$ 92,574	\$	\$	\$ 310,247	\$ 533,530
AA	72,250	18,176		611	27,813			154	119,004
A		2,559		1,519				72,459	76,537
BBB		3,245							3,245
AAAf						32,308			32,308
A-1							115,411		115,411
C							951		951
Not Rated	48		738		93	13,025		12,893	26,797
Total	\$ 87,371	\$ 29,598	\$ 80,123	\$ 32,763	\$ 120,480	\$ 45,333	\$ 116,362	\$ 395,753	\$ 907,783

* Credit risk exposure for investments may be less than their fair values due to classification differences. The total fair value of investments is appropriately greater than the credit risk exposure. Invested collateral reported in fair value is reported by investment type for credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. UT's investment policy states that no more than 5 percent of its cumulative market value of fixed income securities may be invested in a single issuer. PSF's policy precludes exceeding 2.5 percent, ERS employs a limit of 3 percent, TRS sets the limit at 5 percent. The Texas Comptroller limits

the amount the Treasury Pool may invest in a single issuer in certain asset classes, tailored to the asset class and issuer's rating. As of Aug. 31, 2019, governmental and business-type activities did not hold more than 5 percent of investments in any one issuer.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. TRS

and PSF use the effective weighted duration method to identify and manage interest rate risk. ERS and UT use the modified duration method.

Duration is a measure of the price sensitivity of a debt investment to changes arising from movements in interest rates. Duration is the weighted average maturity of an instrument's cash flows, where the present value of the cash flows serves as the weights. The duration of an instrument can be calculated by multiplying the time until receipt of cash flow by the ratio of the present value of that cash flow to the instrument's total present value. The sum of these weighted time periods is the duration of the instrument. Effective duration extends this analysis to incorporate an option-adjusted measure of an instrument's sensitivity to changes in interest rates. It incorporates the effect of embedded options for corporate bonds and changes in prepayments for mortgage backed securities.

Modified duration estimates the sensitivity of the fund's investments to changes in interest rates.

The investment policy of PSF mandates the average duration of the fixed income portfolio to be consistent with the Barclay Aggregate Bond Index's duration and the duration of the real return portfolio to be consistent with the Barclay's Capital U.S. Treasury Inflation Protected Securities (TIPS) Index. As of Aug. 31, 2019, the Barclay's Aggregate Bond Index duration was 6.1 years, the Barclay's TIPS Index was 7.97 years and the JPM GBI-EM Global Diversified Index

was 5.49 years. The maximum maturity for invested securities lending collateral is 397 days except for bank time deposits, which is 60 days; bankers' acceptances, which is 45 days, reverse repurchase agreements, which is 180 days and floating rate securities, which is three years. The maximum weighted average maturity of the entire collateral portfolio must be 180 days or less. The maximum weighted average interest rate exposure of the entire collateral portfolio must be 60 days or less. TRS, ERS and UT do not have a formal investment policy for managing interest rate risk.

As of Aug. 31, 2019, PSF's investments by investment type, fair value and the effective weighted duration rate are presented in the table 3K.

Investments Exposed to Interest Rate Risk

Table 3K

August 31, 2019 (Amounts in Thousands)

PSF Investment Type	Fair Value	Effective Weighted Duration Rate
Asset Backed Securities	\$ 3,167	1.75
Collateralized Loan Obligations	308,318	1.00
Commercial Mortgage Backed Securities	73,803	3.48
Corporate Obligations	1,225,902	8.11
Non Agency Mortgage Backed Securities	92,293	3.26
Non U.S. Government Agency Obligations	75,388	3.41
Non-U.S. Sovereign Government Debt	70,530	8.75
U. S. Government Agency Commercial Mortgage Backed Securities	67,747	6.05
U. S. Government Agency Mortgage Backed Securities	696,838	4.00
U. S. Government Agency Obligations	92,717	8.28
U.S. Taxable Municipal Bonds	67,759	11.77
U. S. Treasury Securities	1,696,036	6.73
U. S. Treasury TIPS	56,002	6.25
Total	\$4,526,500	6.21
U.S. Treasury TIPS	\$ 1,080,482	8.27
U.S. Treasury Securities	194,902	0.19
Emerging Market Debt	2,411,234	5.77
Total Real Return	\$8,213,118	

Table 3L provides information about PSF's interest rate risks and maturities associated with its invested securities lending collateral by investment type as of Aug. 31, 2019.

Invested Securities Lending Collateral Exposed to Interest Rate Risk			
Table 3L			
August 31, 2019 (Amounts in Thousands)			
PSF Investment Type	Fair Value	Investment Maturities in Less Than One Year	Investment Maturities Greater Than One Year
Asset Backed Floating Rate Notes	\$ 354,207	\$ 237,257	\$ 116,950
Commercial Paper	18,702	18,702	
Floating Rate Notes	1,222,997	1,190,343	32,654
Repurchase Agreements	94,787	94,787	
Time Deposits	42,600	42,600	
Total	\$ 1,733,293	\$ 1,583,689	\$ 149,604

Table 3M presents TRS' investments by investment type, fair value and the effective weighted duration rate as of Aug. 31, 2019.

Investments Exposed to Interest Rate Risk		
Table 3M		
August 31, 2019 (Amounts in Thousands)		
TRS Investment Type	Fair Value	Effective Weighted Duration Rate
U.S. Government Obligations	\$ 17,261,110	18.10
U.S. Government STRIPS and TIPS	5,626,664	8.20
U.S. Government Agency Obligations	48,317	2.10
Asset and Mortgage Backed Obligations	162,754	1.30
Corporate Obligations	10	3.00
International Government Obligations	1,049,536	10.80
International Corporate Obligations	24,735	3.60
Total	\$ 24,173,126	15.32

As of Aug. 31, 2019, ERS' investments by investment type, fair value and the modified duration rate are presented in table 3N.

Investments Exposed to Interest Rate Risk				
Table 3N				
August 31, 2019 (Amounts in Thousands)				
ERS Investment Type	Fair Value		Modified Duration Rate	
	Fiduciary Funds	Proprietary Fund	Fiduciary Funds	Proprietary Fund
U.S. Treasury Securities	\$ 4,415,558	\$ 750,121	3.71	3.83
U.S. Government Agency Obligations	544,291	95,559	4.03	4.03
Corporate Obligations	1,520,838	186,872	4.15	4.15
Corporate Asset and Mortgage Backed Securities	74,184	12,515	2.03	2.03
International Obligations	510,158	62,685	3.47	3.47
Real Estate Investment Trust	43,883	5,392	5.03	5.03
Total	\$ 7,108,912	\$ 1,113,144	3.80	3.87

As of Aug. 31, 2019, UT's investments by investment type, fair value and the modified duration rate are presented in table 3O.

Investments Exposed to Interest Rate Risk		
Table 3O		
August 31, 2019 (Amounts in Thousands)		
UT Investment Type	Fair Value	Modified Duration Rate
INVESTMENTS IN SECURITIES		
U.S. Government Guaranteed:		
U.S. Treasury Bills	\$ 302,944	0.41
U.S. Treasury Bonds and Notes	782,227	10.40
U.S. Treasury Inflation Protected	50,904	11.34
U.S. Agency Asset Backed	12,815	1.83
Total U.S. Government Guaranteed	1,148,890	7.71
U.S. Government Non-Guaranteed:		
U.S. Agency	564,562	2.89
U.S. Agency Asset Backed	402,202	2.23
Total U.S. Government Non-Guaranteed	966,764	2.62
Total U.S. Government	2,115,654	5.38
Corporate Obligations:		
Domestic	1,244,439	5.00
Foreign	492,234	6.04
Total Corporate Obligations	1,736,673	5.30
Foreign Government and Provincial Obligations	2,237,976	4.17
Other Debt Securities	13,471	8.30
Total Debt Securities	6,103,774	4.92
Other Investment Funds – Debt	34,942	7.50
Fixed Income Money Market Funds	2,443,065	0.31
Total	\$ 8,581,781	3.62

Investments with Fair Values Highly Sensitive to Interest Rate Changes

In accordance with the applicable investment policies, TRS, PSF, ERS and UT may invest in asset backed and mortgage backed obligations. Mortgage backed obligations are subject to early principal payment in a period of declining interest rates. The resultant reduction in expected cash flows will affect the fair value of these securities. Asset backed obligations are backed by home equity loans, auto loans, equipment loans and credit card receivables. Prepayments by the obligee of the underlying assets in periods of declining interest rates could reduce or eliminate the stream of income that would have been received. As of Aug. 31, 2019, the fair value of investments in asset and mortgage backed obligations highly sensitive to interest rate changes for TRS, PSF, ERS and UT was \$2.1 billion.

Reverse Repurchase Agreements

Investments in reverse repurchase agreements by the Treasury and the Trust Company are permitted by statute. A reverse repurchase agreement consists of a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. Sale proceeds are invested in securities or repurchase agreements that mature at or almost at the same time as the reverse repurchase agreement. Proceeds from the matured securities are used to liquidate the agreement resulting in a matched position. With a matched position, there is minimal market risk because the seller-borrower will hold the securities to maturity and liquidate them at face value. In the event of default on a reverse repurchase agreement, the Treasury would potentially suffer a loss. The loss occurs if the cash received does not exceed the fair value of the securities underlying the reverse repurchase agreements. The amount of the loss would equal the difference between the fair value plus accrued interest of the underlying securities and the agreement price plus accrued interest.

To minimize the risk of default, all securities backing reverse repurchase agreements are held by the Federal Reserve Bank in the state's name.

As of Aug. 31, 2019, the Treasury's aggregate amount of reverse repurchase agreement obligations was \$19.8 million, including accrued interest. The aggregate fair value of the securities underlying those agreements, including accrued interest, was \$19.9 million. There was no credit exposure during fiscal 2019.

Securities Lending

TRS, PSF, ERS, UT, TPHETB and the Veterans Land Board (VLB) participate in securities lending programs as authorized by state statute. TRS, PSF, ERS and UT established their own separately managed securities lending programs. TPHETB has its own separately managed securities lending programs but also participates in collateral investment pools. VLB participates in collateral investment pools that commingle the cash collateral of several entities. Under these programs, the governmental entities transfer securities to an independent broker or dealer in exchange for collateral in the form of cash, governmental securities or bank letters of credit. In addition, PSF may receive collateral in the form of other assets that it specifically agrees to with its lending agent. TRS, ERS, UT and VLB receive collateral equal to 102 percent of the value of domestic securities lent and 105 percent for international securities. PSF receives collateral in an amount of 102 percent of the fair value plus accrued income for domestic corporate securities and 105 percent of the fair value plus accrued income for foreign securities. However, the required percentage is 102 percent for foreign securities denominated and payable in U.S. dollars. TPHETB receives collateral of 102 percent of the value of domestic securities lent plus accrued interest and 105 percent plus accrued interest for foreign securities. There is a simultaneous agreement to return the collateral for the same securities in the future.

The custodians of the securities are the security lending agents. The securities lending contracts do not allow the governmental entities to pledge or sell collateral securities unless the borrower defaults. The lending agents are required to indemnify TRS, PSF, ERS, UT, TPHETB and VLB if the borrowers fail to return the securities.

TRS, PSF, ERS, UT, TPHETB and VLB loans are terminable at will. There were no significant violations of legal or contractual provisions, no borrower or lending agent default losses and no recoveries of prior period losses during the year.

Differences between the fair value of the invested cash collateral and the cash collateral liability are recorded as part of the net increase/(decrease) in fair value of investments. There is no credit risk exposure to the lender when the fair value of the security on loan is less than the cash collateral liability. The overall securities lending activity as of Aug. 31, 2019, is summarized in table 3P.

changes in interest rates, currency rates and stock and commodity prices. These securities or contracts serve as components of the investment strategies of certain state agencies, public employee retirement systems and institutions of higher education. Those investment strategies are utilized to manage and reduce the risk of the overall investment portfolio. Investment derivative levels and types are monitored to ensure that portfolio derivatives are consistent with the intended purpose and at the appropriate level.

All investment derivative instruments are reported at fair value on the statement of net position and the statement of fiduciary net position. The changes in the fair value of investment derivative instruments are reported as investment revenue in the operating statements. As of Aug. 31, 2019, TRS, PSF, UT, Texas A&M University System (A&M), Texas Tech University System (TTU) and VLB held investment derivatives (swaps, options, futures and forwards).

Forward foreign currency exchange contracts are used for the purchase or sale of a specific foreign currency at a fixed quantity and price on a future date as a hedge against either specific transactions or portfolio positions. The contracts are in the currency native to the security transactions for settlement date and are marked-to-market daily with the change in market value recorded as an unrealized gain or loss. Realized gain or loss is recorded at the closing of the contract. Risks associated with such contracts include the potential inability of the counterparties to meet the terms of their contracts and unanticipated movements in currency exchange rates.

Securities Lending Activity Summary

Table 3P

August 31, 2019 (Amounts in Thousands)

Entity	Fair Value of Securities on Loan	Non-Cash Collateral*	Cash Collateral Liability (Obligation/ Securities Lending)	Fair Value of Invested Cash Collateral (Securities Lending Collateral)	Net Increase/ (Decrease) In Fair Value
TRS	\$ 20,549,515	\$ 1,464,576	\$ 18,821,814	\$ 18,832,476	\$ 10,662
ERS	153,127		156,461	167,983	11,522
PSF	1,869,258	162,398	1,754,112	1,733,293	(20,819)
UT* **	782,945	354,669	453,059	453,059	
VLB**	28,644		29,283	29,283	
Total	<u>\$ 23,383,489</u>	<u>\$ 1,981,643</u>	<u>\$ 21,214,729</u>	<u>\$ 21,216,094</u>	<u>\$ 1,365</u>

* Non-cash collateral received for securities lending activities is not recorded as assets because the underlying investments remain under the control of the borrower, except in the event of default.

** UT and VLB did not experience any net change in fair value because the cash collateral pools they participated in were maintained at amortized cost as of Aug. 31, 2019.

Investment Derivative Instruments

Derivatives are financial instruments (securities or contracts) whose value is linked to or “derived” from

Futures contracts are standardized exchange-traded contracts to purchase or sell a specific financial instrument at a predetermined price and date. Futures contracts are used to facilitate various trading strategies, primarily as a tool to hedge against the increase or decrease of market exposure to various asset classes. Upon entering into a futures contract, an initial margin deposit is pledged to the broker equal to a percentage of the contract amount.

Contracts are marked-to-market, settled in cash with the broker and recorded as an unrealized gain or loss daily. The daily gain or loss difference is referred to as the daily variation margin. Realized gain or loss is recorded at the closing of the contract. Holders of futures contracts look to the exchange for performance under the contract and not to the entity holding the offsetting futures. Accordingly, the amount of risk posed by the nonperformance of counterparties to futures contracts is minimal. Risks due to movements in the value of the futures contracts and the inability to close out futures contracts due to a non-liquid secondary market remain.

Options are used to alter market (systematic) exposure without trading the underlying cash market securities and to hedge and control risks so the actual risk/return profile is more closely aligned with the target

risk/return profile. Option contracts provide the option purchaser with the right, but not the obligation, to buy or sell the underlying security at a set price during a period or a specified date. The option writer is obligated to buy or sell the underlying security if the option purchaser chooses to exercise the option. With written options, market risk arises from an unfavorable change in the price of the derivative instrument, security or currency underlying the written option.

Swaps represent contracts that obligate two counterparties to exchange a series of cash flows at specified intervals. The ultimate gain or loss depends upon the price or rate at which the underlying financial instrument of the swap is valued at the settlement date. Swaps are used to manage risk and enhance returns. As of Aug. 31, 2019, swap investments were interest rate, credit default, commodity, equity and total return swaps.

VLB invested in pay-variable, receive-variable interest rate swap agreements that are reported as investment derivatives because they are ineffective hedges.

Foreign Currency Risk: TRS, UT and A&M have exposure to investment foreign currency risk inswaps, options, futures and forwards derivative investments. As of Aug. 31, 2019, derivative investments exposed to foreign currency risk are presented in table 3Q.

Derivative Investments Exposed to Foreign Currency Risk

Table 3Q

August 31, 2019 (Amounts in Thousands)

	Governmental and Business-Type Activities				Fiduciary Funds			
	Swaps	Options	Futures	Forwards	Swaps	Options	Futures	Forwards
Argentine Peso	\$	\$	\$	\$ (243)	\$	\$	\$	\$ (1,745)
Australian Dollar	11,596	(70)		(33)	(1,506)		56,645	10,140
Brazilian Real		(566)		2,989		13	(1,039)	(5,979)
British Pound	(2,693)			3,274	4,177		(5,709)	16,456
Canadian Dollar	1,895			206			1,746	213
Chilean Peso				(1,754)				710
Chinese Yuan (Offshore)								(8,456)
Chinese Yuan Renminbi	453			(71)	8			
Colombian Peso				1,939				438
Czech Koruna	58			(716)				(529)
Danish Krone				1,704				3
Euro	27,738		(100)	14,884	25,669		4,695	31,518
Hong Kong Dollar				66	1,111		54	(10)
Hungarian Forint				1,620				1,000
Indian Rupee				510				(1,617)
Indonesian Rupiah				193				85
Israeli New Shekel	649			2				580
Japanese Yen	604	(7)		(13,174)	(1,071)		(4,717)	4,143
Malaysian Ringgit				43				
Mexican Peso	27			5,522				1,010
New Zealand Dollar	9			1,156				2,029
Norwegian Krone				(1,306)				(12,879)
Peruvian New Sol				666				158
Philippine Peso				1				113
Polish Zloty	77			1,240				(103)
Qatari Riyal				(1)				
Romanian Leu				317				(139)
Russian Ruble				(241)				218
Singapore Dollar				774			772	(37)
South African Rand	72			465			(2,161)	(706)
South Korean Won	669			(1,209)			337	(136)
Swedish Krona	160			(3,330)	(836)		2,756	1,326
Swiss Franc				(140)			104	(544)
Taiwan Dollar				(141)				(234)
Thai Baht				(673)		107		(122)
Turkish Lira							(6)	1,097
Total	<u>\$ 41,314</u>	<u>\$ (643)</u>	<u>\$ (100)</u>	<u>\$ 14,539</u>	<u>\$ 27,552</u>	<u>\$ 120</u>	<u>\$ 53,477</u>	<u>\$ 38,001</u>

Credit Risk: TRS and UT instituted policies to mitigate counterparty credit risk for investment derivatives by having master netting agreements and collateral posting arrangements. TRS and UT negotiated thresholds or limits for each counterparty above which collateral must be posted.

TRS' investment policy limits the net market value of all over-the-counter derivative positions, less collateral posted, to an amount not exceeding \$500 million for any individual counterparty.

UT requires collateral to be posted on a daily basis by the counterparty to cover exposure to a counterparty

above the limits set in place by the master netting agreement. Collateral posted by counterparties is held by UT in one of its accounts at their custodian bank.

The aggregate fair value of investment derivative instruments in asset positions as of Aug. 31, 2019, was \$250.1 million. The investment derivative instruments were executed with counterparties that had a credit rating of no less than A using the Standard & Poor's rating scale. This represents the maximum amount of loss that would have been recognized as of Aug. 31, 2019, if all counterparties failed to perform as contracted. This maximum exposure is reduced by \$150.6 million of collateral held and by \$187.5 million in liabilities included in netting arrangements with those counterparties, resulting in a negative \$88 million net exposure of investment derivative instruments to credit risk.

Interest Rate Risk: TRS, UT and VLB are exposed to interest rate risk on swap transactions. Investments in pay-variable, receive-variable interest rate swaps ranged from payment of 100 to 131.25 percent of Securities Industry and Financial Markets Association (SIFMA). Investments in pay-variable, receive-fixed interest rate swaps ranged from payment of various foreign currency rates (Euro Interbank Offered Rate (EURIBOR), London Interbank Offered Rate (LIBOR), Stockholm Interbank Offered Rate, Bank Bill Swap Rate or Canadian Dollar Offered Rate) and receipt of 0 to 3 percent. Investments in pay-fixed, receive-variable interest rate swaps ranged from receipt of various foreign currency rates (EURI-

BOR, LIBOR, Mexican Interbank Rate, Johannesburg Interbank Agreed Rate or Canadian Dollar Offered Rate) and payment of 0 to 8.1 percent. As of Aug. 31, 2019, the investment maturities for the state's swap contracts exposed to interest rate risk are presented in table 3R.

Derivative Investments Exposed to Interest Rate Risk

Table 3R

August 31, 2019 (Amounts in Thousands)

Investment Type	Fair Value	Investment Maturities (in years)				
		Less Than 1	1-5	6-10	11-15	More than 15
Interest Rate Swaps	\$(6,060)	\$(9,522)	\$(7,150)	\$9,137	\$(1,445)	\$2,920

Investment Funds

Investment funds include hedge fund pools, private investment pools, public market funds and other alternative investments managed by external investment managers. Risks associated with these investments include investment manager risk, liquidity risk, market risk and leverage risk. Investment manager risk is substantially dependent upon key investment managers; therefore, the loss of those individuals may adversely impact the return on investment.

Also, some investment funds are not subject to regulatory controls. Liquidity may be limited due to imposed lock-up periods, with penalties to redeem units or restricting redemption of shares until a certain period of time has elapsed. Investment funds may employ sophisticated investment strategies using leverage, which could result in the loss of invested capital. As of Aug. 31, 2019, the fair value of various investment funds was \$132.7 billion.

Note 4

Short-Term Debt

On Aug. 21, 2019, (with an issue date of Sept. 4, 2019) \$8 billion of state of Texas Tax and Revenue Anticipation Notes, Series 2019 (Series 2019 Notes) were sold to coordinate cash flow for the state for fiscal 2020. Issuance of the Series 2019 Notes enhanced the state's ability to make timely payments of expenditures payable from the general revenue fund. On Aug. 22, 2019, good faith funds in the amount of \$80 million were received. The Series 2019 Notes bore interest at 4 percent and were priced to yield 1.3357 percent. The balance of \$8 billion was received on Sept. 4, 2019.

On Aug. 22, 2018 (with an issue date of Sept. 5, 2018), \$7.2 billion in state of Texas Tax and Revenue Anticipation Notes, (Series 2018 Notes) were sold for the purpose of coordinating the cash flow of the state for the fiscal year ended Aug. 31, 2019. Issuance of the Series 2018 Notes also enhanced the state's ability to make timely payments of expenditures which are payable from the general revenue fund. The Series 2018 Notes matured on Aug. 29, 2019 and bore an interest rate of 4 percent and was priced to yield at 1.8393 percent as determined by the bids of the initial purchasers.

The Texas Workforce Commission received temporary transfers (loans) for \$289 million from the Texas State Comptroller's office to avoid interest liabilities related to the Cash Management Improvement Act (CMIA). The loans were repaid in full during fiscal 2019.

The Texas Department of Housing and Community Affairs (TDHCA) executed an advance and security agreement with the Federal Home Loan Bank of Dallas (FHLB). The maximum aggregate principal amount available for advances under the advance agreement was \$250 million. As of Aug. 31, 2019, \$115.7 million was available for use in the line of credit and the

balance outstanding was \$134.3 million. The TDHCA pledges the mortgage loans, plus additional amounts deposited in an escrow account, as collateral for the advances. Terms specified in the debt agreements related to default events include:

- Default in the payment of principal or interest of the loan when such payments become due and payable.
- Failure of the TDHCA to perform any promise or obligation or satisfy any condition or liability.
- Evidence coming to the attention of the FHLB that any representation, statement or warranty made or furnished by the FHLB in connection with any advance, any specification of qualifying collateral or any certification of fair market value that was false in any material respect.
- Issuance of any tax, levy, seizure, attachment, garnishment, levy of execution or other legal process with respect to the collateral.
- Suspension of payment made by the TDHCA to any creditor or any event that results in the acceleration of any of its indebtedness.
- The appointment of a conservator or receiver for the TDHCA under the federal bankruptcy laws.
- The sale by the TDHCA of all or material part of its assets.
- The cessation of the TDHCA to be a type of institution that is eligible to become a borrower of FHLB.
- The merger or consolidation or other combination by the TDHCA with any other non-eligible entity.
- FHLB reasonably and in good faith determines that a material adverse change has occurred in the financial condition of the TDHCA and FHLB deems itself insecure even though the TDHCA is not otherwise in default.

The Texas Tech University System issued commercial paper notes for \$19.5 million to serve as an interim financing source for long-term construction projects in advance of issuing authorized bonds, and \$21.4 million matured. \$50.8 million was remaining at the end of the fiscal year.

The University of North Texas System issued commercial paper notes for \$47.1 million to finance project costs of eligible projects and to refinance, renew or refund commercial paper notes, prior encumbered obligations and parity debt, including interest. \$49.2 million was remaining at the end of the fiscal year.

The Texas State University System issued commercial paper notes for \$348.2 million to finance various construction projects, and \$271.8 million matured. \$125 million was remaining at the end of the fiscal year.

The University of Houston System issued commercial paper notes for \$27 million to finance various capital projects, and \$15.6 million matured. \$95 million was remaining at the end of the fiscal year.

The University of Texas System issued commercial paper notes for \$1 billion to provide interim financing for capital improvements and to finance capital equipment purchases, and \$710.5 million matured. \$1.5 billion was remaining at the end of the fiscal year.

Short-term debt activity for the fiscal year ended Aug. 31, 2019, is presented in table 4A.

Short-Term Debt

Table 4A

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Beginning Balance 9/1/18	Issued	Redeemed	Ending Balance 8/31/19
Tax and Revenue Anticipation Notes	\$	\$ 7,200,000	\$ 7,200,000	\$
Commercial Paper	1,372,800	1,456,892	1,019,243	1,810,449
Other Advances (Loans)	67,843	4,230,752	4,164,265	134,330
General Revenue Advances		288,957	288,957	
	<u>\$ 1,440,643</u>	<u>\$ 13,176,601</u>	<u>\$ 12,672,465</u>	<u>\$ 1,944,779</u>

Note 5

Long-Term Liabilities

Direct borrowings and direct placements beginning balances, from implementing GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*, are shown as restatements for this year of implementation. Long-term liabilities activity for the fiscal year ended Aug. 31, 2019, is presented in table 5A.

Long-Term Liabilities Activity

Table 5A

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Balance 9/1/18	Restatements /Adjustments*	Additions**	Reductions	Balance 8/31/19	Amounts Due Within One Year	Amounts Due Thereafter
GOVERNMENTAL ACTIVITIES							
Claims and Judgments	\$ 97,264	\$	\$ 42,561	\$ 39,486	\$ 100,339	\$ 42,034	\$ 58,305
Capital Lease Obligations	19,086		1,395	4,038	16,443	4,010	12,433
Employees' Compensable Leave	863,549	(2,083)	1,295,133	1,276,075	880,524	627,493	253,031
Notes and Loans Payable	1,607,250	(301,641)	267,979	554,765	1,018,823	196,381	822,442
Notes and Loans - Direct Borrowings		294,304	7,642		301,946		301,946
General Obligation Bonds Payable	15,416,099	(356,051)	943,021	1,027,509	14,975,560	640,657	14,334,903
General Obligation Bonds - Direct Placements		286,913			286,913	1,986	284,927
Revenue Bonds Payable	4,495,617	(153,990)	249,135	234,710	4,356,052	293,098	4,062,954
Revenue Bonds - Direct Placements		150,000			150,000		150,000
Asset Retirement Obligation		1,900			1,900	211	1,689
Pollution Remediation Obligation	278,082		96,918	94,594	280,406	58,202	222,204
Governmental Activities Long-Term Liabilities	<u>\$ 22,776,947</u>	<u>\$ (80,648)</u>	<u>\$ 2,903,784</u>	<u>\$ 3,231,177</u>	<u>\$ 22,368,906</u>	<u>\$ 1,864,072</u>	<u>\$ 20,504,834</u>
BUSINESS-TYPE ACTIVITIES							
Claims and Judgments	\$ 183,934	\$	\$ 1,385,602	\$ 1,375,284	\$ 194,252	\$ 153,241	\$ 41,011
Capital Lease Obligations	113,022	(104,429)	158,517	4,569	162,541	7,720	154,821
Capital Lease - Direct Borrowings/Placements		104,429	7,890	12,515	99,804	12,058	87,746
Employees' Compensable Leave	906,923		394,152	353,952	947,123	499,824	447,299
Notes and Loans Payable	2,203,859	(1,028,682)	367,350	522,225	1,020,302	26,489	993,813
Notes and Loans - Direct Borrowings/ Placements		1,018,150	32,947	2,950	1,048,147	1,946	1,046,201
General Obligation Bonds Payable	4,409,919	(178,645)	321,455	574,470	3,978,259	237,531	3,740,728
General Obligation Bonds - Direct Placements		172,415		33,590	138,825	32,010	106,815
Revenue Bonds Payable	29,967,142	(342,881)	4,366,845	1,643,140	32,347,966	2,518,193	29,829,773
Revenue Bonds - Direct Placements		618,835	24,000	130,938	511,897	18,987	492,910
Asset Retirement Obligation		38,667	4,177	1,134	41,710		41,710
Pollution Remediation Obligation	1,023				1,023		1,023
Liabilities Payable From Restricted Assets	2,631,847		82,817	303,479	2,411,185	549,339	1,861,846
Business-Type Activities Long-Term Liabilities	<u>\$ 40,417,669</u>	<u>\$ 297,859</u>	<u>\$ 7,145,752</u>	<u>\$ 4,958,246</u>	<u>\$ 42,903,034</u>	<u>\$ 4,057,338</u>	<u>\$ 38,845,696</u>
COMPONENT UNITS							
Capital Lease Obligations	\$ 85	\$	\$	\$ 47	\$ 38	\$ 38	\$
Employees' Compensable Leave	2,719		991	841	2,869	1,629	1,240
Notes and Loans Payable	6,840		750	2,052	5,538	2,056	3,482
Notes and Loans - Direct Placements			561,943	193,443	368,500	40,944	327,556
Revenue Bonds Payable	<u>31,093</u>	<u>1,719</u>	<u>40,000</u>	<u>5,670</u>	<u>67,142</u>	<u>670</u>	<u>66,472</u>
Component Units Long-Term Liabilities	<u>\$ 40,737</u>	<u>\$ 1,719</u>	<u>\$ 603,684</u>	<u>\$ 202,053</u>	<u>\$ 444,087</u>	<u>\$ 45,337</u>	<u>\$ 398,750</u>

* Includes current year amortization or premiums and discounts

** Includes current year amortization of accretion of \$28.8 million for Governmental and \$84 million for Business-Type Activities.

An additional \$125.3 million in bond issuances were classified and not depicted as other financing sources related to long-term debt.

Claims and judgments are payments on behalf of the state, its agencies and employees for various legal proceedings, self-insurance and workers' compensation claims. Tort claims are covered under the Texas Tort Claims Act. Numerous miscellaneous claims are covered under the Miscellaneous Claims Act for legal liabilities against the state for which no appropriation otherwise exists. Individual claims above \$50 thousand or numerous separate claims from the same individual or entity that in total exceed \$50 thousand must be approved by the Texas Legislature before being paid. Claims are paid from governmental funds. Workers' compensation claims are usually paid from the same funding source(s) from which the employees' salary or wage compensation was paid.

Capital lease obligations are described in detail in Note 8.

Employees' compensable leave is the state's liability for all unused vacation and unpaid overtime accrued by employees, payable as severance pay under specified conditions. This obligation is paid only at the time of termination, usually from the same funding source(s) from which the employees' salary or wage compensation was paid.

Notes and loans payable consist of amounts used to purchase capital equipment. Other uses include the acquisition, construction and renovation of other capital assets, including the interim financing of higher education projects; software/database acquisition and development; refinancing of existing debt; and the funding of agency specific missions such as economic development projects and pest eradication programs. The Texas Department of Transportation (TxDOT) entered into pass-through toll agreements with local entities as a means of financing state highway capital improvements and maintenance. In fiscal 2019, TxDOT recognized an additional \$12.8 million as a long-term liability for pass-through toll payables related to highway projects constructed under pass-through financing agreements.

At Aug. 31, 2019, there was a pass-through toll payable of \$786.5 million. See Note 15 for additional details.

The Texas Windstorm Insurance Association (TWIA), a discretely presented component unit, has direct placements that are subject to optional make-whole redemption, in whole or in part. The outstanding balance as of Aug. 31, 2019 was \$368.5 million. Redemptions are either 100 percent of the principal amount or the sum of the present value of the remaining schedule of principal and interest payments.

As of Aug. 31, 2019, three notes and loan agreements are outstanding for TxDOT. The outstanding direct loan related to governmental activities of \$301.9 million contains various provisions resulting from certain events of default with various remedies. In the case of a payment default, interest is charged on the overdue balance of the note at the default rate (an additional 2 percent) until the payment default is cured (overdue balance repaid). In the case of project abandonment, the default rate is charged until the note is paid in full. In the case of certain bankruptcy related event defaults, the note becomes secured by a first priority security interest in the trust estate. TxDOT has an outstanding direct loan related to business-type activities of \$927.4 million which contains the following default provisions. Of note, in the case of (i) a payment default, interest is charged on the overdue balance of the note at the default rate (an additional 2 percent) until the overdue balance is repaid, (ii) a development default (which occurs upon failure of the borrower to prosecute the work related to the applicable project or to complete the applicable project in accordance with the financial plan), interest is charged at the default rate until such development default is cured, and (iii) a default due to project abandonment, the default rate is charged until the note is paid in full. Additionally, in the case of certain bankruptcy related event defaults, the note becomes secured by a first priority security interest in the trust estate.

Texas State Technical College's (TSTC) direct loan borrowings of \$1.2 million, consist of an amount used to finance a portion of the renovation costs of the 11-1 hangar at the TSTC Waco airport. The loan is secured by all the revenues derived from the airport and two certificates of deposits amounting to \$505 thousand. In the event of a default, the overdue amount, including principal and accrued interest, shall bear interest at a default rate and continue as an obligation until such overdue amount and such interest shall be paid in full. In such an event, TSTC will also have to pay all reasonable out of pocket expenses and internal charges in connection with the collection and enforcement of the loan documents.

Stephen F. Austin State University (SFA) had direct loan placements related to business-type activities as of Aug. 31, 2019 totaling \$10 million. In the event of default, the notes payable have the following remedies: by written notice to SFA, all payments, including future payments, become due; the equipment may be repossessed, with SFA remaining liable for any difference between those payments required in the note and any proceeds from the sale or leasing/subleasing of the equipment; lessor may terminate the Escrow Agreement relating to such Lease and apply any proceeds in the Escrow Fund thereunder to the Rental Payments due; lessor may take whatever action at law or in equity may appear necessary or desirable to enforce its rights under such Lease or the Escrow Agreement relating thereto or as a secured party in any or all of the Equipment subject to such Lease or with respect to the related Escrow Fund. The lessor may take one or any combination of the remedies listed above.

The Revenue Financing System Note (2007 TIPS Project) was issued on July 12, 2007 to fund \$4 million of costs for the Texas Institute for Preclinical Studies (TIPS) within Texas A&M University (A&M System). The note is structured as a loan with the Office of the Governor, Economic Development and

Tourism Division through the Texas Economic Development Bank; all authorized debt has been issued. The loan is secured by a lien on and pledge of the Pledged Revenues. In the event of default or failure to make required loan payments, the A&M System will be required to perform any conditions or obligations described in the loan agreement. The A&M System is responsible for all reasonable expenses related to the enforcement. The outstanding balance as of Aug. 31, 2019 was \$1 million.

The Texas Department of Housing and Community Affairs (TDHCA) has notes and loans payable from direct borrowings in the amount of \$22 million and direct placements in the amount of \$86.5 million as of Aug. 31, 2019 related to business-type activities. TDHCA has two Issuer Notes from direct borrowings and four Multifamily Notes from direct placements. TDHCA's two Issuer notes from direct borrowings are subordinate lien obligations to provide funding for down payment assistance in connection with Texas Homeownership Programs. The 2016 Issuer Note has a loan agreement with Woodforest National Bank secured by the RMRB Indenture and the 2018 Issuer Notes with Woodforest National Bank, Tolleson Private Bank and Hancock Whitney Bank secured by the Single Family Indenture. They contain the following events of default:

- A default in payment of any interest upon the loan when such interest becomes due and payable;
- A default in payment of principal of the loan when such principal becomes due and payable;
- A default in the Asset Test if the amount calculated pursuant to such test equals an amount less than 102 percent for the 2016 Note and 105 percent for the 2018 Note, plus the current outstanding amount of the loan.

The occurrence of any event of default would trigger remedies ranging from demand of immediate payment to the acceleration of the loan causing it to be immediately due and payable.

The TDHCA's four notes from direct placements were primarily issued to provide funding to nonprofit and for-profit developers of multifamily properties to construct or rehabilitate rental housing and are secured by these assets and their respective revenue. These notes are limited obligations of the TDHCA and are payable solely from the payments received from the assets and guarantors, which secure the notes. They contain the following events of default:

- A default in payment of any interest upon the loan when such interests become due and payable;
- A default in payment of principal of the loan when such principal becomes due and payable.

The occurrence of any event of default would trigger remedies ranging from demand of immediate payment to the acceleration of the loan causing it to be immediately due and payable.

Debt service requirements for notes and loans payable and notes and loans payable from direct borrowings and direct placements in long-term liabilities are presented in tables 5B, 5C and 5D.

Notes and Loans Payable Debt Service Requirements Governmental Activities						
Table 5B						
(Amounts in Thousands)						
Year	Principal	Interest	Total	Direct Borrowings		
				Principal	Interest	Total
2020	\$ 196,381	\$ 10,526	\$ 206,907	\$	\$	\$
2021	162,738	9,790	172,528			
2022	144,937	11,632	156,569		4,136	4,136
2023	118,256	10,778	129,034		8,341	8,341
2024	92,827	10,070	102,897		8,353	8,353
2025 - 2029	258,809	40,448	299,257	7,724	41,582	49,306
2030 - 2034	53,894	24,599	78,493	42,379	38,859	81,238
2035 - 2039	43,325	8,885	52,210	78,186	31,665	109,851
2040 - 2044	7,839	42	7,881	92,511	19,564	112,075
2045 - 2049				61,593	10,125	71,718
2050 - 2054				40,903	2,128	43,031
Total Requirements	1,079,006	126,770	1,205,776	323,296	164,753	488,049
Unamortized Accretion	(60,184)		(60,184)	(21,349)		(21,349)
Total Requirements	<u>\$ 1,018,822</u>	<u>\$ 126,770</u>	<u>\$ 1,145,592</u>	<u>\$ 301,947</u>	<u>\$ 164,753</u>	<u>\$ 466,700</u>

Notes and Loans Payable Debt Service Requirements Business-Type Activities

Table 5C

Amounts in Thousands

Year	Principal	Interest	Total	Direct Borrowings/Direct Placements		
				Principal	Interest	Total
2020	\$ 26,489	\$ 37,593	\$ 64,082	\$ 1,946	\$ 5,139	\$ 7,085
2021	35,257	37,293	72,550	1,459	39,608	41,067
2022	16,603	36,510	53,113	1,609	39,608	41,217
2023	653,848	31,138	684,986	1,337	39,557	40,894
2024	17,258	5,588	22,846	1,398	39,564	40,962
2025 - 2029	91,598	22,642	114,240	34,884	195,710	230,594
2030 - 2034	101,089	13,160	114,249	33,529	190,765	224,294
2035 - 2039	78,159	4,210	82,369	109,919	170,343	280,262
2040 - 2044				166,196	150,537	316,733
2045 - 2049				480,630	97,439	578,069
2050 - 2054				235,051	8,751	243,802
Total Requirements	1,020,301	188,134	1,208,435	1,067,957	977,021	2,044,979
Unamortized Accretion				(19,810)		(19,810)
Total Requirements	<u>\$ 1,020,301</u>	<u>\$ 188,134</u>	<u>\$ 1,208,435</u>	<u>\$ 1,048,148</u>	<u>\$ 977,021</u>	<u>\$ 2,025,169</u>

Notes and Loans Payable Debt Service Requirements Component Units

Table 5D

Amounts in Thousands

Year	Principal	Interest	Total	Direct Placements		
				Principal	Interest	Total
2020	\$ 2,056	\$ 78	\$ 2,134	\$ 40,944	\$ 30,401	\$ 71,345
2021	1,911	69	1,980	40,944	27,023	67,967
2022	311	63	374	40,944	23,645	64,589
2023	65	59	124	40,945	20,268	61,213
2024	626	34	660	40,945	16,890	57,835
2025 - 2029	569	35	604	163,778	33,779	197,557
Total Requirements	<u>\$ 5,538</u>	<u>\$ 338</u>	<u>\$ 5,876</u>	<u>\$ 368,500</u>	<u>\$ 152,006</u>	<u>\$ 520,506</u>

General obligation bonds and revenue bonds are described in detail in Note 6.

Long-term liabilities associated with the acquisition of restricted assets or long-term liabilities that will be liquidated with restricted assets are classified as liabilities payable from restricted assets.

Asset Retirement Obligations

GASB Statement No. 83, *Certain Asset Retirement Obligations*, defines an asset retirement obligation (ARO) as a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets recognize a liability based on the guidance in this GASB Statement.

Texas Southern University (TSU) purchased radiation equipment with an ARO. TSU must estimate the new obligation amount using probability weighting and record the initial measurement as a deferred outflows of resources ARO and a noncurrent ARO. TSU must assess any relevant factors annually to determine if a significant change in current value has occurred and, if so, record the change in deferred outflows of resources ARO and noncurrent ARO. When the radiation equipment reaches the end of its useful life, the value of the ARO is moved to current ARO. Current ARO is then reduced by the amount of actual expenditures to retire the asset, with an offset to deferred outflows of resources. The estimated remaining useful life of the associated tangible capital assets ranges from 0 to 73 months. The ARO obligation as of Aug. 31, 2019 was \$295.6 thousand.

As of Aug. 31, 2019, the University of North Texas System (UNT) held two radioactive material licenses. The estimated remaining useful life of the associated tangible capital assets is 263 months and 178 months, respectively. Licensing of Radioactive Materials is regulated by the state of Texas (Texas Administrative Code

Title 25 Health Services, Part 289 Radiation Control, Subpart 252 Licensing of Radioactive Materials). UNT estimated the obligation amount using best-estimate current value based on settlement amount and recorded the initial measurement as deferred outflows of resources and a noncurrent liability. UNT will assess the ARO account balances annually for any significant changes in current value and make all necessary adjustments. ARO balances are reduced annually by the amount of actual expenditures to retire the asset. In accordance with the Texas Administrative Code Title 25, Part 289, subpart 201(c), UNT is exempted from posting the financial instruments specifically based upon being a state funded academic facility actively working to reduce the amount of radioactive material authorized on its licenses. The ARO obligation as of Aug. 31, 2019 was \$2.4 million.

The University of Texas A&M System (A&M) has two nuclear reactors which were placed in service in 1957 and 1965, respectively. The U.S. Nuclear Regulatory Commission (NRC) requires a decommissioning plan for the retirement of these assets. The estimated liability for the decommissioning plan is \$9.7 million. The estimate was calculated using NRC publications NUREG/CR-1756 and NUREG-1307 Rev. 15, adjusted using the consumer price index inflation calculator. A 25 percent contingency is also included in the estimate. The A&M also has five radioactive material licenses authorizing the possession and use of radioactive materials. The estimated remaining useful life of the associated tangible capital assets ranges from 12 to 96 months. The A&M is financially accountable for any decommissioning or decontamination costs as required by the Texas Department of State Health Services (Texas Administrative Code, Title 25, Part 1, Chapter 289, Subchapter F, Rule 289.252), and the U.S. Nuclear Regulatory Commission (10 CFR 30.35). The total ARO obligation as of Aug. 31, 2019 was \$12.7 million.

The University of Texas System liability related to clean-up and decommissioning of items using radiation

such as broadscope licenses, cyclotrons and nuclear reactors is reported as an ARO. The liability is measured using best estimates of expected outlays for clean-up and decommissioning costs. The Texas Administrative Code, Title 25, Part 1, Chapter 289. Subchapter F, Rule 289.252 (gg)(6)(D) exempts state licensees from providing financial assurances and no assets have been restricted for payment of the liability. The estimated remaining useful life of the associated tangible capital assets ranges from 0 to 89 months. The total ARO obligation as of Aug. 31, 2019 was \$26.3 million.

Texas Health and Human Services Commission's (HHSC) ARO is related to a sewage treatment plant in Mexia, Texas with an estimated remaining useful life of 9 years. The ARO was calculated using a weighted average methodology. Based on an initial regional assessment, HHSC did not receive enough information to reasonably estimate a weighted average for lab equipment, e.g. X-ray equipment. The ARO obligation as of Aug. 31, 2019 was \$1.9 million.

Pollution Remediation Obligations

Pollution remediation obligations are recognized in the financial statements for existing pollution sites after the occurrence of one or more of the following events:

- The pollution creates an imminent endangerment to public health or the environment.
- The state is in violation of a pollution prevention-related permit or license.
- The state is named as a potentially responsible party by a regulator.
- The state is named in a lawsuit that compels it to participate in remediation.
- The state has commenced or legally obligated itself to begin cleanup activities.

Under applicable accounting standards, estimated expected recoveries from insurance policies and other responsible parties that are not yet realizable in the financial statements reduce the measurement of the

pollution remediation obligation liability. A realized or realizable recovery involves the acknowledgment or recognition by the third party of its responsibility. Realized or realizable recoveries are recognized as assets.

Federal Regulatory Cleanup Requirements: Pollution remediation obligations are associated with projects initiated under federal regulatory requirements. Applicable federal laws and regulations include the Comprehensive Environmental Response, Compensation and Liability Act (also known as Superfund), the National Emissions Standards for Hazardous Air Pollutants and United States Environmental Protection Agency (EPA) Class V Wells regulations.

The Superfund obligation estimates are based on budgeted projections to cover necessary activities for the upcoming fiscal year, along with estimated costs for future years and phases, plus direct salaries and benefits. For sites without available budget projections, estimated costs were provided for the Superfund phases of investigation and cleanup, based on staff experience with similar sites.

Federal reimbursements are expected to offset a portion of these expected costs. The potential for changes due to price increases or reductions, technology or applicable laws or regulations was incorporated into these estimates.

State Regulatory Cleanup Requirements: Other pollution remediation obligations are associated with cleanups required under state of Texas law. The Texas Commission on Environmental Quality (TCEQ) operates as a regulatory agency to ensure cleanups are conducted within applicable state laws and regulations contained in the Texas Administrative Code, Title 30; Texas Water Code; Texas Health and Safety Code; Texas Occupations Code; and Texas Natural Resources Code.

Major Remediation Activity: TCEQ oversees the cleanup of leaking petroleum storage tanks (LPST). Cleanup costs are paid by the owners' environmental

liability insurance or other financial assurance mechanisms or from their own funds. If the responsible party is unknown, unwilling or financially unable to do the work, state and federal funds are used to pay for the corrective actions. Revenue is generated from a fee on the delivery of petroleum products removed from bulk storage facilities. State statutes allow cost recovery from the current owner or any previous responsible owner, however, to date this has not been necessary.

TCEQ calculates expected outlays related to this pollution remediation by establishing the average cost of cleanup and multiplying that cost by the number of active sites, plus direct salaries and benefits for the duration of the cleanup. This methodology is based upon historical experience in estimating these cleanups. At Aug. 31, 2019, there were 301 active state lead sites, with a total estimated pollution remediation obligation of \$66.3 million.

The TCEQ Superfund Section (Section) includes the State Superfund, Federal Superfund, Superfund Site Discovery and Assessment (SSDAP) and the Preliminary Assessment/Site Inspection (PA/SI) Programs. On behalf of TCEQ, the Section identifies, ranks, and addresses sites contaminated with hazardous substances, which no parties are willing to address through a permit, corrective action, voluntary cleanup or enforcement program. These sites are identified through referral from internal and external groups such as TCEQ Enforcement, TCEQ Regional Offices, TCEQ Water Supply Division, public complaints and the EPA.

Site estimates may change drastically from one year to another as the investigations progress and a better understanding of site conditions is obtained. The estimate of liabilities is limited to sites that have been, or are, being assessed and ranked for the Superfund program. Cost recovery activities during fiscal 2019 resulted in collections of \$904.7 thousand.

At the end of fiscal 2019, Texas had 68 sites with pollution remediation obligations in the state and fed-

eral Superfund programs and two sites that required an immediate response or removal action. The current total Superfund liability, as of Aug. 31, 2019, is \$138.3 million.

TCEQ is responsible for collecting fees for a remediation fund designed to help pay for the cleanup of contaminated dry cleaner sites. The fees are generated from the annual registration of facilities and drop stations, as well as from the sale of perchloroethylene and other dry cleaning solvents. TCEQ receives applications for remediation, and then ranks and prioritizes them for corrective action. Legislation in 2007 established requirements for property owners and preceding property owners who wish to claim benefits from the remediation fund, and authorized a lien against property owners and preceding property owners who fail to pay registration fees due during corrective action. No additional cost recovery is allowed by statute.

The pollution remediation obligation is measured by the national average cleanup cost, as calculated by the State Coalition for Remediation of Drycleaners. Direct salary and benefit costs are added to the national average and the total cost is multiplied by the number of active sites. At Aug. 31, 2019, there were 222 active sites, with a total estimated pollution remediation obligation of \$49.9 million.

The Railroad Commission of Texas (Commission) currently has three areas of remediation: abandoned oil and gas wells, oil and gas sites and mines. Under Texas Natural Resource Code, Section 89.043, the Commission may plug abandoned wells if the wells have not been properly plugged or need replugging and the responsible party cannot be found or is not financially able to plug the well, or if the wells will cause or are likely to cause a serious threat of pollution or injury to the public health. The Commission has 23 active well plugging projects as of Aug. 31, 2019, with an estimated cost of \$5.7 million.

Under Texas Natural Resource Code, Section 91.113, the Commission may clean up abandoned oil and gas sites that are causing or are likely to cause the pollution of surface or subsurface water. The Commission has 23 active site remediation projects as of Aug. 31, 2019, with an estimated cost of \$8.8 million. Funding for these programs comes from regulatory and permit fees paid by the oil and gas industry.

The Commission enters into contracts with third parties for abandoned site remediation and abandoned well plugging. These contracts are used to estimate the amount of the plugging and pollution remediation obligation.

TxDOT is responsible for the cleanup and remediation of several polluted sites. Regulatory requirements established by federal and state law obligate TxDOT to perform these pollution remediation activities. Historical cost averages were used to calculate the estimated pollution remediation obligation liabilities. The areas of remediation include compliance with asbestos regulations, lead based paint regulations, Federal Safe Drinking Water Act, state LPST cleanup requirements, Occupational Safety and Health Administration Health and Safety Plan requirements, waste disposal regulations and state non-LPST cleanup requirements at an estimated cost of \$8.2 million for fiscal 2019.

Note 6

Bonded Indebtedness

Description of Bond Issues

The state of Texas had 416 bond issues outstanding as of Aug. 31, 2019. Scheduled debt service payments from the general revenue fund for fiscal 2019 totaled \$716.6 million.

Information on Bond Issuances

Table 6A

August 31, 2019

Description of Issue	Bond Issues Outstanding		Range of Interest Rates		Maturities		First Call Date
	Number	Amount Issued (in Thousands)	Lowest	Highest	First Year	Last Year	
GOVERNMENTAL ACTIVITIES							
General Obligation Bonds	67	\$ 15,524,381	0.18	6.00	2005	2046	05/18/2005
General Obligation Bonds - Direct Placements	1	254,105	5.00	5.00	2031	2036	10/01/2025
Revenue Bonds	13	4,768,585	1.00	5.25	2010	2039	04/01/2018
Revenue Bonds - Direct Placements	1	150,000	var	var	2032	2032	*
Governmental Activities Total	<u>82</u>	<u>20,697,071</u>					
BUSINESS-TYPE ACTIVITIES							
General Obligation Bonds	60	4,941,070	0.23	5.00	2003	2050	03/22/2001
General Obligation Bonds - Direct Placements	4	278,795	var	var	2014	2027	04/01/2014
Revenue Bonds	230	36,124,049	0.12	8.00	1999	2058	07/01/2000
Revenue Bonds - Direct Placements	36	635,836	1.00	15.00	2001	2059	05/01/2001
Business-Type Activities Total	<u>330</u>	<u>41,979,750</u>					
COMPONENT UNITS							
Revenue Bonds	<u>4</u>	<u>263,340</u>	1.65	4.25	2011	2050	12/01/2011
Total	<u>416</u>	<u>\$ 62,940,161</u>					

* Bonds are subject to redemption prior to their respective maturities at the option of the Commission.

Changes in Bonds Payable

Table 6B

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Bonds Outstanding 9/1/18	Adjustments*	Bonds Issued**	Bonds Matured or Retired	Bonds Refunded	Bonds Outstanding 8/31/19	Due Within One Year
GOVERNMENTAL ACTIVITIES							
General Obligation Bonds	\$ 15,416,099	\$ (356,051)	\$ 943,021	\$ 535,894	\$ 491,615	\$ 14,975,560	\$ 640,657
General Obligation Bonds - Direct Placements		286,913				286,913	1,986
Revenue Bonds	4,495,617	(153,990)	249,135	234,710		4,356,052	293,098
Revenue Bonds - Direct Placements		150,000				150,000	
Governmental Activities Total	<u>19,911,716</u>	<u>(73,128)</u>	<u>1,192,156</u>	<u>770,604</u>	<u>491,615</u>	<u>19,768,525</u>	<u>935,741</u>
BUSINESS-TYPE ACTIVITIES							
General Obligation Bonds	4,409,919	(178,645)	321,455	225,675	348,795	3,978,259	237,531
General Obligation Bonds - Direct Placements		172,415		33,590		138,825	32,010
Revenue Bonds	29,967,142	(342,881)	4,366,845	931,856	711,284	32,347,966	2,518,193
Revenue Bonds - Direct Placements		618,835	24,000	21,714	109,224	511,897	18,987
Business-Type Activities Total	<u>34,377,061</u>	<u>269,724</u>	<u>4,712,300</u>	<u>1,212,835</u>	<u>1,169,303</u>	<u>36,976,947</u>	<u>2,806,721</u>
COMPONENT UNITS							
Revenue Bonds	31,093	1,719	40,000	5,670		67,142	670
	<u>31,093</u>	<u>1,719</u>	<u>40,000</u>	<u>5,670</u>	<u>0</u>	<u>67,142</u>	<u>670</u>
Total	<u>\$ 54,319,870</u>	<u>\$ 198,315</u>	<u>\$ 5,944,456</u>	<u>\$ 1,989,109</u>	<u>\$ 1,660,918</u>	<u>\$ 56,812,614</u>	<u>\$ 3,743,132</u>

* Includes current year amortization of premiums and discounts.

** Includes current year amortization of accretion.

Debt Service Requirements

Table 6C

(Amounts in Thousands)

GOVERNMENTAL ACTIVITIES

Year	General Obligation Bonds			General Obligation Bonds - Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 532,069	\$ 624,939	\$ 1,157,008	\$	\$ 12,705	\$ 12,705
2021	551,884	601,026	1,152,910		12,705	12,705
2022	570,169	575,759	1,145,928		12,705	12,705
2023	591,085	550,695	1,141,780		12,705	12,705
2024	608,705	523,136	1,131,841		12,705	12,705
2025-2029	3,046,240	2,188,067	5,234,307		63,526	63,526
2030-2034	2,989,280	1,483,952	4,473,232	63,450	58,028	121,478
2035-2039	3,075,325	827,959	3,903,284	190,655	18,480	209,135
2040-2044	1,425,765	222,688	1,648,453			
2045-2049	293,575	10,241	303,816			
	<u>13,684,097</u> *	<u>7,608,462</u>	<u>21,292,559</u>	<u>254,105</u> *	<u>203,559</u>	<u>457,664</u>
Premium	1,293,055		1,293,055	32,808		32,808
Discount	<u>(1,591)</u>		<u>(1,591)</u>			
Total	<u>\$ 14,975,561</u>	<u>\$ 7,608,462</u>	<u>\$ 22,584,023</u>	<u>\$ 286,913</u>	<u>\$ 203,559</u>	<u>\$ 490,472</u>

* Includes accretion adjustments on deep discount bonds.

Continued on the following page

Debt Service Requirements (continued)

Table 6C

(Amounts in Thousands)

GOVERNMENTAL ACTIVITIES (concluded)

Year	Revenue Bonds			Revenue Bonds - Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 251,550	\$ 194,842	\$ 446,392	\$	\$ 3,660	\$ 3,660
2021	261,120	182,155	443,275		3,650	3,650
2022	275,450	169,605	445,055		3,650	3,650
2023	285,175	158,222	443,397		3,650	3,650
2024	297,475	144,104	441,579		3,660	3,660
2025-2029	1,689,015	482,433	2,171,448		18,260	18,260
2030-2034	965,685	122,962	1,088,647	150,000	9,284	159,284
2035-2039	63,645	6,364	70,009			
	4,089,115 *	1,460,687	5,549,802	150,000 *	45,814	195,814
Premium	266,937		266,937			
Total	\$ 4,356,052	\$ 1,460,687	\$ 5,816,739	\$ 150,000	\$ 45,814	\$ 195,814

BUSINESS-TYPE ACTIVITIES

Year	General Obligation Bonds			General Obligation Bonds - Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 230,445	\$ 112,055	\$ 342,500	\$ 32,010	\$ 3,440	\$ 35,450
2021	246,100	105,385	351,485	25,805	2,626	28,431
2022	249,305	98,349	347,654	22,960	1,974	24,934
2023	238,665	91,846	330,511	15,460	1,459	16,919
2024	231,960	85,175	317,135	15,100	1,031	16,131
2025-2029	1,067,275	324,913	1,392,188	27,490	1,024	28,514
2030-2034	754,470	192,219	946,689			
2035-2039	470,980	101,722	572,702			
2040-2044	336,665	32,947	369,612			
2045-2049	58,060	2,223	60,283			
2050-2054	735	8	743			
	3,884,660 *	1,146,842	5,031,502	138,825 *	11,554	150,379
Premium	93,599		93,599			
Total	\$ 3,978,259	\$ 1,146,842	\$ 5,125,101	\$ 138,825	\$ 11,554	\$ 150,379

* Includes accretion adjustments on deep discount bonds.

Concluded on the following page

Debt Service Requirements (concluded)

Table 6C

(Amounts in Thousands)

BUSINESS-TYPE ACTIVITIES (concluded)

Year	Revenue Bonds			Revenue Bonds - Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 2,340,398	\$ 1,215,603	\$ 3,556,001	\$ 18,987	\$ 20,954	\$ 39,941
2021	1,076,864	1,180,586	2,257,450	19,554	20,380	39,934
2022	1,027,621	1,138,844	2,166,465	20,170	19,785	39,955
2023	1,002,924	1,095,900	2,098,824	20,714	19,169	39,883
2024	1,020,191	1,067,526	2,087,717	105,162	17,614	122,776
2025-2029	5,034,225	4,761,013	9,795,238	94,977	75,458	170,435
2030-2034	4,731,010	3,766,846	8,497,856	58,722	57,023	115,745
2035-2039	4,925,211	2,743,744	7,668,955	77,814	35,996	113,810
2040-2044	4,091,705	1,715,178	5,806,883	46,997	20,526	67,523
2045-2049	3,966,083	855,653	4,821,736	34,384	7,942	42,326
2050-2054	1,601,610	222,120	1,823,730	10,931	2,674	13,605
2055-2059	120,645	13,638	134,283	3,485	443	3,928
	<u>30,938,487 *</u>	<u>19,776,651</u>	<u>50,715,138</u>	<u>511,897 *</u>	<u>297,964</u>	<u>809,861</u>
Accretion	(686,010)		(686,010)			
Premium	2,112,281		2,112,281			
Discount	(16,792)		(16,792)			
Total	<u>\$ 32,347,966</u>	<u>\$ 19,776,651</u>	<u>\$ 52,124,617</u>	<u>\$ 511,897</u>	<u>\$ 297,964</u>	<u>\$ 809,861</u>

COMPONENT UNITS

Year	Revenue Bonds		
	Principal	Interest	Total
2020	\$ 670	\$ 2,331	\$ 3,001
2021	1,210	2,301	3,511
2022	1,300	2,258	3,558
2023	1,335	2,209	3,544
2024	1,410	2,158	3,568
2025-2029	8,125	9,899	18,024
2030-2034	10,800	8,308	19,108
2035-2039	14,095	6,392	20,487
2040-2044	12,540	3,951	16,491
2045-2049	11,170	1,832	13,002
2050-2054	2,615	79	2,694
	<u>65,270</u>	<u>41,718</u>	<u>106,988</u>
Premium	1,872		1,872
Total	<u>\$ 67,142</u>	<u>\$ 41,718</u>	<u>\$ 108,860</u>

* Includes accretion adjustments on deep discount bonds.

See Note 5 for additional disclosures regarding general obligation bonds - direct placements and revenue bonds - direct placements. See Note 16 for debt issued subsequent to Aug. 31, 2019.

General Obligation Bonds and General Obligation Bonds - Direct Placements - General Comments

The Texas Constitution authorizes the state to issue several types of general obligation bonds and general obligation bonds - direct placements. Each issue of general obligation bonds and general obligation bonds - direct placements is designed to be self-supporting from a primary revenue source related to the program being financed, except for the general obligation bonds of the Texas Public Finance Authority (TPFA), the Texas Water Development Board (TWDB), the Constitutional Appropriation Bonds (CABs) and the Texas Transportation Commission Highway Improvement Bonds.

The purpose and primary pledged revenue sources of each type of general obligation bond and general obligation bond - direct placement are summarized below.

The Texas Higher Education Coordinating Board issues bonds for educational loans to eligible Texas college students. Payments received on the loan contracts are applied to debt service on the bonds.

The Texas Parks and Wildlife Department (TPWD) issues bonds to finance the acquisition and development of state park sites. Park entrance fees, sporting goods sales tax revenue and investment earnings are applied to debt service on the bonds.

TPFA issues bonds to finance the acquisition, construction or renovation of buildings for the use of state agencies and institutions of higher education and to fund cancer research. The TPFA is also authorized to issue bonds to assist local government economic development projects and the Texas Military Value Revolving

Loan Fund (TMVRLF). The bonds are payable from state appropriations.

TWDB issues bonds to provide financial assistance to political subdivisions for water conservation and development, water quality enhancement projects and flood control projects. Debt service payments are funded by principal and interest received on loans to political subdivisions, repayments of purchased water storage contracts, earnings on temporary investments and general revenues.

The Veterans Land Board (VLB) issues bonds to provide funds to loan to eligible Texas veterans for the purchase of land, housing or home improvements. Principal and interest payments on loans, plus investment earnings, are the primary source of repayment for bonds.

The Texas Department of Transportation (TxDOT), prior to Jan. 1, 2015, through the Texas mobility fund, issued general obligation bonds and general obligation bonds - direct placements to pay or reimburse the state highway fund for the payment of part of the costs of constructing, reconstructing, acquiring and expanding state highways. In addition, the bond proceeds provided funds for participation by the state in the payment of part of the costs of constructing and providing certain publicly owned toll roads and other public transportation projects. After Jan. 1, 2015, TxDOT may only issue debt to refund existing debt in certain circumstances. Sources of pledged revenue for the Texas mobility fund include the "United We Stand" license plate fees, investment income, motor vehicle inspection fees, driver record information fees, driver license fees and certificate of title fees. Debt service for highway improvement bonds is provided by the state's general revenue.

CABs are issued in support of the construction programs of institutions of higher education not benefiting from the permanent university fund (PUF), which is dedicated to the University of Texas System (UT) and

Texas A&M University System (A&M). Debt service payments on bonds issued are limited to the \$197 million in general revenue funds available for debt service each year.

The Economic Development and Tourism Office (EDTO), a division within the Office of the Governor, issues general obligation bonds to provide financial assistance to export businesses, promote domestic business development, provide loans to finance the commercialization of new and improved products and processes, and provide loans to defense-related communities for economic development projects. Debt service payments are funded from revenues of the EDTO, primarily from the repayment of loans and the disposition of debt instruments.

General Obligation Bonds - Authorized But Unissued

The Texas Constitution limits the amount of bonds that can be issued in any of the general obligation categories. As of Aug. 31, 2019, the amounts of general obligation bonds, other than CABs, authorized but unissued, are presented in table 6D.

General Obligation Bonds Authorized But Unissued	
Table 6D	
(Amounts in Thousands)	
SELF-SUPPORTING	
Texas Agricultural Finance Authority Bonds	\$ 55,000
Farm and Ranch Loan Bonds	475,000
Veterans Land and Housing Bonds	1,046,456
Texas Water Development Bonds	5,945,878
College Student Loan Bonds	947,545
Texas Military Value Revolving Loan Fund	200,405
Total	<u>8,670,284</u>
NOT SELF-SUPPORTING	
Agricultural Water Conservation Bonds	164,840
Texas Public Finance Authority Bonds	1,315,937
Total	<u>1,480,777</u>
Total General Obligation Bonds	<u><u>\$10,151,061</u></u>

Revenue Bonds and Revenue Bonds - Direct Placements - General Comments

Each series of revenue bonds and revenue bonds - direct placements is backed by the pledged revenue sources and restricted funds specified in the bond resolution. The purpose and primary pledged revenue sources of each type of revenue bond are summarized below.

Self-Supporting

The VLB issues bonds to assist in the construction of skilled nursing care facilities for veterans and to make land and home mortgage loans to veterans. The bonds are limited and special revenue obligations payable solely from the income, revenues, receipts and collateral pledged under the related trust indentures.

The Texas Department of Housing and Community Affairs (TDHCA) issues bonds to assist in financing the purchase of homes by or the construction of rental housing for families with very low to moderate incomes and persons with special needs. Loan payments provide the revenues for debt service payments. The agency also issued taxable bonds for investment in collateralized mortgage obligations of federal agencies, to finance mortgage loans and to carry out financial assistance programs.

TWDB issues bonds for the state water pollution control revolving fund. The proceeds are used to provide financial assistance to political subdivisions for water quality enhancement purposes. Principal and interest repayments from political subdivision loans are pledged for debt service requirements of the bonds.

UT and A&M issue PUF bonds to build, equip or buy buildings or other permanent improvements. The Texas Constitution limits UT's and A&M's PUF debt to an amount not to exceed 20 percent and 10 percent, respectively, of the cost value of PUF assets, excluding real estate. Revenue from investments of the PUF is

pledged to secure the payment of principal and interest. The cost value of PUF assets as of Aug. 31, 2019, excluding real estate, was \$19.8 billion. A comparison between the legal debt limits and the actual bonds outstanding at that date is presented in table 6E.

Permanent University Fund Bonds			
Table 6E			
(Amounts in Thousands)			
	Legal Debt Limits	Actual Bonds Payable	Authorized But Unissued
University of Texas System	\$ 3,957,160	\$ 2,416,760	\$ 1,540,400
Texas A&M University System	1,978,580	1,133,580	845,000
Total	<u>\$ 5,935,740</u>	<u>\$ 3,550,340</u>	<u>\$ 2,385,400</u>

Miscellaneous college, university revenue bonds and university revenue bonds-direct placements are issued to provide funds to acquire, construct, improve, enlarge and equip property, buildings, structures or facilities. The revenue bonds and revenue bonds - direct placements issued by each institution's governing board are secured by the pledged revenue of the respective institutions and are not an obligation of the state of Texas.

TxDOT issues revenue bonds and revenue bonds-direct placements to finance state highway improvement projects. Pledged revenues include all revenues deposited to the credit of the state highway fund, including dedicated registration fees, dedicated taxes, dedicated federal revenues, amounts collected or received pursuant to other state highway fund revenue laws and any interest or earnings from the investment of these funds.

The Texas Transportation Commission issued bonds to pay a portion of the costs of planning, designing, engineering, developing and constructing the initial phase of the Central Texas Turnpike System located in the greater city of Austin metropolitan area in Travis and Williamson counties. The bond obligations are payable from and secured solely by a first and second lien as applicable and pledge of the trust estate.

Not Self-Supporting

The following revenue bonds are supported by pledged lease or rental revenue derived from contracts with other state agencies, which in turn comes from legislative appropriations.

The Texas Military Department (TMD), previously named the Adjutant General's Department, assumed the Texas Military Facilities Commission's (TMFC) responsibilities on Sept. 1, 2007. The TMFC's title to facilities, rental and other income pledged to the bonds was transferred to the TPFA. Title will pass to TMD upon final discharge of all bond obligations. Bonds are issued for the construction, expansion and renovation of armories. The bonds are payable from certain pledged revenues, primarily rentals from the TMD. As of Aug. 31, 2019, the bond obligations were still outstanding.

TPFA issues bonds to finance the acquisition of real property and to construct, equip or renovate buildings for the use of state agencies and institutions of higher education. The bonds are payable from specified pledged revenues, collected primarily from occupant-agency rentals.

TPWD issues bonds for infrastructure repairs and construction. The bonds are payable from rent payments, funded by state appropriations, made by the TPWD to the TPFA.

Pledged Future Revenues

Pledged revenues are those specific revenues that are formally committed to directly secure revenue bonds and revenue bonds-direct placements. Table 6F provides information on pledged revenue and pledged future revenue for the state's revenue bonds and revenue bonds-direct placements.

Pledged Future Revenue

Table 6F

(Amounts in Thousands)

	General	Revenue Bonds and Revenue Bonds –		
	Obligation Bonds	Direct Placements		
	Governmental	Governmental	Business-Type	Component
	Activities	Activities	Activities	Units
Pledged Revenue Required for Future Principal and Interest on Existing Bonds	\$ 9,920,826	\$ 5,745,616	\$ 51,524,999	\$ 106,988
Current Year Pledged Revenue	496,636	8,979,087	21,331,158	34,110
Current Year Principal and Interest Paid	367,695	435,038	2,186,137	6,667
Term of Commitment Fiscal Year Ending August 31,	2045	2039	2059	2050
Percentage of Revenue Pledged	100%	100%	95%	100%

Build America Bonds (BABs)

The American Recovery and Reinvestment Act (ARRA) of 2009 was implemented in February 2009. As part of this federal legislation, a new bond program called BABs was created. Authority to issue BABs expired on Dec. 31, 2010.

TxDOT, UT and the University of Houston System (UOH) had \$3.5 billion, \$1.3 billion and \$67.7 million of direct payment BABs outstanding, respectively, as of Aug. 31, 2019.

Under the Budget Control Act of 2011, across-the-board sequestration took effect on March 1, 2013. This resulted in the 35 percent federal subsidy for BABs interest payments being reduced by the applicable federal sequestration reduction rate.

Variable Rate Bonds

Six state agencies had a total of 79 variable rate bond issues with outstanding balances as of Aug. 31, 2019.

Most of the issues' interest rates reset every seven days. The remaining issues' interest rates reset daily or monthly. The potential volatility for related debt service increases with these interest rate reset provisions.

Demand Bonds

The Office of the Governor, the VLB, TDHCA, TxDOT and UT had outstanding demand bonds as of Aug. 31, 2019.

A bond holder may tender any of these bonds for repurchase prior to maturity, usually every seven days. Any bonds so tendered will be purchased either by the proceeds of the remarketing of such bonds or, if not successfully remarketed, from amounts drawn under a letter of credit, liquidity agreement or standby purchase agreement of the respective agency until such time as the remarketing is finalized. As of Aug. 31, 2019, there were no purchased bonds held by liquidity providers under the terms of the various agreements. Details are presented in tables 6G and 6H.

Demand Bonds

Table 6G

August 31, 2019

	Number of			Principal Balance Outstanding (In Thousands)
	Demand Bond Issues	Standby Purchase Agreements	Other	
GOVERNMENTAL ACTIVITIES				
General Obligation Bonds				
Texas Department of Transportation	1		1 (b)	\$ 150,000
Office of the Governor	2	2 (a)		45,000
Total	<u>3</u>	<u>2</u>	<u>1</u>	<u>195,000</u>
Revenue Bonds				
Texas Department of Transportation	1	1 (a)		150,000
Total	<u>1</u>	<u>1</u>	<u>0</u>	<u>150,000</u>
Governmental Activities Total	<u>4</u>	<u>3</u>	<u>1</u>	<u>\$ 345,000</u>
BUSINESS-TYPE ACTIVITIES				
General Obligation Bonds				
Veterans Land Board	32	32 (a)		\$ 2,245,035
Total	<u>32</u>	<u>32</u>	<u>0</u>	<u>2,245,035</u>
Revenue Bonds				
University of Texas System	4		4 (b)	1,376,205
Texas Department of Housing and Community Affairs	5		5 (b)	76,305
Total	<u>9</u>	<u>0</u>	<u>9</u>	<u>1,452,510</u>
Business-Type Activities Total	<u>41</u>	<u>32</u>	<u>9</u>	<u>\$ 3,697,545</u>

(a) – See Demand Bonds - Standby Purchase Agreements table 6H.

(b) – In the event redeemed bonds are not remarketed, internal funds of the agency are available for redemption.

Demand Bond – Standby Purchase Agreements

Table 6H

August 31, 2019

Counterparties	Number of Secured Bond Issue Agreements	Annual Liquidity Fee	Agreement Termination Date
Federal Home Loan Bank of Dallas	2	0.20%	11/01/22
Federal Home Loan Bank of Dallas	1	0.20%	06/27/23
JPMorgan Chase Bank, National Association	1	0.35%	04/10/24
Landesbank Hessen-Thuringen Girozentrale	1	0.28%	01/20/21
Landesbank Hessen-Thuringen Girozentrale	1	0.32%	12/31/19
State Street Bank and Trust Company	7	0.33%	11/14/19
State Street Bank and Trust Company	3	0.33%	07/24/23
State Street Bank and Trust Company	7	0.33%	09/25/23
State Street Bank and Trust Company	6	0.33%	11/14/23
State Street Bank and Trust Company	2	0.36%	11/14/25
Sumitomo Mitsui Banking Corp	1	3.00%	01/18/22
Sumitomo Mitsui Banking Corp	1	0.3 - 3.0%	04/01/22
U.S. Bank National Association	2	0.29%	05/17/21
Total	<u>35</u>		

Takeout agreements are used by TxDOT to provide an alternative debt instrument to replace any repurchased bonds that were not remarketed within the prescribed time constraints. Table 6I provides the estimated impact of such an event.

Demand Bonds – Takeout Agreement Provisions			
Table 6I			
August 31, 2019			
	Estimated Debt Service (In Thousands)	Rate	Basis
GOVERNMENTAL ACTIVITIES			
Revenue Bonds			
Texas Department of Transportation			
State Highway Fund Revenue Bonds			
Series 2014B1	\$ 174,947 ^(a)	9.50%	2.00%
(a) – Replacement debt is subject to semi-annual payments over three years starting the first day of the sixth month of that period.			

Early Extinguishment of Debt

Table 6J presents early debt extinguishments in fiscal 2019. The source of funds used for the extinguishments included loan repayments and other available funds.

Early Extinguished Debt Issues	
Table 6J	
(Amounts in Thousands)	
BUSINESS-TYPE ACTIVITIES	
General Obligation Bonds	
Texas Water Development Board	\$ 206,545
Veterans Land Board	66,085
Total	<u>272,630</u>
Revenue Bonds	
Texas Department of Housing and Community Affairs	85,019
Revenue Bonds - Direct Placements	
Texas Department of Housing and Community Affairs	<u>64,237</u>
Business-Type Activities Total	<u>\$ 421,886</u>

Refunding Issues

Table 6K

(Amounts in Thousands)

	Types of Refunding	Par Value of Refunding Issue*	Par Value Refunded	Cash Flow Difference Increase (Decrease)	Economic Gain (Loss)
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds					
Texas Public Finance Authority	Advanced Refunding	\$ 164,510	\$ 181,780	\$ 11,778	\$ 8,440
Texas Higher Education Coordinating Board	Current Refunding	140,880	165,985	3,528	28,541
Texas Water Development Board	Current Refunding	129,345	133,425	19,006	13,973
Governmental Activities Total		<u>434,735</u>	<u>481,190</u>	<u>34,312</u>	<u>50,954</u>
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds					
Texas Water Development Board	Current Refunding	71,455	76,165	9,466	8,128
Revenue Bonds					
Texas A&M University System	Advanced Refunding	260,870	230,525	34,251	24,055
Texas Woman's University	Advanced Refunding	7,885	8,955	1,123	1,024
University of Texas System	Current Refunding	320,435	386,785	94,198	67,897
Business-Type Activities Total		<u>660,645</u>	<u>702,430</u>	<u>139,038</u>	<u>101,104</u>
Total		<u>\$ 1,095,380</u>	<u>\$ 1,183,620</u>	<u>\$ 173,350</u>	<u>\$ 152,058</u>

* Other funds totaling approximately \$21.2 million were used to refund/defease additional bonds.

Refunding

Table 6K summarizes bonds refunded during fiscal 2019 to lower interest rates or to restructure debt service requirements for cash management purposes.

Defeased Bonds

Texas defeases various bond issues by placing funds in irrevocable trusts with external financial institutions to provide for all future debt service payments on the old bonds. As of Aug. 31, 2019, the amounts of defeased bonds, at par, that remain outstanding for all bond issuers are presented in table 6L. Also included are various bond issues defeased by placing funds in

irrevocable trusts in the Texas Treasury Safekeeping Trust Company (Trust Company). Funds placed in the Trust Company to defease \$343.5 million in bonds are included in the state's financial statements in an agency fund. The trust account assets and the liability for all other defeased bonds are not included in the state's financial statements. GASB Statement No. 86, *Certain Debt Extinguishment Issues*, establishes standards of accounting and financial reporting for in-substance defeasance transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the purpose of extinguishing debt. Cash defeasance undertaken for cost considerations are presented in table 6M.

Defeased Bonds Outstanding

Table 6L

(Amounts in Thousands)

GOVERNMENTAL ACTIVITIES

General Obligation Bonds

Texas Public Finance Authority	\$ 343,485
Texas Water Development Board	10,425
Governmental Activities Total	<u>353,910</u>

BUSINESS-TYPE ACTIVITIES

General Obligation Bonds

Veterans Land Board	15,500
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Revenue Bonds

Midwestern State University	47,410
Texas A&M University System	996,230
Texas Department of Transportation	52,062
University of Houston System	322,705
University of North Texas System	3,535
University of Texas System	317,395

Revenue Bonds - Direct Placements

Texas Department of Housing and Community Affairs	44,438
Business-Type Activities Total	<u>1,799,275</u>

Total	<u><u>\$2,153,185</u></u>
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multifamily mortgage revenue bond program provides long-term variable-rate or fixed-rate financing to nonprofit borrowers/developers of new or existing multifamily rental properties in order to generate and/or preserve affordable rental housing. TSAHC may finance single developments or pools of properties located throughout the state of Texas. Borrowers must agree to set aside a prescribed percentage of a property's units for rent to persons and families of low income. TSAHC finances properties under the program primarily through the sale of tax-exempt multifamily housing revenue bonds.

The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. TSAHC, the state and any political subdivision thereof are not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying statements.

As of Aug. 31, 2019, there were 14 series of multifamily housing revenue bonds and revenue bonds - direct placements outstanding with an aggregate \$212 million principal amount payable.

The Texas Private Activity Bond Surface Transportation Corporation (TxPABST), a blended component unit of the state, issued five series of bonds in the aggregate amount of \$2.3 billion that remains outstanding as of Aug. 31, 2019. The proceeds were loaned to LBJ Infrastructure Group LLC, NTE Mobility Partners LLC, NTE Mobility Partners

Segments 3 LLC and Blueridge Transportation Group, LLC to finance the development and expansion of public transportation projects. Debt service is funded from loan and interest repayments from the borrowers. The bonds do not constitute a debt or pledge of the faith and credit of TxPABST, TxDOT or the state of Texas.

Cash Defeasance

Table 6M

(Amounts in Thousands)

	Number of Cash Defeasance	Cash Defeasance	Placed with Escrow Agent	Cash Flows Required to Service Defeased Debt
GOVERNMENTAL ACTIVITIES				
General Obligation Bonds				
Texas Water Development Board	2	\$ 10,425	\$ 11,286	\$ 11,678
BUSINESS-TYPE ACTIVITIES				
Revenue Bonds - Direct Placements				
Texas Department of Housing and Community Affairs	4	44,987	47,671	52,321
Total	<u>6</u>	<u>\$ 55,412</u>	<u>\$ 58,957</u>	<u>\$ 63,999</u>

Conduit Debt

The Texas State Affordable Housing Corporation (TSAHC), a discrete component unit of the state, is authorized to issue statewide 501(c)(3) tax-exempt multifamily mortgage revenue bonds and revenue bonds - direct placements under Texas Government Code, Section 2306.555. The 501(c)(3) tax-exempt

Remaining bond authority has expired.

Conduit bond debt for the TDHCA (multifamily housing bonds) predates the implementation of note disclosure requirements and is reported in the financial statements.

Interest Rate Swaps

Effective interest rate swap agreements are considered hedging derivatives. The aggregate debt service requirements and associated net swap payments are detailed in this note. See Note 7 for additional information on derivatives.

Estimated Debt Service of Swap Payments

Using rates as of Aug. 31, 2019, the debt service requirements of the state's variable-rate, fixed-rate bonds and associated net swap payments were estimated and are presented in tables 6N and 6O.

Pay-Variable, Receive-Variable Interest Rate Swaps: Estimated Debt Service Requirements of Variable-Rate Debt Outstanding and Net Swap Payments

Table 6O
(Amounts in Thousands)

Year	Variable-Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2020	\$ 1,365	\$ 690	\$ (258)	\$ 1,797
2021	1,445	652	(244)	1,853
2022	1,535	611	(229)	1,917
2023	1,635	568	(213)	1,990
2024	1,735	522	(195)	2,062
2025-2029	10,435	1,812	(679)	11,568
2030-2034	7,810	362	(136)	8,036
Total	<u>\$ 25,960</u>	<u>\$ 5,217</u>	<u>\$ (1,954)</u>	<u>\$ 29,223</u>

The tables were prepared assuming current interest rates and swap index relationships remain the same for their terms. As rates and index relationships vary in the future, so will the resulting actual interest payments and net swap payments.

Pay-Fixed, Receive-Variable Interest Rate Swaps: Estimated Debt Service Requirements of Variable-Rate Debt Outstanding and Net Swap Payments

Table 6N
(Amounts in Thousands)

Year	Variable-Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2020	\$ 210,540	\$ 62,159	\$ 54,598	\$ 327,297
2021	218,630	60,004	51,667	330,301
2022	237,460	56,219	48,601	342,280
2023	226,745	52,343	45,265	324,353
2024	219,550	48,629	41,957	310,136
2025-2029	1,006,205	190,813	159,877	1,356,895
2030-2034	823,640	118,866	87,915	1,030,421
2035-2039	671,325	65,000	29,810	766,135
2040-2044	169,840	33,910	(54)	203,696
2045-2049	283,555	5,735	(423)	288,867
2050-2054	735	5	1	741
Total	<u>\$ 4,068,225</u>	<u>\$ 693,683</u>	<u>\$ 519,214</u>	<u>\$ 5,281,122</u>

Note 7

Derivative Instruments

Derivatives are financial instruments whose values are derived, in whole or part, from the value of any one or more underlying assets or index of asset values. Derivatives include swap contracts, futures contracts, options, options on futures contracts, forward contracts, rights and warrants.

Hedging derivatives are entered into to reduce the overall cost of borrowing long-term capital and protect against the risk of rising interest rates. The hedging derivatives primarily consist of interest rate swap agreements entered into in connection with long-term bonds. The derivative contracts enable the state to issue bonds at a cost less than what the state would have paid to issue conventional fixed rate debt.

Investment derivatives are entered into with the intention of managing transaction risk, reducing interest cost, or reducing currency exchange risk in purchasing, selling or holding investments. Ineffective hedges are also reported as investment derivatives.

Summary of Derivative Activity

The fair value of effective hedging derivatives is recorded as derivative instrument assets (positive fair value) and derivative instrument liabilities (negative fair value). The cumulative change in fair value of effective hedging derivatives is reported as deferred outflows of resources and deferred inflows of resources. The type of derivative instruments held by entity is shown in table 7A. The state's cumulative derivative activity as of Aug. 31, 2019, is summarized in table 7B. The notional amounts are presented in U.S. dollar equivalents.

Derivative Instruments by Entity and Type

Table 7A

Entity/Type of Derivative Instruments

Veterans Land Board (VLB)

Hedging and investment derivatives

Texas Department of Housing and Community Affairs (TDHCA)

Hedging derivatives

University of Texas System (UT)

Hedging and investment derivatives

Texas A&M University System (A&M)

Investment derivatives

Permanent School Fund (PSF) *

Investment derivatives

Teacher Retirement System of Texas (TRS)

Investment derivatives

Comptroller - Fiscal (CPA)

Investment derivatives

Comptroller Treasury - Fiscal (TREAS)

Investment derivatives

Office of Consumer Credit Commission (OCCC)

Investment derivatives

Texas Historical Commission (THC)

Investment derivatives

Texas Department of Agriculture (TDA)

Investment derivatives

Texas Tech University System (TTU)

Investment derivatives

Texas Woman's University (TWU) **

Investment derivatives

Midwestern State University (MSU) **

Investment derivatives

Stephen F. Austin State University (SFA) **

Investment derivatives

* The permanent school fund is jointly managed by the Texas Education Agency and the Texas General Land Office, but issues a separately audited stand-alone annual financial report.

** Stephen F. Austin, Midwestern State University, and Texas Woman's University invest funds in Texas A&M University System's investment pool which includes investment derivatives in the form of forward currency exchange contracts.

Summary of Derivative Activity

Table 7B

(Amounts in Thousands)

	Change in Fair Value	Fair Value	Notional Amount
GOVERNMENTAL ACTIVITIES			
<i>Investment Derivatives</i>			
Futures	\$ (16,208)	\$	\$ 261,759
Total Return Swaps	5,042	2,337	184,862
BUSINESS-TYPE ACTIVITIES			
<i>Cash Flow Hedges</i>			
Pay-Fixed Receive-Variable Interest Rate Swaps	\$ (384,523)	\$ (606,848) *	\$ 4,317,045
<i>Investment Derivatives</i>			
Pay-Fixed Receive-Variable Interest Rate Swaps	\$ (31,758)	\$ 44,223	\$ 4,092,013
Pay-Variable Receive-Fixed Interest Rate Swaps	(16,137)	(14,513)	928,498
Basis Swaps	30	(97)	25,960
Commodity Swaps	(208)	(208)	4,074
Credit Default Swaps	2,580	1,869	279,675
Currency Swaps	(432)	(432)	50,089
Equity Swaps	(10,317)	(8,397)	985,297
Fixed Income Swaps	(1,339)	(1,339)	15,000
Foreign Currency Forward	14,543	14,543	5,972,312
Futures	(9,028)		2,385,088
Options	(13,057)	5,205	633,544
Volatility Swaps	(778)	(898)	9,700
Total Return Swaps	(5,054)		(2,860)
FIDUCIARY ACTIVITIES			
<i>Investment Derivatives</i>			
Credit Default Swaps	\$ (5,048)	\$ 24,932	\$ 727,097
Forwards Contracts	174,588	38,001	(2,922,795)
Futures	400,342		9,906,996
Options	(29,433)	(14,557)	(23,652)
Interest Rate Swaps	219	(1,773)	(25,508)
Rights	(32)	13	13
Total Return Swaps	(40,081)	(5,254)	669,269
Warrants	(846)	871	3,857
DISCRETE COMPONENT UNITS			
<i>Investment Derivatives</i>			
Futures	\$ (1,066)	\$	\$ 28,026
Options	(1,118)	(104)	6,856
Total Return Swaps	(624)		(353)

* The \$606,848 fair value for cash flow hedges is reported as a hedging derivative liability.

Fair Value Measurement

Derivative instruments are recorded at fair value. The fair values of the interest rate swaps were determined using a combination of methods.

The University of Texas System (UT) has calculated the fair value of the interest rate swaps using a forecast

of expected discounted future net cash flows. UT continued to use the zero-coupon method in determining the fair values of their effective interest rate swaps, but also considered the nonperformance risk of the parties, as required by GASB Statement No. 72, *Fair Value Measurement and Application*. All UT's interest rate swaps are classified in Level 2 of the fair value hierarchy. Other swaps are fair valued by using independent broker quotes or using models with primarily externally verifiable model inputs and are also classified as Level 2.

The Veteran Land Board's (VLB) fair value measurements of its swap transactions were calculated by an independent third-party swap advisory consultant using the Income Approach, as described in GASB Statement No. 72. Using observable inputs from interest rate markets and credit default swap prices, the fair value measurements are determined based upon the present value of future implied cash flows. Since the inputs to these fair value measurements are observable from market data sources, they constitute Level 2 measurements, as described in GASB Statement No. 72.

Several of VLB's effective interest rate swaps contain a provision for the state to be "knocked out" of the swaps by the respective counterparties upon the breach of certain predetermined barriers. In each of these cases, VLB was paid an up-front option premium by the respective counterparties. With regard to the swap associated with Vet Land Tax Ref Bonds Series 2000 (now a part

of state of Texas Veterans Bonds, Taxable Refunding Series 2014B-3 attributable to bond refunding), the knock-out is permanent once the option is taken at the discretion of the counterparty. In the remainder of the swaps with knock-out provisions, the knock-out is mandatory and is periodic in nature, with the knock-out period corresponding only to the period during which the respective barrier is breached. The knock-out provisions are an integral part of the associated swaps and the fair values of the swaps include the effects of the knock-outs.

Texas Department of Housing and Community Affairs (TDHCA) adopted the Income Approach from GASB Statement No. 72 in the fair value measurement of their derivative instruments. Using observable inputs of interest rate markets and municipal bond yields, the fair value measurement is based on the present value of future implied cash flows reflective of nonperformance risk. All TDHCA's derivative instruments are classified in Level 2 of the fair value hierarchy.

Hedging Derivatives

The state entered into interest rate swap agreements with various counterparties, all of which are highly rated financial institutions, to manage various risks asso-

ciated with the state's debt programs. Each of the state's interest rate swaps is a contractual agreement entered into between the state and a counterparty under which each party agrees to exchange periodic fixed or variable payments, based upon a stated notional amount, over the stated life of the agreement. The net differential paid or received is recognized over the life of the agreement as an adjustment to interest expense. Interest rate swaps determined to be hedging derivatives are designated as cash flow hedges. In fiscal 2019 all cash flow hedges were pay-fixed interest rate swaps. The combination of these swaps and variable-rate bonds creates synthetic fixed-rate debt. The use of synthetic fixed-rate debt has historically lowered the state's borrowing costs, as compared to the borrowing costs associated with the issuance of traditional fixed-rate bonds.

Significant Terms and Credit Ratings

The significant terms and credit ratings of the state's hedging derivatives as of Aug. 31, 2019, are presented in table 7C. The variable rates are quoted in terms of a percentage of the London Interbank Offered Rate (LIBOR) or Securities Industry and Financial Markets Association (SIFMA) municipal swap or United States Federal Funds (USDFF) index rates as noted. Standard & Poor's and Moody's Investors Service credit ratings are disclosed for each swap.

Hedging Interest Rate Swaps: Significant Terms and Credit Ratings

Table 7C

(Amounts in Thousands)

Associated Bond Issue	Notional Amount	Effective Date	Maturity Date	Term
VETERANS LAND BOARD – PAY-FIXED, RECEIVE-VARIABLE INTEREST				
RATE SWAPS				
Vet Land Ref Bds Ser '99A	\$	06/01/1999	12/01/2018	Pay 5.112%; receive 68% of 6M LIBOR
Vet Hsg Fund II Bds Ser 2001A-2	20,000	03/22/2001	12/01/2029	Pay 4.259%; receive 68% of 1M LIBOR
Vet Hsg Fund II Bds Ser 2001C-2	23,465	12/18/2001	12/01/2033	Pay 4.365%; receive 68% of 1M LIBOR
Vet Land Bds Ser 2002	12,580	02/21/2002	12/01/2032	Pay 4.14%; receive 68% of 1M LIBOR
Vet Hsg Fund II Bds Ser 2002A-2	23,045	07/10/2002	06/01/2033	Pay 3.8725%; receive 68% of 1M LIBOR
Vet Hsg Fund II Bds Ser 2003A	19,650	03/04/2003	06/01/2034	Pay 3.304%; receive 68% of 1M LIBOR
Vet Hsg Fund II Bds Ser 2003B	20,835	10/22/2003	06/01/2034	Pay 3.403%; receive 64.5% of 1M LIBOR
Vet Hsg Fund II Bds Ser 2004B	23,195	09/15/2004	12/01/2034	Pay 3.68%; receive 68% of 1M LIBOR
Vet Hsg Fund II Bds Ser 2005A	22,835	02/24/2005	06/01/2035	Pay 3.279%; receive 68% of 1M LIBOR
Vet Hsg Fund II Bds Ser 2006A	25,545	06/01/2006	12/01/2036	Pay 3.517%; receive 68% of 1M LIBOR
Vet Hsg Fund II Bds Ser 2006D	26,785	09/20/2006	12/01/2036	Pay 3.689%; receive 68% of 1M LIBOR
Vet Hsg Fund II Bds Ser 2007A	27,135	02/22/2007	06/01/2037	Pay 3.645%; receive 68% of 1M LIBOR
Vet Hsg Fund II Bds Ser 2007B	28,340	06/26/2007	06/01/2038	Pay 3.712%; receive 68% of 1M LIBOR
Vet Hsg Fund II Bds Ser 2008A	28,580	03/26/2008	12/01/2038	Pay 3.189%; receive 68% of 1M LIBOR
Vet Hsg Fund II Bds Ser 2008B	29,675	09/11/2008	12/01/2038	Pay 3.225%; receive 68% of 1M LIBOR
Vet Bds Ser 2010C	52,010	08/20/2010	12/01/2040	Pay 2.3095%; receive 68% of 3M LIBOR
Vet Bds Ser 2011A	51,610	03/09/2011	06/01/2041	Pay 2.675%; receive 68% of 3M LIBOR
Vet Bds Ser 2011B	52,655	08/25/2011	12/01/2041	Pay 2.367%; receive 68% of 3M LIBOR
Vet Bds Ser 2011C	53,630	12/15/2011	06/01/2042	Pay 1.917%; receive 68% of 3M LIBOR
Vet Bds Ser 2012A	53,420	05/23/2012	12/01/2042	Pay 1.692%; receive 68% of 3M LIBOR
Vet Bds Ser 2012B	70,400	11/01/2012	12/01/2042	Pay 1.447%; receive 68% of 3M LIBOR
Vet Bds Ser 2013A	75,810	03/20/2013	06/01/2043	Pay 1.7%; receive 68% of 3M LIBOR
Vet Bds Ser 2013B	114,935	08/22/2013	12/01/2043	Pay 2.145%; receive 68% of 1M LIBOR
Vet Hsg Fund II Tax Ref Bds Ser 2013C	27,925	12/01/2006	12/01/2026	Pay 5.461%; receive 100% of 1M LIBOR
Vet Hsg Fund II Tax Ref Bds Ser 2013C	24,360	12/01/2007	06/01/2029	Pay 4.658%; receive 100% of 1M LIBOR
Vet Hsg Fund II Tax Ref Bds Ser 2013C	5,015	12/01/2009	12/01/2021	Pay 6.22%; receive 100% of 6M LIBOR
Vet Hsg Fund II Tax Ref Bds Ser 2013C	48,400	12/01/2009	06/01/2031	Pay 5.4525%; receive 100% of 6M LIBOR
Vet Bds Ser 2014A	119,005	03/03/2014	06/01/2044	Pay 2.179%; receive 68% of 1M LIBOR
Vet Hsg Fund I Tax Ref Bds Ser 2014B-1	11,400	12/01/2003	06/01/2021	Pay 5.19%; receive 100% of 6M LIBOR
Vet Hsg Fund I Tax Ref Bds Ser 2014B-1	11,170	06/01/2004	12/01/2024	Pay 5.45%; receive 100% of 6M LIBOR
Vet Hsg Fund II Tax Ref Bds Ser 2014B-1 & B-2	4,630	12/01/2004	06/01/2020	Pay 5.348%; receive 100% of 1M LIBOR
Vet Hsg Fund I Tax Ref Bds Ser 2014B-1	7,400	12/01/2005	12/01/2023	Pay 4.929%; receive 100% of 1M LIBOR
Vet Hsg Fund I/II Tax Ref Bds Ser 2014B-1 & C-2	14,720	12/01/2005	06/01/2026	Pay 5.145%; receive 100% of 1M LIBOR
Vet Land Tax Ref Bds Ser 2014B-3	10,340	12/01/2000	12/01/2020	Pay 6.106%; receive 100% of 6M LIBOR
Vet Land Tax Ref Bds Ser 2014B-3	13,220	12/01/2005	12/01/2026	Pay 6.517%; receive 100% of 6M LIBOR
Vet Hsg Fund I Tax Ref Bds Ser 2014C-1	9,120	12/01/2002	06/01/2023	Pay 4.91%; receive 100% of 6M LIBOR
Vet Hsg Fund I Tax Ref Bds Ser 2014C-1	18,000	08/01/2012	12/01/2033	Pay 3.76%; receive 68% of 1M LIBOR
Vet Hsg Fund II Tax Ref Bds Ser 2014C-2	27,010	06/01/2006	12/01/2026	Pay 5.83%; receive 100% of 1M LIBOR
Vet Hsg Fund II Tax Ref Bds Ser 2014C-2	12,935	06/01/2006	12/01/2027	Pay 5.79%; receive 100% of 6M LIBOR
Vet Hsg Fund II Tax Ref Bds Ser 2014C-2	51,215	06/01/2010	12/01/2031	Pay 5.401%; receive 100% of 1M LIBOR

* PUF stands for permanent university fund and RFS stands for revenue financing system.

Continued on the following page

Hedging Interest Rate Swaps: Significant Terms and Credit Ratings (continued)

Table 7C

(Amounts in Thousands)

Associated Bond Issue	Knock-Out Barrier	Up Front Premium Received	Counterparty Credit Ratings
VETERANS LAND BOARD – PAY-FIXED, RECEIVE-VARIABLE INTEREST			
RATE SWAPS			
Vet Land Ref Bds Ser '99A	N/A	\$	BBB+ / Baa1
Vet Hsg Fund II Bds Ser 2001A-2	N/A		BBB+ / A3
Vet Hsg Fund II Bds Ser 2001C-2	N/A		AA- / Aa2
Vet Land Bds Ser 2002	N/A		BBB+ / A3
Vet Hsg Fund II Bds Ser 2002A-2	N/A		A+ / Aa2
Vet Hsg Fund II Bds Ser 2003A	N/A		A+ / Aa2
Vet Hsg Fund II Bds Ser 2003B	N/A		AA- / Aa2
Vet Hsg Fund II Bds Ser 2004B	N/A		A+ / Aa2
Vet Hsg Fund II Bds Ser 2005A	N/A		AA- / Aa2
Vet Hsg Fund II Bds Ser 2006A	N/A		AA / Aa3
Vet Hsg Fund II Bds Ser 2006D	N/A		A+ / Aa3
Vet Hsg Fund II Bds Ser 2007A	N/A		AA- / Aa2
Vet Hsg Fund II Bds Ser 2007B	N/A		A+ / Aa2
Vet Hsg Fund II Bds Ser 2008A	N/A		AA / Aa3
Vet Hsg Fund II Bds Ser 2008B	N/A		AA- / Aa2
Vet Bds Ser 2010C	N/A		BBB+ / A3
Vet Bds Ser 2011A	N/A		BBB+ / A3
Vet Bds Ser 2011B	N/A		BBB+ / A3
Vet Bds Ser 2011C	N/A		AA- / Aa2
Vet Bds Ser 2012A	N/A		AA- / Aa2
Vet Bds Ser 2012B	N/A		AA- / Aa2
Vet Bds Ser 2013A	N/A		AA- / Aa2
Vet Bds Ser 2013B	N/A		AA- / Aa2
Vet Hsg Fund II Tax Ref Bds Ser 2013C	1M LIBOR >= 7.00%; 6M LIBOR > 4.00% and SIFMA/LIBOR Ratio > 74%	2,652 1,018	A+ / Aa2
Vet Hsg Fund II Tax Ref Bds Ser 2013C	1M LIBOR >= 7.00%; SIFMA/5Y ISDA CMS > 71%	935 1,020	A+ / Aa2
Vet Hsg Fund II Tax Ref Bds Ser 2013C	6M LIBOR >= 7.00%	612	A+ / Aa2
Vet Hsg Fund II Tax Ref Bds Ser 2013C	6M LIBOR >= 7.00%	2,740	A+ / Aa2
Vet Bds Ser 2014A	N/A		A+ / Aa2
Vet Hsg Fund I Tax Ref Bds Ser 2014B-1	6M LIBOR > 7.00%	4,470	AA- / Aa2
Vet Hsg Fund I Tax Ref Bds Ser 2014B-1	6M LIBOR >= 7.00%	1,442	A+ / Aa2
Vet Hsg Fund II Tax Ref Bds Ser 2014B-1 & B-2	1M LIBOR >= 7.00%	2,594	A+ / Aa2
Vet Hsg Fund I Tax Ref Bds Ser 2014B-1	1M LIBOR >= 7.00%; 6M LIBOR > 4.00% and SIFMA/LIBOR Ratio > 74%	484 267	A+ / Aa2
Vet Hsg Fund I/II Tax Ref Bds Ser 2014B-1 & C-2	1M LIBOR >= 7.00%; 6M LIBOR > 4.00% and SIFMA/LIBOR Ratio > 74%	1,367 567	A+ / Aa2
Vet Land Tax Ref Bds Ser 2014B-3	1M LIBOR >= 7.00%	2,700	AA- / Aa2
Vet Land Tax Ref Bds Ser 2014B-3	6M LIBOR >= 7.00%	1,542	A+ / Aa2
Vet Hsg Fund I Tax Ref Bds Ser 2014C-1	6M LIBOR > 7.00%	2,165	AA- / Aa2
Vet Hsg Fund I Tax Ref Bds Ser 2014C-1	1M LIBOR >= 7.00%	579	AA / Aa3
Vet Hsg Fund II Tax Ref Bds Ser 2014C-2	1M LIBOR >= 7.00%	1,992	A+ / Aa2
Vet Hsg Fund II Tax Ref Bds Ser 2014C-2	6M LIBOR >= 7.00%	1,493	A+ / Aa2
Vet Hsg Fund II Tax Ref Bds Ser 2014C-2	1M LIBOR >= 7.00%; 6M LIBOR > 4.00% and SIFMA/LIBOR Ratio > 74%	2,355 1,427	A+ / Aa2

* PUF stands for permanent university fund and RFS stands for revenue financing system.

Continued on the following page

Hedging Interest Rate Swaps: Significant Terms and Credit Ratings (continued)

Table 7C

(Amounts in Thousands)

Associated Bond Issue	Notional Amount	Effective Date	Maturity Date	Term
VETERANS LAND BOARD – PAY-FIXED, RECEIVE-VARIABLE INTEREST RATE SWAPS (concluded)				
Vet Hsg Fund II Tax Ref Bds Ser 2014C-2	\$ 23,325	12/01/2010	06/01/2032	Pay 2.79%; receive 100% of 1M LIBOR
Vet Land Tax Ref Bds Ser 2014C-3	17,705	06/01/2006	12/01/2027	Pay 6.54%; receive 100% of 6M LIBOR
Vet Land Tax Ref Bds Ser 2014C-3	12,005	12/01/2010	12/01/2030	Pay 5.209%; receive 100% of 1M LIBOR
Vet Land Tax Ref Bds Ser 2014C-4	13,830	12/01/2002	12/01/2021	Pay 4.935%; receive 100% of 6M LIBOR
Vet Land Tax Ref Bds Ser 2014C-4	10,195	12/01/2003	12/01/2023	Pay 5.123%; receive 100% of 1M LIBOR
Vet Land Tax Ref Bds Ser 2014C-4	12,410	12/01/2004	12/01/2024	Pay 5.455%; receive 100% of 6M LIBOR
Vet Land Tax Ref Bds Ser 2014C-4	14,010	06/01/2006	12/01/2026	Pay 4.61%; receive 100% of 6M LIBOR
Vet Land Tax Ref Bds Ser 2014C-4	23,435	12/01/2006	12/01/2027	Pay 6.513%; receive 100% of 1M LIBOR
Vet Bds Ser 2014D	81,005	09/10/2014	06/01/2045	Pay 1.9395%; receive 68% of 1M LIBOR
Vet Bds Ser 2015A	102,185	02/11/2015	06/01/2045	Pay 1.51%; receive 68% of 1M LIBOR
Vet Bds Ser 2015B	107,595	07/22/2015	06/01/2046	Pay 1.771%; receive 68% of 1M LIBOR
Vet Bds Ser 2016	206,560	12/01/2016	12/01/2046	Pay 1.564%; receive 68% of 1M LIBOR
Vet Bds Ser 2017	226,500	08/01/2017	12/01/2047	Pay 1.175%; receive 68% of 1M LIBOR + 0.085%
Vet Bds Ser 2018	247,535	04/01/2019	12/01/2049	Pay 2.0745%; receive 72% of 1M LIBOR
Vet Bds Ser 2019	249,275	12/01/2019	06/01/2050	Pay 1.851%; receive 65% of USD Fed Funds + 0.24%
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS – PAY-FIXED, RECEIVE-VARIABLE INTEREST RATE SWAPS				
2004B Single Family	18,730	03/01/2014	09/01/2034	Pay 3.67%; receive 65.5% of LIBOR + .20%
2004D Single Family	13,290	01/01/2005	03/01/2035	Pay 3.08%; receive Lesser of (the greater of (a) 65% of LIBOR and (b) 56% of LIBOR + .45% and LIBOR
2005A Single Family	19,095	08/01/2005	09/01/2036	Pay 4.01%; receive Lesser of (the greater of (a) 65% of LIBOR and (b) 56% of LIBOR + .45% and LIBOR
2007A Single Family	20,155	06/05/2007	09/01/2038	Pay 4.01%; receive Lesser of (the greater of (a) 65% of LIBOR and (b) 56% of LIBOR + .45% and LIBOR
UNIVERSITY OF TEXAS SYSTEM – PAY-FIXED, RECEIVE-VARIABLE INTEREST RATE SWAPS*				
RFS Bonds 2007B	163,170	12/20/2007	08/01/2034	Pay 3.805%; receive SIFMA
RFS Bonds 2007B	163,170	12/20/2007	08/01/2034	Pay 3.805%; receive SIFMA
PUF Bonds 2008A	179,180	11/03/2008	07/01/2038	Pay 3.696%; receive SIFMA
PUF Bonds 2008A	179,180	11/03/2008	07/01/2038	Pay 3.6575%; receive SIFMA
RFS Bonds 2008B	115,645	03/18/2008	08/01/2036	Pay 3.9%; receive SIFMA
RFS Bonds 2008B	115,645	03/18/2008	08/01/2036	Pay 3.9%; receive SIFMA
RFS Bonds 2008B	238,370	03/18/2008	08/01/2039	Pay 3.614%; receive SIFMA
RFS Bonds 2016G	250,000	12/01/2016	08/01/2045	Pay 2.000%; receive 100% of 1M LIBOR
RFS Bonds 2020A	250,000	11/01/2020	08/01/2049	Pay 1.576%; receive 100% of 1M LIBOR

* PUF stands for permanent university fund and RFS stands for revenue financing system.

Concluded on the following page

Hedging Interest Rate Swaps: Significant Terms and Credit Ratings (concluded)

Table 7C

(Amounts in Thousands)

Associated Bond Issue	Knock-Out Barrier	Up Front Premium Received	Counterparty Credit Ratings
VETERANS LAND BOARD – PAY-FIXED, RECEIVE-VARIABLE INTEREST RATE SWAPS (concluded)			
Vet Hsg Fund II Tax Ref Bds Ser 2014C-2	N/A		AA- / Aa2
Vet Land Tax Ref Bds Ser 2014C-3	6M LIBOR \geq 7.00%	\$ 1,931	A+ / Aa2
Vet Land Tax Ref Bds Ser 2014C-3	1M LIBOR \geq 7.00%; 6M LIBOR $>$ 4.00% and SIFMA/LIBOR Ratio $>$ 74%	\$ 466 \$ 208	A+ / Aa2
Vet Land Tax Ref Bds Ser 2014C-4	6M LIBOR \geq 7.00%	\$ 2,785	BBB+ / A3
Vet Land Tax Ref Bds Ser 2014C-4	1M LIBOR \geq 7.00%	\$ 1,896	A+ / Aa2
Vet Land Tax Ref Bds Ser 2014C-4	6M LIBOR \geq 7.00%	\$ 2,075	BBB+ / A3
Vet Land Tax Ref Bds Ser 2014C-4	6M LIBOR \geq 7.00%	\$ 886	AA- / Aa2
Vet Land Tax Ref Bds Ser 2014C-4	1M LIBOR \geq 7.00%	\$ 2,725	A+ / Aa2
Vet Bds Ser 2014D	N/A		AA- / Aa2
Vet Bds Ser 2015A	N/A		BBB+ / A3
Vet Bds Ser 2015B	N/A		A+ / Aa2
Vet Bds Ser 2016	N/A		A+ / Aa2
Vet Bds Ser 2017	N/A		A+ / Aa3
Vet Bds Ser 2018	N/A		AA- / Aa2
Vet Bds Ser 2019	N/A		A+ / Aa3
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS – PAY-FIXED, RECEIVE-VARIABLE INTEREST RATE SWAPS			
2004B Single Family	N/A		AA- (Stable) / Aa2 (Stable)
2004D Single Family	N/A		A+ (Stable) / A1 (Stable)
2005A Single Family	N/A		A+ (Stable) / Aa2 (Stable)
2007A Single Family	N/A		A+ (Stable) / Aa2 (Stable)
UNIVERSITY OF TEXAS SYSTEM – PAY-FIXED, RECEIVE-VARIABLE INTEREST RATE SWAPS*			
RFS Bonds 2007B	N/A		Aa2 / A+
RFS Bonds 2007B	N/A		Aa2 / A+
PUF Bonds 2008A	N/A		Aa2 / A+
PUF Bonds 2008A	N/A		Aa3 / A+
RFS Bonds 2008B	N/A		Aa2 / A+
RFS Bonds 2008B	N/A		A3 / BBB+
RFS Bonds 2008B	N/A		Aa2 / A+
RFS Bonds 2016G	N/A		Aa3 / A+
RFS Bonds 2020A	N/A		Aa3 / A+

* PUF stands for permanent university fund and RFS stands for revenue financing system.

Risks

Credit Risk: The state is exposed to credit risk if the counterparty to an interest rate swap fails to meet the terms and obligations of its contracts. The state mitigates the credit risk associated with its swaps by entering into transactions with a diversified group of highly-rated counterparties. The interest rate swap agreements also contain varying collateral agreements and insurance policies with the counterparties. Posted collateral may be held either by the state itself or by a quality third party custodian. Swap contracts with a negative fair value do not expose the state to credit risk. As of Aug. 31, 2019, the state was not exposed to credit risk because the swaps recorded in the positive position were offset by other swaps with negative fair values.

Interest Rate Risk: On the pay-fixed, receive-variable interest rate swaps, as LIBOR, SIFMA, or USDFR rates municipal swap index decrease, the state's net payment on the swap increases. For the related hedged variable-rate debt, as LIBOR, SIFMA, or USDFR rates municipal swap index decreases, the state's interest payments on the bonds decrease. The value of interest rate swap agreements with a longer weighted average maturity tend to be more sensitive to changing interest rates, and therefore, more volatile than those with shorter maturities.

Basis Risk: The state is exposed to basis risk to the extent that the interest payments on its variable-rate bonds do not match the variable-rate payments received on the associated swaps. The state mitigates this risk by matching the notional amount and amortization schedule of each swap to the principal amount and amortization schedule of each associated variable-rate bond issue and by selecting an index for the variable-rate leg of each swap that is reasonably expected to closely match the interest rate resets on the associated variable-rate bonds over the life of each bond issue. Additionally, tax-exempt interest rates can change without a corresponding change in taxable interest rates due to factors affect-

ing the tax-exempt market that do not have a similar effect on the taxable market.

Termination Risk: Termination risk is the risk that the swap may be terminated prior to its scheduled maturity date as a result of certain specified events. The swap associated with the Vet Land Tax Ref Bonds Series 2000 (now a part of state of Texas Veterans Bonds, Taxable Refunding Series 2014B-3 attributable to bond refunding) provides the counterparty with the option to terminate the swap under certain conditions.

The state or the counterparties may terminate any of the swaps if the other party fails to perform under the terms of the respective swap agreements. If any of the swaps are terminated, the associated variable-rate bonds would no longer have a synthetic fixed-rate and the state would be subject to interest rate risk to the extent that the variable-rate bonds were not hedged with another swap or with variable-rate assets. At termination, if the fair value of the swap is negative, the state would owe the counterparty a termination payment equal to the swap's negative fair value; however, if the fair value of the swap is positive, the counterparty would owe the state a termination payment equal to the swap's positive fair value.

Several swap agreements include optional early termination provisions granting the state the right, but not an obligation, to terminate the interest rate swaps at par without a termination payment after an effective date or after the breach of certain counterparty credit ratings.

Rollover Risk: Rollover risk is the risk caused by a mismatch between the amortization of a derivative contract and the underlying hedged bonds. The maturity dates of the state's effective interest rate swaps were designed to extend to the maturity dates of the underlying bonds. However, in the case of the swap associated with the Vet Land Tax Ref Bonds Series 2000 (now a part of state of Texas Veterans Bonds, Taxable Refunding Series 2014B-3 attributable to bond refunding) the

state will be subject to rollover risk if the counterparty exercises the option to terminate the swap contract.

Market-access Risk: Each swap associated with underlying variable-rate debt subject to tender at the option of the bondholder is subject to market-access risk. In the event the state is unable to remarket its variable-rate bonds, the state may choose to refund the variable-rate bonds with fixed-rate bonds and optionally terminate the related interest rate swap agreements. If an early termination event occurs, the state could be required to pay or to receive a substantial termination payment.

Swap Payments and Associated Debt

Aggregate debt service requirements of the state's variable-rate debt and net receipts/payments on associated hedging derivative instruments are disclosed in Note 6.

Contingent Features

Some of the state's derivative instruments include provisions that require the posting of collateral in the event that the contracting agency's credit rating falls below a specified level as issued by Standard & Poor's and Moody's Investor Service. If the contracting agency fails to post eligible collateral, the derivative instrument may be terminated by the counterparty. Note 15 discloses detail about derivatives with contingent features.

Investment Derivatives

Investment derivatives expose the state to certain investment related risks. Note 3 discloses detail about the state's investment derivatives.

Note 8

Leases

The state leases office buildings, computer and office equipment and other assets under a variety of agreements. Although lease terms vary, most leases are subject to biennial appropriation from the Legislature to continue the lease obligations.

Operating Leases

Operating lease payments are recorded as expenditures or expenses during the life of the lease. Rental expenditures or expenses related to operating leases for the year ended Aug. 31, 2019, are \$468.9 million for the primary government, \$2.6 million for discrete component units and \$5.3 million for fiduciary funds. Table 8A presents minimum future rental obligations on non-cancelable operating leases as of Aug. 31, 2019.

Noncancelable Operating Lease Obligations

Table 8A

August 31, 2019 (Amounts in Thousands)

Year	Minimum Future Lease Payments		
	Primary Government	Component Units	Fiduciary Funds
2020	\$ 374,430	\$ 2,242	\$ 2,755
2021	319,094	1,944	1,984
2022	253,722	1,871	749
2023	190,213	533	382
2024	146,931	237	345
2025-2029	360,187	461	862
2030-2034	49,241		
2035-2039	40,505		
2040-2044	43,526		
2045-2049	38,631		
2050 and beyond	4,576		
Total	<u>\$ 1,821,056</u>	<u>\$ 7,288</u>	<u>\$ 7,077</u>

Additionally, the permanent school fund (PSF), the University of Texas System (UT), the Texas A&M University System (A&M), the Texas Tech University System (TTU) and the University of North Texas System

(UNT) have leased buildings, equipment and land to outside parties under various operating leases. Table 8B presents estimated future lease rental income on non-cancelable operating leases as of Aug. 31, 2019.

Noncancelable Operating Lease Rental Income			
Table 8B			
August 31, 2019 (Amounts in Thousands)			
Year	Minimum Future Lease Rental Income		
	Primary Government	Component Units	Fiduciary Funds
2020	\$ 50,180	\$ 371	\$ 41
2021	41,302	107	41
2022	37,659	14	46
2023	32,061		46
2024	28,235		46
2025 and beyond	784,257		265
Total	<u>\$ 973,694</u>	<u>\$ 492</u>	<u>\$ 485</u>

The carrying value of PSF's leased assets is \$225.9 million. The historical cost of PSF's leased buildings is \$11 million and related accumulated depreciation is \$1.8 million. The historical cost of PSF's leased land is \$216.7 million. Depreciation is not recorded on most of PSF's assets because they are held for investment purposes in a permanent fund. Real estate investments are reappraised periodically and the carrying amounts are adjusted when permanent impairments occur. In fiscal 2019, PSF reported contingent rental revenues in the amount of \$2.6 million.

As of Aug. 31, 2019, the carrying value of UT's leased assets is \$195 million. The historical cost of UT's leased buildings is \$253.9 million and related accumulated depreciation is \$78.3 million. The historical cost of UT's leased land is \$19.4 million. UT reported contingent rental revenues of \$459 thousand.

As of Aug. 31, 2019, the carrying value of A&M's leased assets is \$76 million. The historical cost of A&M's leased buildings is \$143.2 million and related accumulated depreciation is \$68 million. The historical

cost of A&M's leased equipment is \$15 thousand and related accumulated depreciation is \$15 thousand. The historical cost of A&M's leased land is \$876.4 thousand.

As of Aug. 31, 2019, the carrying value of Tech's leased assets is \$37.6 million. The historical cost of Tech's leased buildings is \$61.7 million and the related accumulated depreciation is \$24.4 million. The historical cost of Tech's leased land is \$294 thousand.

As of Aug. 31, 2019, the carrying value of UNT's leased assets is \$32.5 million. The historical cost of UNT's leased buildings is \$35.2 million and the related accumulated Depreciation is \$6.7 million. The historical cost of UNT's leased infrastructure is \$10.7 million and the related accumulated depreciation is \$6.7 million.

Capital Leases

Leases that are purchases in substance are reported as capital lease obligations. The capital assets are recorded at the present value of the future minimum lease payments at the inception of the lease plus any cash paid or trade-in value received.

For governmental and business-type activities, the assets and liabilities are recorded in the government-wide financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, defines debt and establishes additional financial statement note disclosure requirements related to debt obligations of state agencies.

Texas State Technical College (TSTC) has entered into long-term leases for financing the purchase of certain capital assets. Such leases are classified as capital leases - direct borrowings for accounting purposes and are recorded at the present value of the future minimum lease payments at the inception of the lease. Financing leases are secured by the underlying assets being leased.

In fiscal 2018, Texas Tech University (TTU) entered into a direct borrowing agreement for a capital lease with TCF Equipment Finance (TCF) for turf maintenance equipment to be used at the Rawls Golf Course, which is collateralized by this equipment. In the event of default, TCF has the option to declare outstanding and future payments due immediately, assess related interest and payment collection costs and require the return of the equipment, and/or accelerate payments on or terminate any other agreements with TTU. TTU may only terminate early without liability for future payments upon the occurrence of a non-appropriation event and would surrender its right to the equipment and any related proceeds. This agreement was previously reported as a capital lease obligation in fiscal 2018.

A&M has various leases for the purchase of vehicles, software, and equipment where the A&M takes ownership at the end of the lease. These direct financing

arrangements are reported as Notes from Direct Borrowings. The related assets are capitalized at the present value of future minimum payments.

The outstanding notes from direct borrowings related to equipment and software contain provisions where, in the event of default, all remaining payments may be declared immediately due or the lessor may repossess the assets.

The financing arrangements for capital improvements contain provisions that, in the event of default, the lessor has the right to take one or any combination of several options. These options include demand immediate payment for all remaining payments, retake possession of the equipment, require the A&M to sell the assets and remit proceeds to the lessor or terminate the escrow agreement and apply any proceeds to the rental payments.

Table 8C is a summary of the future minimum lease payments for capital leases.

Future Capital Lease Payments									
Table 8C									
August 31, 2019 (Amounts in Thousands)									
Year	Primary Government						Discretely Presented Component Units		
	Governmental Activities			Business-Type Activities			Principal	Interest	Total Future Minimum Lease Payments
	Principal	Interest	Total Future Minimum Lease Payments	Principal	Interest	Total Future Minimum Lease Payments			
2020	\$ 4,010	\$ 7	\$ 4,017	\$ 7,720	\$ 5,929	\$ 13,649	\$ 38	\$ 2	\$ 40
2021	3,981	7	3,987	7,776	6,283	14,059			
2022	3,949		3,949	7,794	6,045	13,839			
2023	4,503		4,503	9,268	5,726	14,994			
2024				9,697	5,335	15,032			
2025-2029				58,014	19,821	77,835			
2030-2034				62,272	5,730	68,002			
Total	<u>\$ 16,443</u>	<u>\$ 14</u>	<u>\$ 16,456</u>	<u>\$ 162,541</u>	<u>\$ 54,869</u>	<u>\$ 217,410</u>	<u>\$ 38</u>	<u>\$ 2</u>	<u>\$ 40</u>

Future Capital Lease – Direct Borrowings/Placements Payments			
Table 8C			
August 31, 2019 (Amounts in Thousands)			
Year	Primary Government		
	Principal	Interest	Total Future Minimum Lease Payments
2020	\$ 12,058	\$ 3,648	\$ 15,706
2021	10,579	3,246	13,825
2022	9,356	2,917	12,273
2023	7,708	2,605	10,313
2024	19,196	9,609	28,805
2025-2029	40,907	6,730	47,637
Total	<u>\$ 99,804</u>	<u>\$ 28,755</u>	<u>\$ 128,559</u>

Table 8D presents an analysis of the property recorded under capital leases by asset category at Aug. 31, 2019.

Assets Under Capital Leases						
Table 8D						
August 31, 2019 (Amounts in Thousands)						
Type	Primary Government				Discretely Presented Component Units	
	Governmental Activities		Business-Type Activities		Assets under Capital Lease	Accumulated Depreciation
	Assets under Capital Lease	Accumulated Depreciation	Assets under Capital Lease	Accumulated Depreciation		
Land	\$	\$	\$ 11	\$	\$	\$
Buildings			21,424	(6,270)		
Furniture and Equipment	35,373	(32,292)	11,363	(2,677)	241	(178)
Vehicles, Boats, Aircraft	83	(31)	2,311	(503)		
Computer Software	1,395	(209)	14,204	(6,901)		
Other Assets			148,943	(9,102)		
Total	<u>\$ 36,851</u>	<u>\$(32,532)</u>	<u>\$ 198,256</u>	<u>\$(25,453)</u>	<u>\$ 241</u>	<u>\$ (178)</u>

Note 9

Retirement Plans

Defined Benefit Pension Plans

The state of Texas has three retirement systems in its financial reporting entity - Employees Retirement System of Texas (ERS), Teacher Retirement System of Texas (TRS) and Texas Emergency Services Retirement System (TESRS). These three retirement systems administer the following six defined benefit pension plans:

- ERS - the Employees Retirement System of Texas Plan (ERS Plan), the Law Enforcement and Custodial Officer Supplemental Retirement Plan (LECOS Plan), the Judicial Retirement System of Texas Plan One (JRS1 Plan) and Judicial Retirement System of Texas Plan Two (JRS2 Plan);
- TRS - the Teacher Retirement System of Texas Plan (TRS Plan); and
- TESRS - the Texas Emergency Services Retirement System Plan (TESRS Plan).

ERS, LECOS, JRS2, TRS and TESRS Plans are administered through trust; JRS1 Plan is operated on a pay-as-you-go basis.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended Aug. 31, 2019, the state recognized pension expense of \$6.9 billion. Of this amount, \$4.1 billion was incurred as an employer and \$2.8 billion as a non-employer contributing entity. The reported deferred outflows of resources and deferred inflows of resources related to pensions are identified in Note 27.

Employees Retirement System of Texas (ERS)

The board of trustees of ERS is the administrator of the ERS, LECOS, JRS1 and JRS2 Plans that provide a standard monthly benefit in a life annuity at retirement and death and disability benefits for members. Each of these four plans is considered a single employer defined benefit plan under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The benefit and

contribution provisions of the ERS Plans are authorized by state law and may be amended by the Legislature.

Employees Retirement System of Texas Plan (ERS Plan)

In addition to the state of Texas, the ERS Plan includes employers that are component units of the state. ERS and the Texas Treasury Safekeeping Trust company, which are blended component units, and the State Bar of Texas, which is a discrete component unit, are also employers of the ERS Plan. Pension activity for the ERS Plan is reported in governmental activities in the state's basic financial statements. Additionally, due to immateriality, separate disclosure for the State Bar of Texas is not presented.

The ERS Plan covers members in employee and elected classes. Employee class includes employees and appointed officers of the agencies of the state of Texas except those who are included in the coverage of TRS, JRS1 and JRS2 Plans. Elected class includes elected state officials not included in the coverage of the JRS1 and JRS2 Plans, members of the Legislature and district and criminal district attorneys.

The monthly benefit may vary by membership class.

The monthly standard annuity of the employee class is determined by a statutory percentage of 2.3 percent of a member's average monthly compensation multiplied by number of years of service credit. The average monthly compensation of the employee class may vary depending on the hire date. For members hired on or before Aug. 31, 2009, the average monthly compensation is the average of the highest 36 months of compensation. For members hired on or after Sept. 1, 2009 and before Sept. 1, 2013, the average monthly compensation is the average of the highest 48 months of compensation. For members hired on or after Sept. 1, 2013, the average monthly compensation is the average of the highest 60 months of compensation.

The monthly standard annuity of the elected class equals the statutory percentage of 2.3 percent of the current state salary of a district judge multiplied by the number of years of service credit. Retirement benefits are automatically adjusted as state judicial salaries change.

ERS issues a stand-alone audited Comprehensive Annual Financial Report (CAFR). Information on vesting and tier requirements may be obtained from ERS' CAFR:

Employees Retirement System of Texas
200 E. 18th Street
Austin, Texas 78701

Law Enforcement and Custodial Officer Supplemental Retirement Plan (LECOS Plan)

The LECOS Plan provides a supplemental retirement benefit to some employees in the ERS employee class.

The LECOS Plan covers custodial officers who are certified in accordance with the statutory requirements as having a normal job assignment that requires frequent or infrequent regularly planned contact with inmates managed by hiring institutions. The plan also covers law enforcement officers who have been commissioned by the Commission on Law Enforcement Officer Standards and Education. The monthly benefit amount payable to LECOS Plan members is equal to the excess of total benefit over the regular benefit payable to the same members under the ERS Plan.

Total monthly standard annuity of the LECOS Plan members equals the statutory percentage of 2.3 percent from the ERS Plan plus an additional 0.5 percent from the LECOS Plan of the average monthly compensation multiplied by number of years of service credit. The average monthly compensation of the LECOS Plan members may vary depending on the hire date. For members hired on or before Aug. 31, 2009,

the average monthly compensation is the average of the highest 36 months of compensation. For members hired on or after Sept. 1, 2009 and before Sept. 1, 2013, the average monthly compensation is the average of the highest 48 months of compensation. For members hired on or after Sept. 1, 2013, the average monthly compensation is the average of the highest 60 months of compensation. Information on vesting and tier requirements may be obtained from ERS' CAFR.

Judicial Retirement System of Texas Plan Two (JRS2 Plan)

The JRS2 Plan covers judges, justices and commissioners of the Supreme Court, the Court of Criminal Appeals, the Court of Appeals, District Courts and certain commissioners to a court who first became members after Aug. 31, 1985.

The monthly benefit for members of the JRS2 Plan is equal to 50 percent of the salary for the position from which the member retired and is increased by 10 percent of final compensation if in office within one year of benefit commencement. Information on vesting and tier requirements may be obtained from ERS' CAFR.

The membership data for the ERS, LECOS and JRS2 Plans as of the measurement date of Aug. 31, 2018 is presented in table 9A.

Employees Retirement System's Membership

Table 9A

	ERS Plan	LECOS Plan	JRS2 Plan
Retirees and Beneficiaries			
Currently Receiving Benefits	111,361	13,080	393
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	119,736	19,842	153
Current Employees			
Vested and Non-Vested	141,535	37,167	561
Total Members	372,632	70,089	1,107

The contribution rates for the state and the members are based on a percentage of the monthly gross compensation for each member. The contribution requirements for the ERS, LECOS and JRS2 Plans for the measurement period of fiscal 2018 are presented in table 9B.

Required Contribution Rates

Table 9B

Plan	Employer			Members		
	Employee Class	Elected Class – Legislators	Elected Class – Other	Employee Class	Elected Class – Legislators	Elected Class – Other
ERS	10%	10%	10%	9.5%	9.5%	9.5%
LECOS*	1.6%**	N/A	N/A	0.5%	N/A	N/A
JRS2	15.663%	N/A	N/A	7.5%	N/A	N/A

* Amount contributed is supplemental to amount contributed for the employee class of the ERS Plan.

** The 1.6% consists of 0.5% of member payroll and a portion of court costs collected under Local Government Code, Section 133.102. The contribution from the court costs equals approximately 1.1% of payroll.

The state's contributions recognized by the ERS, LECOS and JRS2 Plans during the fiscal 2018 measurement period were \$697.2 million, \$26.1 million and \$12.6 million respectively.

The total pension liability is determined by an annual actuarial valuation. The methods and assumptions applied, except discount rate, in the actuarial valuation were based on an experience study covering the five-year period from Sept. 1, 2011 through Aug. 31, 2016. Table 9C presents the actuarial methods and assumptions used to measure the total pension liability for the ERS, LECOS and JRS2 Plans as of the Aug. 31, 2018, measurement date.

Actuarial Methods and Assumptions

Table 9C

	ERS Plan	LECOS Plan	JRS2 Plan
Actuarial Valuation Date	August 31, 2018	August 31, 2018	August 31, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Payroll, Open	Level Percent of Payroll, Open	Level Percent of Payroll, Open
Actuarial Assumptions:			
Discount Rate	5.69%	4.48%	7.5%
Investment Rate of Return	7.5%	7.5%	7.5%
Inflation	2.5%	2.5%	2.5%
Salary Increase	0% to 9.5%	4.5% to 9.5%	3%
Cost-of-living Adjustments	None - Employee 2.75% - Elected compounded annually on Sept. 1	None	None
Mortality	The mortality rates for service retirees and beneficiaries are based on the 2017 State Retirees of Texas Mortality Tables with generational mortality improvements projected from the year 2017, which is based on the most recent Ultimate MP scale as published by Retirement Plans Experience Committee of the Society of Actuaries. Rates for male law enforcement and custodial officers are set forward one year.		

Table 9D presents the single blended rate applied to measure the total pension liability, the long-term expected rate of return on pension plan investments and the 20-year municipal bond rate for the ERS, LECOS and JRS2 Plans.

Assumptions for Single Discount Rate

Table 9D

	ERS Plan	LECOS Plan	JRS2 Plan
Single discount rate	5.69%	4.48%	7.50%
Investment rate of return	7.50%	7.50%	7.50%
Municipal bond rate*	3.69%	3.69%	N/A **
Year fiduciary net position depleted	2049	2038	N/A **

* The source of the municipal bond rate is Fidelity Index's "20-Year Municipal GO AA Index" rate for Fixed Income Market Data/Yield Curve/Data municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

** The current contribution rates are expected to eliminate the unfunded actuarial accrued liability (UAAL) in 69 years based on current benefit provisions and actuarial assumptions. Therefore, the municipal bond rate and depletion year do not apply to JRS2.

The fiduciary net position for the ERS and LECOS Plans is projected to be depleted in fiscal 2049 and 2038 respectively. As a result, the long-term expected investment rate of return was applied to projected benefit payments through fiscal 2048 for the ERS Plan and fiscal 2037 for the LECOS Plan. The municipal bond rate was applied to all remaining projected benefit payments after fiscal 2048 for the ERS Plan and after fiscal 2037 for the LECOS Plan. The current contribution rates are expected to eliminate the unfunded actuarial accrued liability for the JRS2 Plan in 69 years. As a result, the municipal bond rate and depletion year do not apply to the JRS2 Plan.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payroll. The projected cash flows from the employers are based on contributions for the most recent five-year period as of the measurement date, adjusted on consideration of subsequent events. There have been indicators of the Legislature's commitment to increase funding for the pension funds. The Legislature passed House Bill No. 9 in the 84th legislative session during fiscal 2015 to increase the member contribution rates for fiscal 2016 and 2017. The state contribution rates also increased as a result of this legislative session. The Legislature also maintained some changes made by Senate Bill No. 1459 in the 83rd legislative session. There were no changes made to the contribution levels in the 85th legislative session and therefore, the projected employer contributions remain at the fiscal 2017 funding level.

The long-term expected rate of return on plan investments was developed using a building-block method with assumptions including asset class of investment portfolio, target allocation, real rate of return on investments, and inflation factor. Under this method, best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class for the ERS, LECOS and JRS2 Plans' investment portfolio are presented in table 9E.

Target Allocations		
Table 9E		
Asset Class	Target Allocation	Long-Term Expected Arithmetic Real of Return
Global Equity	50%	3.91%
Global Credit	11%	0.57%
Opportunistic Credit	3%	0.20%
Intermediate Treasuries	11%	0.29%
Real Estate	12%	0.90%
Infrastructure	7%	0.49%
Hedge Funds	5%	0.31%
Cash	1%	0.02%
Total	100%	

Sensitivity analysis was performed on the impact of changes in the discount rate on the state's net pension liability. The results of the analysis for the ERS, LECOS and JRS2 Plans are presented in table 9F.

Sensitivity of Net Pension Liability to Changes in Discount Rate*

Table 9F

(Amounts in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
ERS Plan			
Discount Rate	4.69%	5.69%	6.69%
NPL	\$ 26,609,725	\$ 20,190,978	\$ 14,878,321
LECOS Plan			
Discount Rate	3.48%	4.48%	5.48%
NPL	\$ 1,534,182	\$ 1,183,095	\$ 902,385
JRS2 Plan			
Discount Rate	6.50%	7.50%	8.50%
NPL	\$ 81,917	\$ 34,392	\$ (6,543)

* Positive amounts indicate the pension plan's fiduciary net position (FNP) is projected to be insufficient to make projected benefit payments, whereas negative amounts indicate the FNP is sufficient to make projected benefit payments.

The pension plan's fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by ERS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the pension trust fund are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. More detailed information on the plan's investment valuation, investment policy, assets and fiduciary net position may be obtained from ERS' fiscal 2018 CAFR.

The state's total pension liability is based on an actuarial valuation performed as of Aug. 31, 2018. For fiscal 2019 reporting, the measurement date of the state's net pension liability is Aug. 31, 2018. The schedule of changes in the state's net pension liability for the fiscal year ended Aug. 31, 2019 is presented on table 9G.

Schedule of Changes in Net Pension Liability

Table 9G

As of Measurement Date of August 31, 2018 (Amounts in Thousands)

	ERS Plan	LECOS Plan	JRS2 Plan
Total Pension Liability			
Service Cost	\$ 1,445,557	\$ 79,309	\$ 16,056
Interest on the Total Pension Liability	2,559,723	91,171	34,440
Difference between Expected and Actual			
Experience of the Total Pension Liability	91,881	(21,651)	(1,463)
Assumption Changes*	(1,982,914)	(87,015)	
Benefit Payments and Refunds	(2,406,362)	(75,633)	(24,866)
Net Change in Total Pension Liability	(292,115)	(13,819)	24,167
Total Pension Liability – Beginning	48,236,427	2,163,742	463,604
Total Pension Liability – Ending	\$ 47,944,312	\$ 2,149,923	\$ 487,771
Plan Fiduciary Net Position			
Contributions – Employer	\$ 697,189	\$ 26,110	\$ 12,560
Contributions – Member	683,933	9,275	5,940
Pension Plan Net Investment Income	2,430,297	84,937	39,192
Benefit Payments and Refunds	(2,406,362)	(75,633)	(24,866)
Pension Plan Administrative Expense	(23,550)	(1,851)	(296)
Net Change in Plan Fiduciary Net Position	1,381,507	42,838	32,530
Plan Fiduciary Net Position – Beginning	26,371,827	923,989	420,851
Plan Fiduciary Net Position – Ending	\$ 27,753,334	\$ 966,827	\$ 453,381
Net Pension Liability – Beginning	21,864,600	1,239,753	42,753
Net Pension Liability – Ending	\$ 20,190,978	\$ 1,183,096	\$ 34,390

* The change in the total pension liability due to the change in the single discount rate is included as an assumption change.

There have been no changes to the benefit terms of the plan since the prior measurement date.

For the fiscal year ended Aug. 31, 2019, the state recognized pension expense of \$2.9 billion, \$134.4 million and \$6.8 million respectively for the ERS, LECOS and JRS2 Plans. At Aug. 31, 2019, the state reported deferred outflows of resources and deferred inflows of resources from the sources for these plans in table 9H.

Deferred Outflows of Resources and Deferred Inflows of Resources

Table 9H

(Amounts in Thousands)

	ERS Plan		LECOS Plan		JRS2 Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 118,869	\$	\$	\$ 41,565	\$ 2,114	\$ 2,192
Changes of assumptions	1,222,802	1,409,817	182,485	153,508	4,629	23,542
Net difference between projected and actual investment return		314,623		11,015		5,722
Contributions subsequent to the measurement date	712,611		25,864		13,100	
Total	<u>\$ 2,054,282</u>	<u>\$ 1,724,440</u>	<u>\$ 208,349</u>	<u>\$ 206,088</u>	<u>\$ 19,843</u>	<u>\$ 31,456</u>

The \$712.6 million, \$25.9 million and \$13.1 million reported as deferred outflows of resources resulting from contributions subsequent to the measurement date for the ERS, LECOS and JRS2 Plans respectively will be recognized as a reduction in the net pension liability for the year ending Aug. 31, 2020.

Table 9I presents amounts reported as deferred outflows and inflows of resources related to pensions that will be recognized in pension expense in the following years for the ERS, LECOS and JRS2 Plans.

Amortization Impact of Deferred Outflows and Inflows of Resources on Pension Expense*

Table 9I

(Amounts in Thousands)

Year Ended August 31:

	ERS Plan	LECOS Plan	JRS2 Plan
2020	\$ 786,065	\$50,282	\$(9,033)
2021	(538,243)	8,774	(9,423)
2022	(532,244)	(58,538)	(4,681)
2023	(98,348)	(24,121)	(1,576)
2024			
Thereafter			

* Positive amounts indicate increase in pension expense; negative amounts indicate decrease in pension expense.

Judicial Retirement System of Texas Plan One (JRS1 Plan)

The JRS1 Plan is a single-employer defined benefit pension plan that is not administered through trust.

The JRS1 Plan covers the same kind of membership as the JRS2 Plan except JRS1 Plan members began membership prior to Sept. 1, 1985.

As a result of new judicial officers participating in the JRS2 Plan, the JRS1 Plan membership continues to decrease. Table 9J presents the membership for the JRS1 Plan as of Aug. 31, 2018.

Judicial Retirement System of Texas Plan One (JRS1 Plan)'s Membership

Table 9J

	JRS1 Plan
Retirees and Beneficiaries	
Currently Receiving Benefits	337
Current Employees	
Vested and Non-Vested	7
Total Members	<u>344</u>

Members are required to contribute a percentage of their monthly gross compensation to the general revenue fund, and the state is obligated to make appropriations from the general revenue fund in an amount sufficient to pay benefits on a pay-as-you-go basis. The contribution requirements are statutorily established like the other ERS Plans.

The total pension liability is determined by an annual actuarial valuation. The methods and assumptions applied in the actuarial valuations were based on an experience study covering the five-year period from Sept. 1, 2011 through Aug. 31, 2016. Table 9K presents the actuarial methods and assumptions used to measure the total pension liability for the JRS1 Plan as of the Aug. 31, 2018 measurement date.

Actuarial Methods and Assumptions

Table 9K

	<u>JRS1 Plan</u>
Actuarial Valuation Date	August 31, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate*	3.69%
Inflation	2.5%
Salary Increase	3%
Mortality	
Active Members	RP-2014 Active Member Mortality table. Generational mortality improvements in accordance with the ultimate rates from scale most recently published by Retirement Plans Experience Committee of the Society of Actuaries ("Scale U-MP") and projected from the year 2014
Service Retirees, Beneficiaries and Inactive Members	2017 State Retirees of Texas mortality table. Generational mortality improvements in accordance with Scale U-MP and projected from the year 2017
Cost-of-living Adjustments	2.75% compounded annually on Sept. 1

* The source of the municipal bond rate is the rate for Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax exempt municipal bonds as reported in Fidelity Index's 20-Year Municipal GO AA Index.

There have been no changes to assumptions, other inputs or the benefit terms of the plan since the prior measurement date.

Sensitivity analysis was performed on the impact of changes in the discount rate on the state's total pension liability. The results of the analysis for the JRS1 Plan are presented in table 9L.

Sensitivity of Total Pension Liability to Changes in Discount Rate

Table 9L

(Amounts in Thousands)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
JRS1 Plan			
Discount Rate	2.69%	3.69%	4.69%
TPL	\$ 278,742	\$ 255,356	\$ 235,208

The state's total pension liability is based on an actuarial valuation performed as of Aug. 31, 2018. For fiscal 2019 reporting, the measurement date of the state's total pension liability is Aug. 31, 2018. The schedule of changes in the state's total pension liability for the fiscal year ended Aug. 31, 2019 is presented on table 9M.

Schedule of Changes in Total Pension Liability **

Table 9M

As of Measurement Date of August 31, 2018

(Amounts in Thousands)

	<u>JRS1 Plan</u>
Total Pension Liability	
Service Cost	\$ 411
Interest on the Total Pension Liability	9,071
Difference between Expected and Actual Experience of the Total Pension Liability	(1,643)
Assumption Changes*	(5,968)
Benefit Payments and Refunds	<u>(23,057)</u>
Net Change in Total Pension Liability	<u>(21,186)</u>
Total Pension Liability – Beginning	<u>276,542</u>
Total Pension Liability – Ending	<u><u>\$ 255,356</u></u>

* The change in the total pension liability due to the change in the single discount rate is included as an assumption change.

** There are no assets accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 73 to pay related benefits.

For the fiscal year ended Aug. 31, 2019, the state recognized pension expense of \$1.9 million for the JRS1 Plan. Since the expected remaining service lives is one year, at Aug. 31, 2019, the state did not report deferred outflows of resources and deferred inflows of resources related to pensions for (1) Differences between

expected and actual experience and (2) Changes of assumptions.

The \$21.5 million reported as deferred outflows of resources resulting from transactions subsequent to the measurement date for the JRS1 Plan will be recognized as a reduction in the total pension liability for the year ending Aug. 31, 2020.

During the measurement period of fiscal 2019, ERS' calculated single discount rate decreased from 5.69 percent to 4.42 percent, from 4.48 percent to 3.29 percent and from 7.50 percent to 5.45 percent for ERS, LECOS and JRS2 Plans, respectively. This is estimated to increase the net pension liability for the plans accordingly for fiscal 2020: ERS by \$9.8 billion, LECOS by \$482.6 million and JRS2 by \$157.7 million.

Teacher Retirement System of Texas (TRS)

Teacher Retirement System of Texas Plan (TRS Plan)

TRS is the administrator of the TRS Plan, a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation.

The employers of the TRS Plan include the state of Texas, TRS, the state's public schools, education service centers, charter schools, community and junior colleges. All employees of public, state-supported education institutions in Texas who are employed for one-half or more of the standard workload and not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system. Employees of TRS and state of Texas colleges, universities and medical schools are members of the TRS Plan.

The TRS Plan provides retirement, disability annuities and death and survivor benefits. The benefit and contribution provisions of the TRS Plan are authorized by state law and may be amended by the Legislature. The pension benefit formulas are based on members'

average annual compensation and years of service credit. The standard annuity is 2.3 percent of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered members who were hired on or before Aug. 31, 2005, and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic cost of living adjustments (COLAs).

TRS issued a stand-alone audited Comprehensive Annual Financial Report (CAFR). The TRS CAFR may be obtained from:

Teacher Retirement System of Texas
1000 Red River Street
Austin, Texas 78701-2698

The state is both an employer and a non-employer contributing entity under the TRS Plan. The state makes contributions to the plan for its employees as well as the employees of the Texas public school districts. During the measurement period of 2018 for fiscal 2019 reporting, the amount of the state's contributions recognized by the plan was \$553 million for the state as an employer and \$1.7 billion for the state as a non-employer contributing entity. Similar to the ERS, LECOS and JRS2 Plans, the contribution rates are based on a percentage of the monthly gross compensation for each member. The contribution requirements for the state and the members in the measurement period of fiscal 2018 are presented in table 9N.

Required Contribution Rates

Table 9N

	<u>TRS Plan</u>
Contribution Rates	
Employer	6.8%
Non-Employer Contributing Entity (State)	6.8%
Employees	7.7%

A change was made in the measurement date of the total pension liability for the measurement year ending

Aug. 31, 2018. The actuarial valuation was performed as of Aug. 31, 2017. Updated procedures were used to roll forward the total pension liability to Aug. 31, 2018. This is the first year TRS used the roll forward procedures. Table 90 presents the actuarial methods and assumptions used to measure the total pension liability as of the Aug. 31, 2018 measurement date.

Actuarial Methods and Assumptions	
Table 90	
TRS Plan	
Actuarial Valuation Date	August 31, 2017, rolled forward to 8/31/2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	6.907%
Long-term Expected Return	7.25%
Municipal Bond Rate	3.69%*
Inflation	2.3%
Salary Increase	3.05% to 9.05% including inflation
Last year ending Aug. 31 in projection period (100 years)	2116
Mortality	
Active	90% of the RP 2014 Employee Mortality Tables for males and females
Post-Retirement	2018 TRS Healthy Pensioner Mortality Tables
Ad Hoc Post-Employment Benefit Changes	
	None
* The source of the municipal bond rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."	

The actuarial assumptions used in the valuation were primarily based on the result of an actuarial experience study for the three-year period ending Aug. 31, 2017, and adopted in July 2018. The mortality rates were based on tables identified in table 90.

The following assumptions and other inputs have been adopted since the prior valuations and significantly increased the net pension liability:

- a. Total pension liability as of Aug. 31, 2018 was developed using a roll forward method of the Aug. 31, 2017 valuation,

- b. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending Aug. 31, 2017,
- c. Discount rate changed from 8.000 percent as of Aug. 31, 2017, to 6.907 percent as of Aug. 31, 2018,
- d. Long-term assumed rate of return changed from 8.00 percent to 7.25 percent and
- e. Change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

There have been no changes to the benefit provisions of the plan since the prior measurement date.

The discount rate used to measure the total pension liability for the plan was 6.907 percent as of the end of the measurement year; as of the beginning of the measurement year, the discount rate was 8.000 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and non-employer contributing entity make their contributions at the statutorily required rates. It is assumed that future employer and state contributions will be 7.76 percent of payroll. This includes a factor for the rehired retirees and the non-Old-Age Survivors, and Disability Insurance surcharge. Under these assumptions, the pension plan's fiduciary net position is projected to be sufficient to make all future pension benefit payments through the year 2069. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate thereafter.

The long-term expected rate of return on plan investments was developed using a building-block method with assumptions including asset class of invest-

ment portfolio, target allocation, real rate of return on investments and inflation factor. Under this method, best estimate ranges of expected future real rates of return (net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class for the plan's investment portfolio, along with the expected contribution to long-term portfolio returns, are presented in table 9P.

Target Allocations			
TRS Plan			
Table 9P			
	Target Allocation*	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18%	5.7%	1.0%
Non-U.S. Developed	13%	6.9%	0.9%
Emerging Markets	9%	9.0%	0.8%
Directional Hedge Funds	4%	3.5%	0.1%
Private Equity	13%	10.2%	1.3%
Stable Value			
U.S. Treasury	11%	1.1%	0.1%
Absolute Return	0%	0.0%	0.0%
Stable Value Hedge Funds	4%	3.1%	0.1%
Cash	1%	(0.3)%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.7%	0.0%
Real Assets	14%	5.2%	0.7%
Energy and Natural Resources	5%	7.5%	0.4%
Commodities	0%	0.0%	0.0%
Risk Parity			
Risk Parity	5%	3.7%	0.2%
Inflation Expectation			2.3%
Volatility Drag **			(0.8)%
Total	100%	NA	7.3%

* Target allocations are based on TRS' fiscal year 2016 model.

** The Expected Contribution to Long-Term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

Sensitivity analysis was performed on the impact of changes in the discount rate on the state's net pension liability. The results of the analysis are presented in the table 9Q.

Sensitivity of Net Pension Liability to Changes in Discount Rate

Table 9Q
(Amounts in Thousands)

TRS Plan		
State as Employer		
Current		
1% Decrease (5.907%)	Discount Rate (6.907%)	1% Increase (7.907%)
\$ 13,637,235	\$ 9,035,830	\$ 5,310,721
State as Non-Employer Contributing Entity		
Current		
1% Decrease (5.907%)	Discount Rate (6.907%)	1% Increase (7.907%)
\$ 42,337,052	\$ 28,051,905	\$ 16,487,232

The pension plan's fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by TRS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Fair value is a market-based measurement, not an entity-specific measurement. It is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. Measurement, recognition, or disclosure of an asset or liability depends on the aggregation or disaggregation of the unit of account of the asset or liability. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach and the income approach. More detailed information on the plan's investment policy, assets and fiduciary net position, may be obtained from TRS' fiscal 2018 CAFR.

At Aug. 31, 2019, the state reported a liability of \$9 billion for its proportionate share of the collective net pension liability as an employer and a liability of

\$28.1 billion for its proportionate share of the collective net pension liability as a non-employer contributing entity. The collective net pension liability was measured as of Aug. 31, 2018, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of Aug. 31, 2017, rolled forward to Aug. 31, 2018. The state's proportion increased from 15.56 percent at Aug. 31, 2017, to 16.42 percent at Aug. 31, 2018, and decreased from 51.82 percent to 50.96 percent for its role as an employer and non- employer contributing entity respectively. The state's proportions of the collective net pension liability were based on

its contributions to the pension plan relative to the contributions of all the employers and non-employer contributing entity to the plan for the period Sept. 1, 2017 through Aug. 31, 2018.

The state recognized pension expense for its employees' pension and grant expense for the pension of Texas public school district and junior college employees. For the year ending Aug. 31, 2019, the state recognized pension expense of \$1 billion and grant expense of \$2.8 billion. At Aug. 31, 2019, the state reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources in table 9R.

Deferred Outflows and Deferred Inflows of Resources

Table 9R

(Amounts in Thousands)

TRS Plan	State as Employer		State as Non-Employer Contributing Entity	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 56,322	\$ 221,704	\$ 174,853	\$ 688,283
Changes of assumptions	3,257,852	101,808	10,114,063	316,065
Net difference between projected and actual investment return		171,448		532,265
Change in proportion and contribution difference	834,130	666,418		1,583,249
Contributions subsequent to the measurement date	612,078		2,326,680	
Total	<u>\$ 4,760,382</u>	<u>\$ 1,161,378</u>	<u>\$ 12,615,596</u>	<u>\$ 3,119,862</u>

The \$612.1 million and \$2.3 billion reported as deferred outflows of resources resulting from contributions subsequent to the measurement date for the state as an employer and non-employer contributing entity, respectively, will be recognized as a reduction in the net pension liability for the year ending Aug. 31, 2020.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense and grant expense as follows in table 9S.

Amortization Impact of Deferred Outflows and Inflows of Resources on Pension/Grant Expense

Table 9S
(Amounts in Thousands)
Year Ended August 31:

	TRS Plan	
	State as Employer Pension Expense*	State as Non-Employer Contributing Entity Grant Expense*
2020	\$ 709,045	\$1,796,632
2021	348,245	676,496
2022	279,453	454,094
2023	652,507	1,568,162
2024	611,020	1,594,542
Thereafter	386,657	1,079,128

* Positive amounts indicate increase in pension or grant expense.

During the measurement period of fiscal 2019, TRS' board increased the discount rate from 6.907 percent to 7.250 percent and the Legislature authorized with Senate Bill 3 a \$2,700 increase in benefit payments for eligible active members in fiscal 2020. This is expected to decrease the plan's net pension liability by \$3.1 billion for fiscal 2020 of which the state's proportionate share is estimated to decrease \$502.3 million and \$1.6 billion for its role as an employer and non-employer contributing entity respectively.

Texas Emergency Services Retirement System (TESRS)

Texas Emergency Services Retirement System Plan (TESRS Plan)

TESRS is an agency of the state of Texas and the administrator of the TESRS Plan, a cost-sharing multiple- employer defined benefit pension plan with a special funding situation.

The TESRS Plan provides pension benefits for emergency services personnel who serve without significant monetary remuneration through participating fire or emergency services departments within the state. The TESRS Plan provides pension benefits to members with vested service and their beneficiaries as well as death and disability benefits to active volunteer fire fighters and first responders. The benefit and contribution provisions of the TESRS Plan are set by the TESRS board authorized by state law and may be amended by the board. Members are 50 percent vested after the tenth year of service, with the vesting percent increasing 10 percent for each of the next five years of service. For a vested member, the monthly pension benefit equals the member's vested percent multiplied by six times the average monthly contribution of the governing body (of the participating department) over the member's years of qualified service. For years of service in excess of 15 years, the monthly benefit is increased at the rate of 6.2 percent compounded annually. There is no provision for automatic postretirement benefit changes.

Contribution provisions are composed of two parts: Part One contributions and Part Two contributions. Part One contributions are determined by the TESRS board of trustees and Part Two contributions are actuarially determined.

Part One contributions: The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for the department. The contributions from the governing bodies are at a minimum rate of \$36 per member and there is no limit to the maximum rate. Individuals who are members of the TESRS Plan are not required, nor allowed, to make contributions. The state is required to contribute an amount necessary to make the system "actuarially sound" each year, which may not exceed one-third of the total contributions made by participating governing bodies in a particular year.

Part Two contributions: In case the expected future annual contributions from the state are not

enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation, an actuarially determined contribution not to exceed 15 percent of the Part One contributions is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the actuarial valuation as of Aug. 31, 2018, the Part Two contributions are not required for an adequate contribution arrangement.

The state of Texas is not an employer of the members under the TESRS Plan. However, the state makes contributions directly to the TESRS Plan for members of the participating fire or emergency services departments in the state. During the measurement period of 2018 for fiscal 2019 reporting, the amount of the state's contributions recognized by the plan was \$1.3 million.

The total pension liability is determined by an actuarial valuation as of Aug. 31, 2018. Table 9T presents the actuarial methods and assumptions used to measure the total pension liability as of the Aug. 31, 2018 measurement date. The actuarial assumptions used in the valuation were primarily based on the result of an actuarial experience study from 2008 as indicated by Rudd and Wisdom, Inc., TESRS' actuary. There has been no change of actuarial methods and benefit terms since the prior measurement date.

The discount rate of 7.75 percent was applied to measure the total pension liability. There has been no change in the discount rate since the prior measurement date. No projection of cash flows was used to determine the discount rate because the Aug. 31, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method, TESRS Plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on the TESRS Plan investments was applied to all periods of projected benefit payments without incorporating the municipal bond rate.

The long-term expected rate of return on the TESRS Plan investments was developed using a building-block method with assumptions including asset class of investment portfolio, target allocation, real rate of return on investments and inflation factor. Under this method, expected future real rates of return (net of investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In addition, the final 7.75 percent assumption reflected a reduction of 0.26 percent for adverse deviation.

The target allocation and expected arithmetic real rates of return for each major asset class for the TESRS Plan's investment portfolio are presented in table 9U.

Actuarial Methods and Assumptions	
Table 9T	
	TESRS Plan
Actuarial Valuation Date	August 31, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar
Actuarial Assumptions:	
Discount Rate	7.75%
Investment Rate of Return	7.75%
Inflation	3%
Salary Increase	N/A
Mortality	RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA.
Ad Hoc Post-Retirement Benefit Changes	None

Target Allocation

TESRS Plan

Table 9U

Asset Class	Target Allocation	Long-Term Expected Arithmetic Net Real Rate of Return*
Equities		
Large Cap Domestic	32.00%	5.81%
Small Cap Domestic	15.00%	5.92%
Developed International	15.00%	6.21%
Emerging Markets	5.00%	7.18%
Master Limited Partnership	5.00%	7.61%
Real Estate	5.00%	4.46%
Domestic Fixed Income	23.00%	1.61%
Total	100.00%	

* The above components are weighted to arrive at an average of 5.01%, which is added to the expected inflation of 3.00%, followed by a reduction of 0.26% for adverse deviation to arrive at the final rate of 7.75%.

Sensitivity analysis was performed on the impact of changes in the discount rate on the state's net pension liability. The results of the analysis are presented in table 9V.

Sensitivity of Net Pension Liability to Changes in Discount Rate

Table 9V

(Amounts in Thousands)

TESRS Plan

1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
\$ 11,941	\$ 6,009	\$ 2,008

The TESRS Plan's fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by TESRS. Contributions are recognized immediately upon billing, reflecting actual participation in the member fire department during the prior quarter. Benefits are recognized when due and payable in accordance with the terms of the plan. Investments of the TESRS Plan are reported at fair value. The fair value

of investments is based on market prices provided by the fund custodian. For investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, determines the fair values for the individual investments. More detailed information on the plan's investment policy, assets and fiduciary net position may be obtained from the fiscal 2018 audited Annual Financial Report for TESRS:

Texas Emergency Services Retirement System
P. O. Box 12577
Austin, Texas 78711

At Aug. 31, 2019, the state reported a liability of \$6 million for its proportionate share of the collective net pension liability as a non-employer contributing entity. The collective net pension liability was measured as of Aug. 31, 2018, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The state's proportion as a non-employer contributing entity decreased from 32.75 percent at Aug. 31, 2017 to 27.75 percent at Aug. 31, 2018. The state's proportion of the collective net pension liability was based on a fiscal 2018 schedule of contributions consisting of Part One contributions by the contributing fire and/or emergency services department members and the appropriated "maximum state contributions" as defined in the Texas Emergency Services Retirement System Act.

The state recognized grant expense as a non-employer contributing entity for the pension of the volunteer emergency services personnel in the state. For the year ending Aug. 31, 2019, the state recognized grant expense of \$1.2 million. At Aug. 31, 2019, the state reported deferred outflows of resources and deferred inflows of resources related to the emergency services personnel's pension from the following sources in table 9W.

Deferred Outflows of Resources and Deferred Inflows of Resources

Table 9W
(Amounts in Thousands)

	TESRS Plan	
	State as Non-Employer Contributing Entity	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 2	\$ 17
Change of Assumptions	22	
Net Difference Between Projected and Actual Investment Return		332
Change in Proportion and Contribution Difference		1,267
Contributions Subsequent to the Measurement Date	1,329	
Total	\$ 1,353	\$ 1,616

The \$1.3 million reported as deferred outflows of resources resulting from contributions subsequent to the measurement date for the state as a non-employer contributing entity will be recognized as a reduction in the net pension liability for the year ending Aug. 31, 2020.

Amounts reported as deferred outflows and inflows of resources related to the emergency services personnel's pension will be recognized in grant expense in table 9X.

Amortization Impact of Deferred Outflows and Deferred Inflows of Resources on Grant Expense*

Table 9X
(Amounts in Thousands)
Year ended August 31:

	TESRS Plan
	State as Non-Employer Contributing Entity Grant Expense
2020	\$(317)
2021	(693)
2022	(402)
2023	(180)
2024	
Thereafter	

* Negative amounts indicate decrease in grant expense.

Defined Contribution Pension Plan Optional Retirement Program

The state's contributions to the Optional Retirement Program (ORP) are authorized by Texas Government Code, Chapter 830. Full-time faculty and certain other employees in public higher education are eligible to elect ORP in lieu of the TRS Plan before the 91st day after becoming eligible. It is a one-time irrevocable choice between two distinct plans. ORP is administered by each employer. The Texas Higher Education Coordinating Board develops policies, practices and procedures to provide greater uniformity in the administration of ORP.

ORP is a defined contribution retirement plan in which each participant selects from a variety of investments offered by several insurance and investment companies through annuity contracts or mutual fund investments.

These types of investments are authorized by Internal Revenue Code, Section 403(b). With the purchase of these individual contracts, the state has effectively transferred the obligation for the payment of benefits to the companies. Participants vest in ORP after one year of participation.

The contributory percentages of participant salaries provided by each participant and the state were 6.65 percent and 6.6 percent, respectively, for fiscal 2019. Institutions and agencies authorized under state law to provide ORP to their employees may supplement the state contribution at a rate of up to 1.9 percent of payroll.

Individual accounts are maintained at the insurance and investment companies selected by each ORP participant. Separate financial statements for ORP are not prepared because the state retains no assets in a trust or equivalent arrangement, no liability for plan performance and has very limited administrative involvement.

The employers of ORP are institutions of higher education, one educational state agency and some two-year college institutions that are not part of the state reporting entity. State entity participation in ORP for

fiscal 2019 resulted in participant contributions of \$279 million and employer contributions of \$334.3 million.

As of Aug. 31, 2019, ORP had 37,046 participants. The total participant contributions were \$309.3 million and total employer contributions were \$367.2 million. Additional information for ORP is included in the fiscal 2019 *ORP Participation Report Summary* published annually by the Texas Higher Education Coordinating Board (THECB). The report is available on THECB's website at www.thecb.state.tx.us. The report can also be obtained from:

Statewide Coordinator, Optional Retirement Program
Texas Higher Education Coordinating Board
P. O. Box 12788
Austin, Texas 78711

Note 10

Deferred Compensation

The state of Texas offers two deferred compensation plans to all state employees. One was established in accordance with Internal Revenue Code, Section 457. The second was established in accordance with Internal Revenue Code, Section 401(k). All costs of administering and funding these programs are the responsibility of plan participants. The assets of the two plans remain the property of the contributing employees and are not presented in the accompanying financial statements. The state makes no contributions to either plan, the assets do not belong to the state and the state has no liability related to the plans.

The University of Texas System (UT) offers two deferred compensation plans. The first one, for UT employees, was created in accordance with Internal Revenue Code, Section 457(b), where all UT employees are eligible to participate in UT's plan and do not participate in the plan offered by the state of Texas. All investments, amounts, property and rights held under the

deferred compensation trust fund are held for the exclusive benefit of participants and beneficiaries at the fair market value of the plan account for each participant. UT has no liability under the plan. The second one, Physician Referral Service Supplemental Retirement Plan (SRP)/Retirement Benefit Plan (RBP), was created for physicians of the University of Texas M.D. Anderson Cancer Center (M.D. Anderson), a component unit of UT. It was established in accordance with Internal Revenue Code, Section 457(f). Only physicians hired before Jul. 1, 1986, participate in the SRP. The remainder of eligible employees participates in the RBP. Assets of the SRP/RBP remain subject to the claims of the general creditors of M.D. Anderson.

The Texas A&M University System (A&M) offers a deferred compensation plan created in accordance with Internal Revenue Code, Section 457(f). It allows A&M to defer income for eligible participants without regard to the amount deferred or an adverse impact on other retirement plans in which the participant is enrolled. All A&M employees are eligible to participate in this plan subject to the approval of the A&M board of regents, chancellor or any chancellor-designated member chief executive officer.

Note 11

Postemployment Benefits Other Than Pensions

The state of Texas has two retirement systems and two university systems in its financial reporting entity that administer the state's Other Postemployment Benefit (OPEB) plans in addition to providing pension benefits - Employees Retirement System of Texas (ERS), Teacher Retirement System of Texas (TRS), Texas A&M University System (A&M), and the University of Texas System (UT). These two retirement systems and two university systems administer the following four defined benefit OPEB plans:

- ERS – the State Retiree Health Plan (SRHP);
- TRS – the Texas Public School Retired Employees Group Insurance Program (TRS-Care);
- A&M – the Texas A&M University System Retiree Group Insurance Program (A&M Plan); and
- UT – the University of Texas System Employee Group Insurance Program (UT Plan).

SRHP and TRS-Care are administered through trust, while the A&M Plan and UT Plan are not; and all OPEB plans are operated on a pay-as-you-go basis. These benefits are authorized by statute and contributions are established by the General Appropriations Act.

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended Aug. 31, 2019, the state recognized OPEB expense of \$648.7 million. Of this amount, negative \$481.3 million was incurred as an employer and \$1.1 billion as a non-employer contributing entity. The reported deferred outflows of resources and deferred inflows of resources related to OPEB are identified in Note 27.

Employees Retirement System of Texas

The state of Texas contributes to SRHP, a cost-sharing, multiple-employer defined benefit OPEB plan with a special funding situation. ERS' Board of Trustees administers SRHP.

ERS issued a stand-alone audited Comprehensive Annual Financial Report (CAFR). The ERS CAFR may be obtained from:

Employees Retirement System of Texas

200 E. 18th Street
Austin, Texas 78701

Plan Description

SRHP provides postemployment health care, life and dental insurance coverage for participants on a pay-as-you-go basis as authorized by Texas Insurance Code, Chapter 1551. The benefit and contribution provisions of the SRHP are authorized by state law and may be amended by the Legislature. Retirees must meet certain age and service requirements and have at least 10 years of service at retirement to participate in the plan. Surviving spouses and dependents of retirees are also covered by the plan. The plan does not provide automatic cost of living adjustments.

Contributors to SRHP include active and retired members, employers, and the state of Texas as the only non-employer contributing entity. Employers include state of Texas agencies and universities, community and junior colleges, and other entities specified by the Legislature with the state being the principal participating employer.

Funding Policy

The state is both an employer and a non-employer contributing entity in SRHP. The state makes contributions to the plan for its employees as well as part of the premiums for the junior and community colleges. Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contributions. During the measurement period of 2018, for fiscal 2019 reporting, the amount of the state contributions recognized by the plan was \$276.5 million for the state as employer and \$19.9 million for the state as a non-employer contributing entity.

The contribution requirements for the employers of SRHP during the measurement period are presented in table 11A.

Required Contribution Rates – Retiree Health and Basic Life Premium

Table 11A

Employer Monthly Premium Rates	
Level of Coverage	SRHP
Retiree Only	\$ 622
Retiree and Spouse	1,335
Retiree and Children	1,099
Retiree and Family	1,812

Measurement Date

ERS has elected to use a measurement date that is twelve months in advance of the fiscal year, with a measurement date of Aug. 31, 2018 for fiscal year ended Aug. 31, 2019.

Actuarial Methods and Assumptions

The total OPEB liability is determined by an annual actuarial valuation. Table 11B presents the actuarial methods and assumptions used to measure the total OPEB liability as of the specified date.

The many actuarial assumptions used in the valuation were primarily based on the result of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period Sept. 1, 2011 to Aug. 31, 2016 for state agency members and for the period Sept. 1, 2010 to Aug. 31, 2017 for higher education members. The mortality rates were based on the tables identified in table 11B.

Actuarial Methods and Assumptions

Table 11B

	SRHP
Actuarial Valuation Date	August 31, 2018
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Not applicable
Actuarial Assumptions:	
Inflation	2.50 %
Discount Rate	3.96% *
Salary Increase	2.50% to 9.50% , includes inflation
Annual Healthcare Trend Rate	7.30% for FY 2020, 7.40% for FY 2021, 7.00% for FY 2022, decreasing 0.50% per year to an ultimate rate of 4.50% for FY 2027 and later years
Ad Hoc Post-Employment Benefit Changes	None
Mortality	
State Agency Members	
Service Retirees, Survivors and other	2017 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2017
Inactive Members	
Disabled Retirees	RP-2014 Disabled Retiree Mortality with Ultimate MP Projection Scale projected from the year 2014
Active Members	RP-2014 Active Member Mortality tables with Ultimate MP Projection Scale from the year 2014
Higher Education Members	
Service Retirees, Survivors and other	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018
Inactive Members	
Disabled Retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active Members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014

* The source of the municipal bond rate is the Bond Buyer Index of General Obligation Bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

The following assumptions and other inputs have been adopted since the prior valuation to reflect plan experience and trends as expected by ERS and the actuaries attesting to the results of the valuation:

- a. demographic assumptions (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the Trustees from TRS,
- b. assumed expenses, assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost, Retiree Contribution and Expense trends have been updated to reflect recent experience and its effects on our short-term expectations,
- c. percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence,
- d. percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends and
- e. the discount rate assumption was increased from 3.51 percent to 3.96 percent to utilize the updated yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

The only benefit revisions that have been adopted since the prior valuation is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect for those HealthSelect retirees and dependents for whom Medicare is not primary. These minor benefit changes have been reflected in the following fiscal 2019 Assumed Per Capita Health Benefit Costs.

Other future actuarial methods may differ significantly from the current measurement period due to such factors as the following: plan experience, changes in economic or demographic assumptions, methodology used and changes in plan provisions or applicable laws.

The discount rate that was used to measure the total OPEB liability for the plan is the municipal bond rate of 3.96 percent as of the end of the measurement year; as of the beginning of the measurement year, the discount rate was 3.51 percent. Projected cash flows into the plan are equal to projected benefit payments out of the plan. As the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return.

Sensitivity analysis was performed on the impact of changes in the discount rate on the state's net OPEB liability. The results of the analysis are presented in table 11C.

Sensitivity of Net OPEB Liability to Changes in Discount Rate

Table 11C
(Amounts in Thousands)

SRHP		
State as Employer		
Current		
1% Decrease (2.96)%	Discount Rate (3.96)%	1% Increase (4.96)%
\$30,064,887	\$25,323,500	\$21,734,804
State as Non-Employer Contributing Entity		
Current		
1% Decrease (2.96)%	Discount Rate (3.96)%	1% Increase (4.96)%
\$2,161,973	\$1,821,019	\$1,562,955

Sensitivity analysis was performed on the impact of changes in the healthcare cost trend rates on the state's net OPEB liability. The result of the analysis are presented in the table 11D.

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates

Table 11D

(Amounts in Thousands)

SRHP		
State as Employer		
Current Healthcare Cost Trend Rate		
1% Decrease	Trend Rate	1% Increase
\$21,445,730	\$25,323,500	\$30,325,832
State as Non-Employer Contributing Entity		
Current Healthcare Cost Trend Rate		
1% Decrease	Trend Rate	1% Increase
\$1,542,168	\$1,821,019	\$2,180,738

Net OPEB Liability, Deferrals and OPEB expense

The OPEB plan's fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by ERS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan.

At Aug. 31, 2019, the state reported a liability of \$25.3 billion for its proportionate share of the collective net OPEB liability as an employer, which was comprised of a current portion of \$562.4 million and a non-current portion of \$24.7 billion, and a liability of \$1.8 billion for its proportionate share of the collective net OPEB liability as a non-employer contributing entity, which was comprised of a current portion of \$40.4 million and a non-current portion of \$1.8 billion. The collective

net OPEB liability was measured as of Aug. 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The state's proportion decreased from 89.45 percent at Aug. 31, 2017, to 85.44 percent at Aug. 31, 2018, and increased from 3.81 percent to 6.14 percent for its role as employer and non-employer contributing entity respectively. The state's proportions of the collective net OPEB liability was based on its contributions to the OPEB plan relative to the contributions of all the employers and non-employer contributing entity to the plan for the period Sept. 1, 2017 through Aug. 31, 2018.

The state recognized OPEB expense for its employees' OPEB and grant expense for the OPEB of the junior and community college employees. For the year ending Aug. 31, 2019, the state recognized OPEB expense of negative \$445.9 million and grant expense of \$88.1 million. At Aug. 31, 2019, the state reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources in table 11E.

Deferred Outflows and Deferred Inflows of Resources

Table 11E

(Amounts in Thousands)

SRHP	State as Employer		State as Non-Employer Contributing Entity	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$	\$ 927,772	\$	\$ 66,716
Changes of Assumptions or Other Inputs		8,874,047		638,135
Net Difference Between Projected and Actual Investment Return	11,992		862	
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share	2,482,469	3,840,963	454,859	
Contributions Subsequent to the Measurement Date	330,295		26,621	
Total	\$ 2,824,756	\$ 13,642,782	\$ 482,342	\$ 704,851

The \$330.3 million and \$26.6 million reported as deferred outflows of resources resulting from contributions subsequent to the measurement date for the state as employer and non-employer contributing entity respectively will be recognized as a reduction in the net OPEB liability for the year ending Aug. 31, 2020.

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense in the following years as reported in table 11F for SRHP.

Amortization Impact of Deferred Outflows and Inflows of Resources on OPEB/Grant Expense

Table 11F

(Amounts in Thousands)

Year Ended August 31:

	SRHP	
	State as Employer OPEB Expense*	State as Non-Employer Contributing Entity Grant Expense*
2020	\$ (2,788,217)	\$ (80,382)
2021	(2,788,217)	(80,382)
2022	(2,788,217)	(80,382)
2023	(1,978,491)	(22,154)
2024	(805,180)	14,171
Thereafter		

* Positive amounts indicate increase in OPEB/Grant expense; negative amounts indicate decrease in OPEB/Grant expense.

Teacher Retirement System of Texas

The state of Texas contributes to TRS-Care, a cost-sharing, multiple-employer defined benefit OPEB plan with a special funding situation. TRS' board of trustees (Board) administers TRS-Care.

TRS issued a stand-alone audited Comprehensive Annual Financial Report (CAFR). The TRS CAFR may be obtained from:

Teacher Retirement System

1000 Red River Street

Austin, Texas 78701-2698

Plan Description

TRS-Care provides basic and optional group insurance coverage for participants on a pay-as-you-go basis as authorized by Texas Insurance Code, Chapter 1575. Basic coverage includes participation in a major medical group health insurance plan with deductibles based upon enrollment in Part A or Part B of Medicare or non-Medicare participants may pay premiums to participate in one of the two standard insurance plans with more comprehensive benefits. The benefit provisions of TRS-Care are authorized by state law and may be amended by the Board. The Board may adopt rules, plans, procedures and orders reasonably necessary to administer the program, including minimum benefits and financing standards. Retirees must meet certain age and service requirements, have at least 10 years of service at retirement and be a member of the TRS Pension System in order to participate in the plan.

The plan does not provide automatic cost of living adjustments.

Contributors to TRS-Care include active and retired members, employers, and the state of Texas as the only non-employer contributing entity. Employers include public schools, educational districts, regional education service centers and open-enrollment charter schools whose employees are members of TRS.

The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective Sept. 1, 2017:

- a. Created a high deductible health plan that provides a zero cost for generic prescriptions for certain preventative drugs and provided a zero premium for disabled retirees who retired disabled on or before Jan. 1, 2017 and are not eligible to enroll in Medicare,
- b. Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants,

- c. Allowed TRS to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare,
- d. Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period and
- e. Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

Funding Policy

The state is a non-employer contributing entity in TRS-Care per Texas Insurance Code, Chapter 1575. There is no continuing obligation to provide benefits beyond each fiscal year. TRS-Care is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding is provided by retiree premiums, state contributions, active members and school districts based upon public school district payroll. The Board does not have the authority to set or amend contribution rates. The Texas Insurance Code, Chapter 1575, Sections 202-204 establishes the contribution rates, while the General Appropriations Act from each Legislative session establishes the actual public school contribution rate. Employers are also required to pay a surcharge of \$535 per month when employing a retiree of TRS. During the measurement period of 2018, for fiscal 2019 reporting, the amount of the state contributions recognized by the plan was \$790.2 million. The contribution requirements for the employers of TRS-Care during the measurement period are presented in table 11G.

Required Contribution Rates – Retiree Healthcare

Table 11G
(Amounts in Thousands)

TRS Care Contribution Rates & Amounts		
Contributor	Rate	Amount
Active Employee	0.65 %	\$221,325
Non-Employer		
Contributing Entity (State)	1.25 %	395,589
Participating Employer	0.75 %	255,797
Federal/Private Funding*	1.25 %	30,037
Total		<u>\$902,748</u>

* Contributions from Federal Funds and Private Grants are remitted by the employer and paid at the state rate.

To alleviate a funding shortfall for the 2018 through 2019 biennium, Senate Bill 1, 85th Legislative Session, provided a one time supplemental contribution in the amount of \$182.6 million and also provided increases in contribution requirements for active employee payroll for the fiscal years ending Aug. 31, 2018 and Aug. 31, 2019. The state contribution rate increased 0.25 percent of active employees payroll to 1.25 percent and the employer contribution rate increased 0.20 percent of active employees payroll to 0.75 percent. House Bill 3976 made the 0.25 percent increase related to the state contribution rate permanent. Additionally, House Bill 30 provided another one time supplemental contribution in the amount of \$212 million bringing the total of supplemental appropriations to \$394.6 million for TRS-Care during the 2018 through 2019 biennium.

Measurement Date

TRS has elected to use a measurement date that is twelve months in advance of the fiscal year, with a measurement date of Aug. 31, 2018 for fiscal year ended Aug. 31, 2019.

Actuarial Methods and Assumptions

A change was made in the measurement date of the total OPEB liability (TOL) for the measurement year ending Aug. 31, 2018. The actuarial valuation was performed as of Aug. 31, 2017. Update procedures were used to roll forward the TOL to Aug. 31, 2018. This is the first year TRS used the roll forward procedures. Table 11H presents the actuarial methods and assumptions used to measure the total OPEB liability as of the specified measurement date.

The many actuarial assumptions used in the valuation were primarily based on the results of actuarial experience studies performed by the TRS retirement plan actuary for the three year period ending Aug. 31, 2017 and adopted in July 2018. The mortality rates were based on tables identified in table 11H.

The following assumptions and other inputs have been adopted since the prior valuations to reflect future plan experience as expected by the actuaries attesting to the results of the valuation:

- a. Total OPEB Liability (TOL) as of Aug. 31, 2018 was developed using the roll forward method of the Aug. 31, 2017 valuation,
- b. Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018 (this increased TOL),
- c. Health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020 (this increased TOL),
- d. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending Aug. 31, 2017 (this increased TOL) and

Actuarial Methods and Assumptions

Table 11H

	<u>TRS-Care</u>
Actuarial Valuation Date	August 31, 2017, rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Actuarial Assumptions:	
Inflation	2.30 %
Discount Rate	3.69% *
Aging Factors	Based on plan specific experience
Expenses	Third party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims cost
Salary Increase	3.05% to 9.05% (includes inflation)
Healthcare Cost and Trend Rate	Initially 6.75% for non-Medicare retirees, 9.00% for Medicare retirees and 11.00% for prescription drugs for all retirees; decreasing to an ultimate rate of 4.50% over a period of 9 years. The first year medical trend for Medicare retirees (107.74%) reflects the anticipated return of the Health Insurer Fee (HIF) in 2020.
Election Rates	Normal Retirement Participation: 70% participation prior to age 65 and 75% participation after age 65
Ad Hoc Post-Employment Benefit Changes	None
Demographic	The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of TRS. These assumptions were developed in the experience study performed by TRS for the period ending Aug. 31, 2017.
Mortality	
Post-Retirement	Tables based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP")
Active Members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with full generational projection using Scale BB

* The source of the municipal bond rate is the Fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of Aug. 31, 2018.

- e. Discount rate changed from 3.42 percent as of Aug. 31, 2017 to 3.69 percent, as of Aug. 31, 2018 (this lowered TOL approx. \$2.3 billion).

The impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Results indicated that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long term trend rate assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include the following:

- a. 2018 thresholds of \$850 and \$2,292 were indexed annually by 2.50 percent,
- b. Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax and
- c. No special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Other future actuarial methods may differ significantly from the current measurement period due to such factors as the following: plan experience, changes in economic or demographic assumptions, methodology used and changes in plan provisions or applicable laws.

The discount rate that was used to measure the total OPEB liability for the plan is the municipal bond rate of 3.69 percent as of the end of the measurement year; as of the beginning of the measurement year, the discount rate was 3.42 percent. Projected cash flows into and out of the plan are equal to projected benefit payments out of the plan assumed that members, employers, and non-employer contributing entities make their contributions at the statutorily required rates. As the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return.

Sensitivity analysis was performed on the impact of changes in the discount rate on the net OPEB liability. The result of the analysis is presented in table 11I for the state's proportionate share.

Sensitivity of Net OPEB Liability to Changes in Discount Rate

Table 11I
(Amounts in Thousands)

TRS-Care		
1% Decrease (2.69)%	Current Discount Rate (3.69)%	1% Increase (4.69)%
\$ 34,130,756	\$ 28,673,029	\$ 24,355,615

Sensitivity analysis was performed on the impact of changes in the healthcare cost trend rates on the net OPEB liability. The result of the analysis is presented in table 11J for the state's proportionate share.

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates

Table 11J
(Amounts in Thousands)

TRS-Care		
1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 23,813,418	\$ 28,673,029	\$ 35,073,242

Net OPEB Liability, Deferrals and OPEB expense

The OPEB plan's fiduciary net position is determined using the economic measurement focus and accrual basis of accounting, which is the same basis used by TRS. Benefits and refunds of contributions are recognized when due and payable in accordance with the basis of the plan.

At Aug. 31, 2019, the state reported a liability of \$28.7 billion for its proportionate share of the collective net OPEB liability as non-employer contributing entity, which was comprised of a current portion of \$434 million and a non-current portion of \$28.3 billion. The collective net OPEB liability was measured as of Aug. 31, 2018 and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of that date. The state's propor-

tion decreased from 58.44 percent at Aug. 31, 2017, to 57.43 percent at Aug. 31, 2018. The state's proportion of the collective net OPEB liability was based on its contributions to the OPEB plan relative to the contributions of all employers and non-employer contributing entity to the plan for the period Sept. 1, 2017 through Aug. 31, 2018.

For the year ending Aug. 31, 2019, the state recognized grant expense of \$1.0 billion and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources in table 11K for its portion as non-employer contributing entity to TRS-Care.

	TRS-Care	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,521,571	\$ 452,503
Changes of Assumptions or Other Inputs	478,475	8,614,600
Net Difference Between Projected and Actual Investment Return	5,015	
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share	45	558,579
Contributions Subsequent to the Measurement Date	478,578	
Total	\$ 2,483,684	\$ 9,625,682

The \$478.6 million reported as deferred outflows of resources for TRS-Care resulted from contributions subsequent to the measurement date, which will be recognized as a reduction in the net OPEB liability for the year ended Aug. 31, 2020.

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in grant expense in the following years as reported in table 11L for TRS-Care.

Amortization Impact of Deferred Outflows and Inflows of Resources on Grant Expense

Table 11L
(Amounts in Thousands)
Year Ended August 31:

	TRS-Care Grant Expense*
2020	\$ (1,197,984)
2021	(1,197,983)
2022	(1,197,983)
2023	(1,198,932)
2024	(1,199,474)
Thereafter	(1,628,220)

* Negative amounts indicate decrease in Grant expense.

Texas A&M University and University of Texas Systems

The state of Texas contributes to two single-employer defined benefit retiree health care and life insurance benefit plans: the A&M Plan and the UT Plan. A&M is the administrator of the A&M Plan and UT is the administrator of the UT Plan.

A&M and UT each issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to the systems at the following addresses:

Texas A&M University System

301 Tarrow Street
College Station, Texas 77840-7896

University of Texas System

Controller's Office
210 West 7th Street
Austin, Texas 78701

Plan Descriptions

Each plan provides certain health care and life insurance benefits on a pay-as-you-go basis as authorized by

Texas Insurance Code, Chapter 1601. The benefit and contribution provisions of each plan are authorized by state law and may be amended by the Legislature. Retirees must meet certain age and service requirements and have at least 10 years of service at retirement to participate in the plan. Substantially all of the employees of A&M and UT may become eligible for benefits as long as they reach normal retirement age while working for the state. Surviving spouses and dependents of retirees are also covered by the plans. The plans does not provide automatic cost of living adjustments and there are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4. As of the measurement date in table 11M, the following employees were covered by the benefit terms.

Employees Covered by Benefit Terms*		
Table 11M		
	A&M Plan	UT Plan
Measurement Date	9/1/18	12/31/18
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	10,299	27,597
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	7,630	12,311
Active Members	24,917	90,605
Total	<u>42,846</u>	<u>130,513</u>

* The counts are as of Sept. 1, 2017 and Dec. 31, 2017 for the A&M and UT Plans, respectively, because the actuarial valuation was based on a roll-forward.

Funding Policy

The state contributes to the cost of each participant’s insurance coverage as required by Texas Insurance Code, Chapter 1551, Section 310 and 311. The funds are appropriated under the General Appropriations Act Higher Education Employees Group Insurance Contributions. During the measurement period of 2018, for fiscal 2019 reporting, the amount of state employer benefit payments recognized by the A&M Plan was \$71.1 million and the UT Plan was \$193.7 million.

The contribution rates are determined annually by each system based on the recommendations of their Office of Risk Management and Benefits Administration, Office of Employee Benefits and consulting actuary. Contributions rates are determined based on the benefit and administrative costs that are expected to be incurred, the funds appropriated for the plans, and the funding policy established by the Legislature which is revised as necessary to match expected costs with available revenue. The employer does not contribute toward dental, optional life insurance, optional dependent life insurance, vision, AD&D or long term care. The monthly contribution requirements are presented in table 11N.

Required Contribution Rates – Retiree Healthcare and Life Insurance Premium		
Table 11N		
Level of Coverage	A&M Plan	UT Plan
Retiree Only	\$ 594	\$ 598
Retiree and Spouse	1,156	912
Retiree and Children	984	799
Retiree and Family	1,385	1,114

Measurement Date

A&M has elected to use a measurement date that is twelve months in advance of the fiscal year, with a measurement date of Sept. 1, 2018 for fiscal year ended Aug. 31, 2019.

UT has elected to use a measurement date that is eight months in advance of the fiscal year, with a measurement date of Dec. 31, 2018 for fiscal year ended Aug. 31, 2019.

Actuarial Methods and Assumptions

The total OPEB liability for both plans is determined by a biennial actuarial valuation. Table 11O presents the actuarial methods and assumptions used to measure the total OPEB liability as of the specified measurement dates.

The many actuarial assumptions used in the valuations were primarily based on the result of actuarial experience studies performed by the TRS retirement plan actuary for the period Sept. 1, 2010 to Aug. 31, 2014 for higher education members. The mortality rates were based on the tables identified in table 11O.

Actuarial Methods and Assumptions		
Table 11O		
	A&M Plan	UT Plan
Actuarial Valuation Date	September 1, 2017, rolled forward to September 1, 2018	December 31, 2017, rolled forward to December 31, 2018
Actuarial Assumptions:		
Inflation	2.50%	2.50%
Salary Increase	3.50% to 9.50% (includes inflation)	3.50% to 9.50% (includes inflation)
Discount Rate	3.96% *	4.10% *
Healthcare Cost and Trend Rate	7.00% for FY 2019, 8.00% for FY 2020, decreasing 0.50% per year to an ultimate rate of 4.50% for FY 2027 and later years	7.00% for FY 2019, 8.00% for FY 2020, decreasing 0.50% per year to an ultimate rate of 4.50% for FY 2027 and later years
Mortality		
Service Retirees, Survivors and Other Inactive Members	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014
Disabled Retirees	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active Members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with full generational projection using Scale BB	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with full generational projection using Scale BB
Ad Hoc Post-Employment Benefit Changes	None	None

* The source of the municipal bond rate is the Bond Buyer Index of General Obligation Bonds with 20 years to maturity and mixed credit quality.

As of the measurement date, the discount rate has changed for the A&M and UT Plans. Additionally, between the measurement date and the employer’s reporting date, A&M only, adopted a change in benefit terms. Adopted in Jan. 2018 to be effective Jan. 1, 2019, prescription drug coverage for all Medicare primary participants will be provided through a self funded Employer Group Waiver Plan with Commercial Wrap. No other changes in assumptions, inputs, and benefit and eligibility provisions have occurred for either plan.

The discount rate that was used to measure the total OPEB liability for each plan is the municipal bond rate of 3.96 percent for the A&M Plan and 4.10 percent for the UT Plan, as of the end of the measurement year; as of the beginning of the measurement year, the discount rate was 3.51 percent and 3.44 percent respectively.

Sensitivity analysis was performed on the impact of changes in the discount rate on the total OPEB liability.

The result of the analysis is presented in the table 11P.

Sensitivity of Total OPEB Liability to Changes in Discount Rate			
Table 11P			
(Amounts in Thousands)			
A&M Plan			
	Current		
1% Decrease (2.96)%	Discount Rate (3.96)%	1% Increase (4.96)%	
\$ 4,047,651	\$ 3,377,413	\$ 2,861,141	
UT Plan			
	Current		
1% Decrease (3.10)%	Discount Rate (4.10)%	1% Increase (5.10)%	
\$ 15,870,967	\$ 13,079,604	\$ 10,965,748	

Sensitivity analysis was performed on the impact of changes in the healthcare cost trend rates on the total OPEB liability. The result of the analysis is presented in the table 11Q.

Sensitivity of Total OPEB Liability to Changes in Healthcare Cost Trend Rates

Table 11Q
(Amounts in Thousands)

A&M Plan		
	Current Healthcare Cost Trend Rate	
1% Decrease		1% Increase
\$ 2,793,753	\$ 3,377,413	\$ 4,150,223
UT Plan		
	Current Healthcare Cost Trend Rate	
1% Decrease		1% Increase
\$ 10,869,787	\$ 13,079,604	\$ 16,015,049

Total OPEB Liability, Deferrals, and OPEB Expense

At Aug. 31, 2019, the state reported a liability of \$3.4 billion for the A&M Plan and \$13.1 billion for the UT Plan. The A&M Plan's total OPEB liability is comprised of a current portion of \$87.9 million and a non-current portion of \$3.3 billion, and the UT Plan's total OPEB liability is comprised of a current portion of \$291.2 million and a non-current portion of \$12.8 billion. The collective total OPEB liability was measured as of the measurement date for each respective plan. The schedule of changes in the state's total OPEB liability for the measurement dates Sept. 1, 2018 and Dec. 31, 2018 are presented in table 11R for each plan.

Schedule of Changes in Total OPEB Liability

Table 11R
(Amounts in Thousands)

	A&M Plan	UT Plan
Measurement Date	9/1/18	12/31/18
Total OPEB Liability		
Service Cost	\$ 173,615	\$ 692,255
Interest on the Total OPEB Liability	163,593	498,239
Changes of Benefit Terms	(1,050,344)	
Difference Between Expected and Actual Experience		
Changes of Assumptions or Other Inputs	(361,071)	(1,805,442)
Benefit Payments (Employer)	(71,054)	(193,743)
Other Changes		
Net Change in Total OPEB Liability	(1,145,261)	(808,691)
Total OPEB Liability – Beginning	4,522,674	13,888,295
Total OPEB Liability – Ending	\$ 3,377,413	\$ 13,079,604

For the year ending Aug. 31, 2019, the state recognized OPEB expense of negative \$822.1 million for the A&M Plan and \$785.6 million for the UT Plan. At Aug. 31, 2019, the state reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources in table 11S for each plan.

Deferred Outflows and Deferred Inflows of Resources*

Table 11S
(Amounts in Thousands)

	A&M Plan		UT Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$	\$ 65,515	\$	\$ 131,515
Changes of Assumptions or Other Inputs	541,115	1,081,222		2,599,485
Transactions Subsequent to the Measurement Date	71,075		140,597	
Total	\$ 612,190	\$ 1,146,737	\$ 140,597	\$ 2,731,000

* Both plans are a single-employer defined benefit OPEB plan. Due to statute requiring appropriations for funding the plans, the state reports a proportionate share in governmental activities and business-type activities. The change in proportion and contributions are recorded and amortized to expense as in a cost-sharing plan. However, since the amounts net to zero for each plan between deferred outflows/inflows of resources and expense for this type of deferral, the amounts are not included in the above schedule.

The \$71.1 million reported as deferred outflows of resources for the A&M Plan and \$140.6 million for the UT Plan resulted from transactions subsequent to the measurement date, which will be recognized as a reduction in the total OPEB liability for the year ending Aug. 31, 2020.

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense in the following years as reported in table 11T for each plan.

Amortization Impact of Deferred Outflows and Deferred Inflows of Resources on OPEB Expense*

Table 11T
(Amounts in Thousands)
Year Ended August 31:

	A&M Plan	UT Plan
2020	\$ (109,469)	\$ (407,253)
2021	(109,469)	(407,253)
2022	(109,469)	(407,253)
2023	(119,107)	(407,253)
2024	(132,399)	(407,253)
Thereafter	(25,711)	(694,735)

* Negative amounts indicate decrease in OPEB expense.

Note 12

Interfund Activity and Transactions

Interfund activity refers to financial interactions between funds and/or blended component units and is restricted to internal events. Interfund transactions refer to financial interactions with legally separate entities, i.e., discrete component units and other governments, and are restricted to external events.

Reciprocal Interfund Activity

Interfund loans are reciprocal interfund activity with a requirement for repayment. These loans are reported as interfund receivables/payables and are classified as either current or noncurrent.

Interfund services are sales and purchases of goods and services for a price approximating their external exchange value. This activity is reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as receivables and payables.

Nonreciprocal Interfund Activity

Interfund transfers are nonreciprocal interfund activity. This activity refers to flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing sources or uses. In proprietary funds, transfers are reported after nonoperating revenues and expenses. The majority of transfers are legally authorized by statute or bond covenant to move amounts from one fund to another. Amounts not transferred at fiscal year-end are accrued as due from/due to. Activity occurring within the same fund is eliminated. Additional eliminations are made and transfers in and out are netted and presented in the government-wide statement of activities as transfers-internal activities.

Certain reclassifications and eliminations are made between the fund financial statements and the government-wide financial statements. Resource flows between the primary government and its discretely presented component units are reported as revenues and expenses, as if they were external transactions, on the fund financial statements and the government-wide financial statements. Transfers between the governmental or business-type activities and fiduciary funds are reported as transfers on the fund financial statements and are reclassified to revenues and expenses, as if they were external transactions, on the government-wide financial statements.

Due from/due to amounts between the primary government and the discretely presented component units are reported separately from due from/due to

amounts between funds in the fund financial statements and the government-wide financial statements. Due from/due to amounts between governmental or business-type activities and fiduciary funds are reported as due from/due to amounts between funds in the fund financial statements and are reclassified to receivables from fiduciary funds/payables to fiduciary funds, as if they were external transactions, on the government-wide financial statements.

Interfund reimbursements are repayments from funds responsible for payment of expenditures or expenses to the funds that actually made the payment. These reimbursements are reported in the appropriate expenditure/expense category in the fund responsible for the payment.

For the state of Texas, routine transfers are those transfers from unrestricted revenue collected in the general revenue fund to finance various programs accounted for in other funds in accordance with the General Appropriations Act, which is the primary budget document for the state of Texas. Other transfers are legally authorized by statute to move resources from one fund to another. The interfund receivables/payables include loans for energy efficiency programs of approximately

\$23.4 million. There is also a \$1.3 billion receivable for Texas A&M University System from the University of Texas System from permanent university funds. The earnings will be used for bond payments.

Significant transfers include a \$2.1 billion transfer from the property tax relief fund and a \$1.6 billion transfer from the lottery fund to the foundation school fund for educational programs. There is a \$1.2 billion transfer from the permanent school fund to the available school fund. The Graduate Medical Education permanent fund transferred \$9.6 million to the Texas Higher Education Coordinating Board as directed by the legislature.

There is \$1.7 billion due from amount for the state highway fund from the Comptroller's office related to a November 2014 amendment to Article III of the Constitution. Under the amendment, a portion of the funds collected and deposited in the general revenue fund are transferred equally to the economic stabilization fund and the state highway fund. The funds were transferred to the state highway fund in November 2019.

The detail of interfund activity and transactions by fund type and category as of Aug. 31, 2019, is presented in tables 12A-E.

Interfund Receivables/Payables						
Table 12A						
(Amounts in Thousands)						
Fund Type	Current		Non-Current		Total	
	Interfund Receivables	Interfund Payables	Interfund Receivables	Interfund Payables	Interfund Receivables	Interfund Payables
Governmental Funds						
General Fund	\$ 6,413	\$ 220	\$ 17,063	\$ 1,170	\$ 23,476	\$ 1,390
Nonmajor Governmental Funds	29	179		1,645	29	1,824
	<u>6,442</u>	<u>399</u>	<u>17,063</u>	<u>2,815</u>	<u>23,505</u>	<u>3,214</u>
Proprietary Funds						
Colleges and Universities	69,302	75,629	1,224,283	1,240,176	1,293,585	1,315,805
Nonmajor Enterprise Funds	322	38	1,645		1,967	38
	<u>69,624</u>	<u>75,667</u>	<u>1,225,928</u>	<u>1,240,176</u>	<u>1,295,552</u>	<u>1,315,843</u>
Total	<u>\$ 76,066</u>	<u>\$ 76,066</u>	<u>\$1,242,991</u>	<u>\$1,242,991</u>	<u>\$1,319,057</u>	<u>\$1,319,057</u>

Due From/Due To

Table 12B

(Amounts in Thousands)

Fund Type	Due From			Due To		
	Other Funds	Primary Government	Component Unit	Other Funds	Primary Government	Component Unit
GOVERNMENTAL FUNDS						
General Fund	\$ 227,200	\$	\$	\$3,286,079	\$	\$
State Highway Fund	1,914,759			3,091		
Permanent School Fund	282			101		
Nonmajor Governmental Funds	157,731			54,395		
	<u>2,299,972</u>	<u>0</u>	<u>0</u>	<u>3,343,666</u>	<u>0</u>	<u>0</u>
PROPRIETARY FUNDS						
Colleges and Universities	1,247,148			30,531		
Unemployment Trust Fund	2,461					
Lottery Fund				170,465		
Nonmajor Enterprise Funds	50,688			8,527		
Internal Service Fund	3,657			32,031		
	<u>1,303,954</u>	<u>0</u>	<u>0</u>	<u>241,554</u>	<u>0</u>	<u>0</u>
FIDUCIARY FUNDS						
Agency Funds				734		
Pension and Other Employee Benefit Trust Funds	44,021			61,993		
Private-Purpose Trust Funds						
	<u>44,021</u>	<u>0</u>	<u>0</u>	<u>62,727</u>	<u>0</u>	<u>0</u>
DISCRETELY PRESENTED COMPONENT UNITS						
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$3,647,947</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$3,647,947</u>	<u>\$ 0</u>	<u>\$ 0</u>

Transfers In/Out

Table 12C

(Amounts in Thousands)

Fund Type	Transfers In Other Funds	Transfers Out Other Funds
GOVERNMENTAL FUNDS		
General Fund	\$ 4,161,902	\$ 9,627,041
State Highway Fund	1,891,938	982,048
Permanent School Fund		1,535,835
Nonmajor Governmental Funds	3,832,180	2,915,496
	<u>9,886,020</u>	<u>15,060,420</u>
PROPRIETARY FUNDS		
Colleges and Universities	6,981,609	556,816
Unemployment Trust Fund		
Lottery Fund		1,636,590
Nonmajor Enterprise Funds	443,450	58,549
	<u>7,425,059</u>	<u>2,251,955</u>
FIDUCIARY FUNDS		
Pension and Other Employee Benefit Trust Funds	130,805	129,509
External Investment Trust Fund		
Private-Purpose Trust Funds		
	<u>130,805</u>	<u>129,509</u>
Total	<u>\$ 17,441,884</u>	<u>\$ 17,441,884</u>

Internal Balances per the Government-wide Financial Statements

Table 12D

(Amounts in Thousands)

	Governmental Activities	Business-Type Activities	Total
NONCURRENT ASSETS			
Internal Balances	\$ 14,249	\$ (14,249)	\$ 0
CURRENT LIABILITIES			
Internal Balances	\$ 1,084,732	\$ (1,084,732)	\$ 0

Transfers – Internal Activities per the Government-wide Financial Statements

Table 12E

(Amounts in Thousands)

Fund Category	Other Funds
Governmental Activities	\$(5,367,035)
Business-Type Activities	\$ 5,367,035

Note 13

Classification of Fund Balances/ Net Position

Table 13A presents a summary of the governmental fund balances by fund type and specific purpose as of Aug. 31, 2019.

The classifications of nonspendable, restricted, committed, assigned and unassigned are the fund balance classifications according to GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. With the exception of nonspendable fund balances, fund balances are presented based on each fund's specific purpose. For the general fund, special revenue funds, capital projects funds and nonmajor permanent funds, the specific purpose of the fund is determined by the Texas Legislature. The revenues received to fund the programs within the fund and the applicable expenditures allowed from the fund are derived through statute. The fund may support multiple programs within multiple agencies. The remaining unspent fund balances are determined to be restricted, committed, assigned or unassigned at fiscal year-end. Unassigned fund balances are then reported by the governmental function assigned to the agency.

Of the \$9 billion governmental funds total unassigned fund balance, \$11.7 billion is for the economic stabilization fund (ESF). The ESF was authorized by the Texas Constitution, Article III, Section 49g. This authorized a transfer to the ESF within 90 days after the end of the fiscal year. In November of each year, a transfer is made from the general revenue fund equal to 75 percent of the excess of the prior fiscal year net collections for oil and natural gas production taxes over 1987 collections. The transfer amount of each production tax is calculated separately and must be in excess of the 1987 threshold. An amendment to the Texas Constitution, passed in November 2014, amended the transfer to include the state highway fund. As of fiscal

2015, the ESF receives at least one-half of the 75 percent transferred with the remainder transferred to the state highway fund.

The ESF shall also receive a transfer from the general revenue fund, by the 90th day of each biennium, for one-half of any unencumbered positive balance remaining in the general revenue fund on the last day of the preceding biennium. The Texas Legislature may appropriate within the constitutional guidelines by a three-fifths vote of the members present in each house, amounts in the ESF that do not exceed the amount of any unanticipated deficit in a current biennium or anticipated revenue decline during the next biennium. The Texas Legislature may also appropriate any amount from the ESF for any purpose only if approved by at least two-thirds of the members present in each house.

The corpus of the permanent school fund (PSF) is classified as nonspendable, and the balance of the PSF is classified as restricted based on provisions in the Texas Constitution which limits the use of the PSF to the support of public free schools. The Texas Constitution, Article 7 describes the fund as permanent, specifically describes how the PSF may be spent and explicitly restricts the Texas Legislature from appropriating any part of the PSF to any other purpose. The Texas Constitution allows the PSF to be spent on 1) transfers to the available school fund in accordance with constitutional requirements, 2) expenses of managing the PSF land and investments, and 3) guaranteed bond payments in the event of default. Accordingly, the portion of the fund balance that is spendable is classified as restricted based on constitutional provisions that limit the use of the PSF to these purposes. The remainder of the fund balance is classified as nonspendable, in alignment with the PSF's permanent nature as described in the constitution.

Restrictions of net position are listed on the face of the government-wide and proprietary statements of

net position. Per GASB Statement No. 54, balances reported as restricted in the fund financial statements plus the nonspendable permanent fund corpus balances

are reported as restricted in the statement of net position. All other fund financial balances are reported as unrestricted in the statement of net position.

Governmental Fund Balances – Nonspendable, Restricted, Committed, Assigned and Unassigned

Table 13A

(Amounts in Thousands)

	General Fund	State Highway Fund	Permanent School Fund	Other Funds	TOTAL
Nonspendable for:					
Inventory	\$ 202,147	\$ 138,936	\$	\$ 277	\$ 341,360
Long-term Receivables	486,731				486,731
Permanent Principal	20,000		45,295,575	899,150	46,214,725
Prepaid Items	2,637				2,637
Total Nonspendable	<u>711,515</u>	<u>138,936</u>	<u>45,295,575</u>	<u>899,427</u>	<u>47,045,453</u>
Restricted for:					
Capital Purposes				238,734	238,734
Debt Service				454,599	454,599
Economic and Consumer Affairs	494,651			48,021	542,672
Education – Public Schools	356,686		1,204,805	1,009,624	2,571,116
Education – Loan Programs				1,316,876	1,316,876
Environment and Natural Resources	98,856			11,542	110,398
Environment and Natural Resources - Water Programs	422			3,087,198	3,087,621
General Government*	114,124			85,700	199,824
Parks and Recreation	111,845			6,921	118,766
Public Health and Welfare – Federal Programs	40,846				40,846
Public Health and Welfare – Public Programs	66,574			13,258	79,832
Public Safety and Criminal Justice	62,613			132,038	194,651
Public Safety and Criminal Justice – Corrections				117	117
Public Safety and Criminal Justice – Law Enforcement	14,176			5,682	19,856
Regulatory Agencies				7,884	7,884
Transportation – Construction		4,344,852			4,344,852
Transportation – Licensing and Regulation		134,419			134,419
Transportation – Maintenance		381,674			381,674
Transportation – Other	11,482	2,423,330		218,588	2,653,400
Total Restricted	<u>1,372,275</u>	<u>7,284,275</u>	<u>1,204,805</u>	<u>6,636,782</u>	<u>16,498,137</u>

Concluded on the following page

* General Government is tasked with the collection of revenues that benefit the state overall and has expenditures that are not restricted to carry out specific programs or purposes. Included in the classification are the fund balances of state agencies that are semi-independent and do not receive appropriations for operating purposes.

Governmental Fund Balances – Nonspendable, Restricted, Committed, Assigned and Unassigned (concluded)

Table 13A

(Amounts in Thousands)

	General Fund	State Highway Fund	Permanent School Fund	Other Funds	TOTAL
Committed to:					
Capital Purposes	\$ 12,257	\$	\$	\$	\$ 12,257
Economic and Consumer Affairs	918,665				918,665
Education – Public Schools	216,433			10,009	226,442
Education – Loan Programs	313,888				313,888
Environment and Natural Resources - Other	2,520,234				2,520,234
Environment and Natural Resources Water Programs	57,290				57,290
General Government*	471,612			17,315	488,927
Parks and Recreation	162,042				162,042
Public Health and Welfare – Federal Programs	254				254
Public Health and Welfare – Public Programs	306,401				306,401
Public Safety and Criminal Justice	29,913			9,552	39,465
Public Safety and Criminal Justice – Corrections	37,869			55,699	93,568
Public Safety and Criminal Justice – Law Enforcement	107,505				107,505
Transportation – Construction		437,742			437,742
Transportation – Maintenance		38,454			38,454
Transportation – Other		244,150		202,997	447,147
Total Committed	5,154,363	720,346	0	295,572	6,170,281
Assigned to:					
Economic and Consumer Affairs	148				148
Education	352				352
Environment and Natural Resources - Other	3,648				3,648
General Government*	12,922			4,129	17,051
Public Health and Welfare	33,421				33,421
Transportation – Construction		680,148			680,148
Transportation – Maintenance		59,748			59,748
Transportation – Other	157	379,351			379,508
Total Assigned	50,648	1,119,247	0	4,129	1,174,024
Unassigned:					
Education	274,559				274,559
Environment and Natural Resources	155,543				155,543
General Government*	(5,057,489)				(5,057,489)
General Government - ESF	11,692,047				11,692,047
Public Health and Welfare	1,630,948				1,630,948
Public Safety and Corrections	266,595				266,595
Regulatory Agencies	10,418				10,418
Transportation	17,000				17,000
Total Unassigned	8,989,621	0	0	0	8,989,621
Total Fund Balances – Governmental Funds	\$ 16,278,422	\$ 9,262,804	\$ 46,500,380	\$ 7,835,910	\$ 79,877,516

* General Government is tasked with the collection of revenues that benefit the state overall and has expenditures that are not restricted to carry out specific programs or purposes. Included in the classification are the fund balances of state agencies that are semi-independent and do not receive appropriations for operating purposes.

Note 14

Restatement of Beginning Balances

During fiscal 2019, certain accounting changes and adjustments were made that required the restatement of

fund balances or net position. The beginning balances and all related restatements for the components of the state's financial reporting entity are presented in table 14A and discussed on the following pages.

Restatements to Net Position/Fund Balances					
Table 14A					
(Amounts in Thousands)					
	September 1, 2018, As Previously Reported	GASB Statement No. 83	Change in Reporting Entity	Correction of Prior Year Errors	September 1, 2018, As Restated
GOVERNMENT-WIDE ACTIVITIES:					
PRIMARY GOVERNMENT:					
Governmental Activities	\$ 33,004,172	\$	\$	\$ 346,153	\$ 33,350,325
Business-Type Activities	66,533,931	(33,076)		6,415	66,507,270
Total Primary Government	<u>\$ 99,538,103</u>	<u>\$ (33,076)</u>	<u>\$ 0</u>	<u>\$ 352,568</u>	<u>\$ 99,857,595</u>
Discrete Component Units	<u>\$ 173,146</u>	<u>\$ 0</u>	<u>\$ 24,504</u>	<u>\$ 459</u>	<u>\$ 198,109</u>
FUND FINANCIAL STATEMENTS:					
GOVERNMENTAL FUNDS					
Major Governmental Funds:					
General Fund	\$ 13,187,561	\$	\$	\$ (11,707)	\$ 13,175,854
State Highway Fund	7,447,229			868	7,448,097
Permanent School Fund	44,067,480			361,403	44,428,883
Nonmajor Governmental Funds:					
Special Revenue Funds	4,381,939			15	4,381,954
Debt Service Funds	877,423			(338,338)	539,085
Capital Project Funds	669,106			338,338	1,007,444
Permanent Funds	1,530,925				1,530,925
Total Governmental Funds	<u>\$ 72,161,663</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 350,579</u>	<u>\$ 72,512,242</u>
PROPRIETARY FUNDS					
Major Enterprise Funds:					
Colleges and Universities	\$ 59,002,184	\$ (33,076)	\$	\$ 6,061	\$ 58,975,169
Unemployment Trust Fund	1,864,357				1,864,357
Lottery Fund	7,950				7,950
Nonmajor Enterprise Funds	5,659,440			354	5,659,794
Total Proprietary Funds	<u>\$ 66,533,931</u>	<u>\$ (33,076)</u>	<u>\$ 0</u>	<u>\$ 6,415</u>	<u>\$ 66,507,270</u>
Internal Service Fund	\$ 1,060,699	\$	\$	\$ (12)	\$ 1,060,687
FIDUCIARY FUNDS					
Pension and Other Employee Benefit Trust Funds					
Trust Funds	\$ 185,152,455	\$	\$	\$ 2,309	\$ 185,154,764
External Investment Trust Funds	19,975,605				19,975,605
Private-Purpose Trust Funds	3,492,684				3,492,684
Total Fiduciary Funds	<u>\$ 208,620,744</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,309</u>	<u>\$ 208,623,053</u>
Total Reporting Entity *	<u>\$ 308,331,993</u>	<u>\$ (33,076)</u>	<u>\$ 24,504</u>	<u>\$ 355,336</u>	<u>\$ 308,678,757</u>

* Reporting entity includes primary government, discrete component units and fiduciary funds.

Restatements are grouped in table 14A by the following types of activity:

GASB Pronouncements and Related Items

The \$33.1 million restatement decrease is to record the effect of the implementation of GASB Statement No. 83, *Certain Asset Retirement Obligations*. The objective of the statement relates to accounting and financial reporting for certain asset retirement obligations (AROs) as a legally enforceable liability associated with the retirement of a tangible capital asset. The GASB statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for the ARO. Additional details concerning the criteria can be found in Note 5 and Note 27.

Changes in the Reporting Entity

The \$24.5 million restatement increase in Discrete Component Units is primarily due to reporting of the University of North Texas Health Science Center Foundation as a new discretely presented component unit of University of North Texas.

Correction of Prior Year Errors

Government-wide activities

Governmental activities include a restatement decrease of \$4.4 million for adjustments to capital assets and accumulated depreciation or amortization. The remaining restatements primarily include increases of \$350.6 million to correct accounting errors in the prior period related to the valuation of mineral rights and recognition of reimbursements reported as expenditures.

Business-type activities include a restatement increase of \$5.5 million for adjustments to capital assets and accumulated depreciation or amortization. The remaining restatements primarily include increases of \$901 thousand to correct accounting

errors in the prior period related to unrecorded expenditures and adjustment to fund balance.

Discrete component units include restatement increase of \$458.6 thousand to correct accounting errors in the prior period due to accounting for unrecorded revenue.

Fund Financial Statements-Governmental

The restatements for governmental funds of \$11.7 million decrease in the general fund, primarily include correction of accounting errors in the prior period related to reimbursements reported as disaster expenses, unearned revenue, and overstatement of accruals of payables and payroll. The restatement of the State Highway Fund of \$868.3 thousand increase related to correction of overstated accruals. The restatement for Permanent School Fund of \$361.4 million increase primarily consists of adjustments to valuation of mineral rights from prior year of \$437.8 million offset by a \$76.4 million decrease adjustment to reflect the accumulated incentive allocation accrual due to private equity fund-of-funds managers applicable to prior periods.

The restatements for other nonmajor governmental funds include a \$14.8 thousand increase in special revenue funds to correct unreported cash in fund from prior year. The \$338.3 million decrease in debt service funds is due to a change related to fund type classification. The amount is offset by the \$338.3 million dollar increase in the capital projects funds. The restatement of \$11.8 thousand decrease in the internal service fund reflects adjustments to derivative futures from prior year.

Fund Financial Statements-Proprietary

The restatements for colleges and universities of \$6.1 million increase primarily include correction

of accounting errors in the prior period related to unreported donated software. The restatement for other nonmajor enterprise funds of \$354.1 thousand increase primarily include a correction of accounting errors in the prior period related to unrecorded non-depreciable assets.

Fund Financial Statements-Fiduciary

The restatement for the pension and other employee benefit trust funds of \$2.3 million increase is a correction of accounting errors in the prior period for derivative futures and adjustments to capitalized assets.

Restatements to Change in Net Position

Table 14B

(Amounts in Thousands)

	Sept. 1, 2018 Previously Reported	Change in Net Position Aug. 31, 2018 As Previously Reported	GASB Statement No. 83	Change in Reporting Entity	Correction of Prior Year Errors	Change in Net Position Aug. 31, 2018 as Restated	Net Position Sept. 1, 2018 as Restated
GOVERNMENT-WIDE ACTIVITIES:							
PRIMARY GOVERNMENT:							
Governmental Activities	\$ 15,389,983	\$ 17,614,189	\$	\$	\$ 346,153	\$ 17,960,342	\$ 33,350,325
Business-Type Activities	58,299,200	8,234,731	(33,076)		6,415	8,208,070	66,507,270
Total Primary Government	<u>\$ 73,689,183</u>	<u>\$ 25,848,920</u>	<u>\$ (33,076)</u>	<u>\$ 0</u>	<u>\$ 352,568</u>	<u>\$ 26,168,412</u>	<u>\$ 99,857,595</u>
Discrete Component Units	<u>\$ 668,030</u>	<u>\$ (494,884)</u>	<u>\$ 0</u>	<u>\$ 24,504</u>	<u>\$ 459</u>	<u>\$ (469,921)</u>	<u>\$ 198,109</u>

Note 15

Commitments and Contingencies

Commitments

Outstanding Loan Commitments

The state makes loan commitments to political subdivisions for financing purposes. These loan commitments are provided from remaining current bond proceeds, future bond proceeds and federal drawdowns. The Texas Water Development Board had loan commitments of \$3.3 billion as of Aug. 31, 2019. The Texas Department of Transportation (TxDOT) has equity loan commitments of \$9.4 billion. The \$9.4 billion is used by the Grand Parkway Transportation Corporation to pay for certain costs related to development, construction, operation, maintenance and financing of projects in Harris County and possible extensions or expansions of the Grand Parkway in the Houston area.

Investment Funds

As of Aug. 31, 2019, state agencies, public employee retirement systems and institutions of higher education have entered into capital commitments with investment managers for future funding of investment funds. Investment funds include hedge fund pools, private investment pools, public market funds and other alternative investments managed by external investment managers. As of Aug. 31, 2019, the remaining commitment was \$60.2 billion.

Construction and Other Commitments

As of Aug. 31, 2019, TxDOT had contractual commitments of approximately \$16.8 billion for construction and comprehensive developments. These are not

recognized liabilities because the terms of the contracts or agreements were not met and benefits were not received as of the end of the fiscal year.

Additionally, TxDOT is party to several pass-through toll agreements with local entities. Under these agreements, the local entities will finance, design and construct certain roadway projects and may maintain them for a specified period of time. Upon completion of the projects, TxDOT will make payments (i.e., pass-through toll payments) to the entities based on traffic utilization of the roadways and other payment requirements governed by the agreements. Motorists traveling these roadways will not be required to pay a toll. Estimated payments under the agreements are included as notes payable as each project is completed. Liabilities for uncompleted agreements are not recognized. As of Aug. 31, 2019, the amount of unrealized payables for uncompleted pass-through toll agreements was \$51.2 million. In addition, TxDOT has equity grant commitments of \$173.4 million to various local toll project entities.

The University of North Texas System initiated approximately \$414.2 million in capital commitments for construction and renovation of various facilities in numerous stages of development.

Texas Parks and Wildlife Department had contractual commitments of approximately \$120 million for facilities and other improvements, building replacements, building maintenance and repairs, infrastructure and infrastructure maintenance and repairs.

Contingencies

Protested Tax Payments

As of Aug. 31, 2019, pending litigation filed by taxpayers seeking refunds of state taxes totaled \$146 million. The protested taxes include sales, franchise, insurance and other taxes. Although the outcome of these cases cannot presently be determined, adverse rulings in some of them could result in significant additional refunds.

Unpaid Claims and Lawsuits

A variety of cases that may affect the state were filed as of Aug. 31, 2019. These claims totaled \$358.4 million and include a number of lawsuits and claims significant to individual state agencies. Although the outcome of these cases cannot be determined, adverse rulings could result in additional liabilities. Additionally, TxDOT filed cases exercising eminent domain for \$505.2 million.

Federal Assistance

The state receives federal financial assistance subject to review or audit by federal grantor agencies. Entitlement to this assistance is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of assistance for allowable purposes. Any disallowance as a result of the audits may become a liability of the state but is considered immaterial to its overall financial condition.

The Texas Office of the Attorney General and the Texas Health and Human Services Commission's Office of Inspector General investigate allegations of overpayments to Medicaid providers. Until investigations are completed, the total amount of overpayments to providers is potentially subject to recovery (amounts associated with the "open case list") and may represent a corresponding potential liability for the federal share of these payments - about 55 to 60 percent of that total.

An actual liability is realized only after a completed investigation substantiates an overpayment and the provider is notified of the results and given an opportunity to submit rebuttal or claims for offsets. The percent of total dollars on the open case list that are ultimately confirmed as overpayments cannot be reliably predicted. The state estimates the amounts that may become payable to the federal government will be immaterial to its overall financial condition.

Guaranteed Debt

In 1983, Texas voters approved a constitutional amendment that establishes the guarantee of the permanent school fund (PSF) for a defined capacity of up to \$123.2 billion in school district bonds as of Aug. 31, 2019. Approval by the state of Texas attorney general is required for each bond issuance and on approval by the Texas commissioner of education, bonds properly issued by a school district are fully guaranteed by the PSF. In 2011, legislation was enacted authorizing the use of PSF to guarantee revenue bonds issued for the benefit of certain open-enrollment charter schools designated as charter districts by the commissioner of education. In the event of a default by a school district or charter district, the PSF will transfer to the paying agent/registrar an amount necessary to pay the maturing or matured principal and/or interest to bondholders. As of Aug. 31, 2019, \$82.5 billion debt in outstanding bond issues was guaranteed by the permanent school fund for 847 school districts and \$1.9 billion for 15 charter districts within the state. Under statute, payments by the PSF on such guarantees are recoverable from the state of Texas. These dollar amounts represent the principal amount and do not reflect any subsequent accretions in value for compound interest bonds (zero coupon securities), nor do they include interest on current interest bonds or variable rate notes. These amounts also exclude bonds that were refunded and released from the bond guarantee program. From the inception of the program through Aug. 31, 2019, none of the school districts or charter districts with guaranteed debt have defaulted on the debt.

Arbitrage

Rebatable arbitrage is defined by Internal Revenue Code, Section 148, as earnings on investments

purchased with the gross proceeds of a bond issue in excess of the amount that would have been earned if the investments were invested at a yield equal to the yield on the bond issue. The rebatable arbitrage must be paid to the federal government. State agencies and institutions of higher education responsible for investments from bond proceeds carefully monitor their investments to restrict earnings to a yield less than the bond issue and, therefore, limit any state arbitrage liability. The state estimates that rebatable arbitrage liability, if any, will be immaterial to its overall financial condition.

Derivatives with Contingent Features

All of the Department of Housing and Community Affairs' (TDHCA) hedging derivative instruments include provisions that require posting collateral in the event its credit rating falls below a specified level as issued by Moody's Investor Service and Standard & Poor's. If TDHCA fails to post eligible collateral, the derivative instrument may be terminated by the counterparty. As of Aug. 31, 2019, the aggregate fair value of all derivative instruments with collateral provisions was negative \$5.6 million. If the posting requirements had been triggered, TDHCA would have been required to post eligible collateral equal to the aggregate fair value of the derivative instruments. TDHCA posted no collateral as of Aug. 31, 2019.

The Teacher Retirement System of Texas (TRS) derivative investments include provisions that require TRS to post collateral in the event that the fair value surpasses a specified contractual threshold. As of Aug. 31, 2019, the aggregate fair value of all derivative instruments with these provisions was \$15.4 million, and \$29.3 million was posted in collateral. TRS has not triggered any events that would require the posting of additional collateral to its counterparties.

Note 16

Subsequent Events

Primary Government

Bonds and Commercial Paper Issued/Refunded and Other Debt Financing

State agencies and institutions of higher education issued \$2.2 billion in new bonds and commercial paper and \$2.3 billion in refunding bonds since Aug. 31, 2019, as presented in table 16A. This routine activity finances state facilities, housing assistance programs, educational loans and refunds outstanding debt.

Bonds and Commercial Paper Issued/Refunded Subsequent to August 31, 2019			
Table 16A			
(Amounts in Thousands)			
Description	Amount	Issuance Date	Purpose
GENERAL LAND OFFICE AND VETERANS' LAND BOARD			
State of Texas General Obligation Bonds, Series 2020	\$ 250,000	01/09/20	To augment the Veterans' Housing Assistance Fund II.
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS			
Multifamily Governmental Note, Series 2019, Ventura at Hickory Tree Apartments	28,100	12/11/19	To finance the acquisition, construction and equipping of multifamily rental housing developments.
TEXAS PUBLIC FINANCE AUTHORITY			
General Obligation Commercial Paper Notes, Series 2008	4,000	09/16/19	To fund various projects of Texas Parks and Wildlife Department.
General Obligation Commercial Paper Notes, Series 2008	1,500	10/25/19	To fund various projects of Texas Facilities Commission.
General Obligation Commercial Paper Notes, Taxable Series A, Cancer Prevention and Research Institute of Texas (CPRIT)	64,300	09/16/19	To fund CPRIT's grant awards.
Revenue Commercial Paper Notes, Series 2003	100	11/15/19	To fund equipment purchases on behalf of Texas School for the Deaf.
General Obligation Commercial Paper Notes, Series 2008	3,000	11/21/19	To fund various projects of Department of Public Safety.
Revenue Commercial Paper Notes, Series 2019A	24,490	01/07/20	To close Revenue Commercial Paper Series 2003 and reissue under Revenue Commercial Paper Series 2019A.
General Obligation Commercial Paper Notes, Taxable Series A, CPRIT	52,000	01/09/20	To fund CPRIT's grant awards.
TEXAS WATER DEVELOPMENT BOARD			
State Water Implementation Revenue Fund for Texas Revenue Bonds, Series 2019A and Taxable Series 2019B	858,810	10/10/19	To fund projects through the purchase of or entering into political subdivision obligations and to pay the costs of issuance of the bonds.
TEXAS DEPARTMENT OF TRANSPORTATION			
Texas Highway Improvement General Obligation Refunding Bonds, Series 2019	705,600	12/11/19	To refund outstanding bonds issued to finance highway improvement projects.
Texas Private Activity Bond Surface Transportation Corporation Senior Lien Revenue Refunding Bonds, Series 2019A and 2019B	1,202,900	12/17/19	To refund outstanding conduit debt issued to finance the North Tarrant Express Managed Lanes project.

Concluded on the following page

Bonds and Commercial Paper Issued/Refunded Subsequent to August 31, 2019 (concluded)

Table 16A

(Amounts in Thousands)

Description	Amount	Issuance Date	Purpose
TEXAS TECH UNIVERSITY SYSTEM			
Revenue Financing System (RFS) Commercial Paper Notes, Tax-Exempt and Taxable, Series A	\$ 19,755	11/21/19	To reimburse for incurred expenditures and to acquire proceeds for the construction of the Angelo State University (ASU) Centennial Village Residence Hall Phase II, ASU Mayer Museum and Art Classroom Facility, the Texas Tech University (TTU) Talkington College of Visual & Performing Arts Building, TTU School of Veterinary Medicine Facilities, ASU Food Service Center Renovation and TTU Dairy Barn.
RFS Commercial Paper Notes, Tax-Exempt and Taxable, Series A	2,119	12/16/19	To refund Angelo State University's Texas State University System parity obligation of callable bonds on December 17, 2019.
RFS Commercial Paper Notes, Tax-Exempt and Taxable, Series A	590	12/16/19	To acquire new proceeds on the construction of HSC Midland PA Facility.
TEXAS STATE UNIVERSITY SYSTEM			
RFS Commercial Paper Notes, Tax-Exempt	19,781	09/10/19	To finance a variety of capital projects at Texas State University System (TSUS) components.
RFS Tax-Exempt Bonds, Series 2019A	39,958	10/24/19	To provide for capital projects.
RFS Tax-Exempt Bonds, Series 2019A	136,097	10/24/19	To refund of outstanding Commercial Paper Notes, refund of outstanding revenue bonds and pay the costs of issuing the bonds.
RFS Taxable Bonds, Series 2019B	149,480	10/24/19	To refund a portion of the System's outstanding debt and pay costs of issuing the bonds.
RFS Tax-Exempt Commercial Paper Notes	10,235	12/05/19	To finance capital projects.
RFS Tax-Exempt Commercial Paper Notes	14,290	01/15/20	To finance capital projects.
TEXAS A&M UNIVERSITY SYSTEM			
Permanent University Fund (PUF) Bonds, Taxable Series 2019	226,890	12/17/19	To provide construction funds for eligible projects.
PUF Bonds, Taxable Series 2019	125,000	12/17/19	To refund Taxable Commercial Paper Notes and pay the costs of issuing the bonds.
UNIVERSITY OF TEXAS SYSTEM			
RFS Tax-Exempt Commercial Paper Notes, Series A	300,000	09/04/19	To finance a variety of capital projects and equipment purchases at various University of Texas System (UT) institutions.
PUF Tax-Exempt Commercial Paper Notes, Series A	160,000	11/04/19	To finance a variety of capital projects and equipment purchases at various UT institutions.
RFS Tax-Exempt Commercial Paper Notes, Series A	149,478	12/03/19	To finance a variety of capital projects and equipment purchases at various UT institutions.
Total Bond and Commercial Paper Issued/Refunded	<u>\$ 4,548,473</u>		

Other Subsequent Events

The Office of the Attorney General of Texas (OAG) began an independent assessment of the software development Child Support RISE beginning in June 2019. Findings were provided subsequent to August 31, 2019. The OAG consulted with involved principals including

the U.S. Department of Health and Human Services, Office of Child Support Enforcement and the Executive Steering Committee. Based on the forgoing, the OAG determined that there is evidence that the software under development valued at \$148.3 million is impaired under the guidance provided by Governmen-

tal Accounting Standards Board's statements. Additionally, certain application development stage activities are believed to be eligible for capitalization as a stand-alone software application. The extent of impairment and appropriate capitalization of the Child Support RISE development activities require further analysis and will be included in future reports.

On Oct. 28, 2019, the University of Texas System M.D. Anderson Cancer Center entered into an agreement, with Millennium Pharmaceuticals, Inc., a wholly owned subsidiary of Takeda Pharmaceutical Company Limited. M.D. Anderson received \$300 million on Nov. 15, 2019. The funding will support further research, development and manufacturing of technology, which is consistent with M.D. Anderson's educational and research missions and goals.

Note 17

Risk Management

The state of Texas is exposed to various risks of loss related to property, general and employer liability, net income and personnel. The state of Texas and its employees are covered by numerous immunities and defenses that limit some of these risks of loss, particularly in liability actions brought against the state or its employees. Remaining exposures are managed by self-insurance arrangements, contractual risk transfers, the purchase of commercial insurance or a combination of these risk financing techniques.

Estimates of liabilities for incurred but not reported claims are actuarially determined based on estimates of the ultimate cost of settling claims, using past experience adjusted for current trends and any other factors that would modify past experience. Claims liabilities include specific, incremental claims adjustment expenditures/expenses. In addition, estimated recoveries on unsettled claims, such as salvage and subrogation, are evaluated in terms of their estimated realizable value

and deducted from the liability for unpaid claims. Unallocated claim adjustment expenditures/expenses are not included in the liability for claims and judgments.

There were no significant reductions in insurance coverage in the past year. Also, in the past three years, settlements have not exceeded insurance coverage.

Property and Liability

The Texas Labor Code, Chapter 412, states that the State Office of Risk Management (SORM) shall operate as a full-service risk and insurance manager for state agencies and shall administer programs to reduce property and liability losses, including workers' compensation losses.

SORM administers the statewide workers' compensation program. The state does not carry commercial insurance for workers' compensation, but instead, uses the general revenue fund to account for its risk financing activities. Certain agencies are exempt from the SORM program or elect to purchase additional insurance coverage outside of the program. The University of Texas System (UT), Texas A&M University System (A&M) and Texas Department of Transportation administer separate self-insured workers' compensation programs.

Where applicable, certain agencies purchased fire and extended insurance coverage for buildings financed through the issuance of bonds. Other risks are addressed through a combination of interim financing and commercial coverage for fire and all other perils, as well as coverage for medical malpractice, torts, named windstorms, floods and other potential liabilities.

Health, Life and Dental

Insurance coverage is provided to active state employees and their dependents by one of three health plan administrators. All state employees not covered by insurance plans provided by UT and A&M are included in the Texas Employees Group Benefits Program (GBP) administered by the Employees Retirement System

of Texas (ERS). Public school employees and their dependents are covered by the Texas School Employees Uniform Group Benefits Program (TRS-ActiveCare) administered by the Teacher Retirement System of Texas (TRS). Risk of loss is retained with self-insured plans or transferred to the insurance carrier with health maintenance organization (HMO) plans.

Texas Employees Group Benefits Program

Claims for health, life, accidental death and dismemberment (AD&D), disability and dental insurance coverages are established under the GBP. These coverages are provided through a combination of insurance contracts, a self-funded health plan, a self-funded dental indemnity plan, HMO contracts and dental HMO contracts.

University of Texas System and Texas A&M University System

UT and A&M provide health insurance, dental insurance, vision insurance, life insurance, AD&D, long-term disability, short-term disability, long-term care and flexible-spending account coverages to all benefits-eligible employees. These insurance benefits are provided through both self-funded and fully insured arrangements.

Teacher Retirement System

TRS-ActiveCare is a health benefits program that offers options ranging from catastrophic coverage with reduced premiums to a comprehensive plan at higher premiums. TRS-ActiveCare covers members currently employed by public educational employers that participate in the plan.

TRS-ActiveCare offers employees of participating entities the option of three preferred provider organization plans and also offers employees of certain areas the option of choosing coverage under an HMO plan. In fiscal 2019, 1,088 entities participated in the program.

The risk associated with TRS-ActiveCare is retained by the plan's participants, and no risk is transferred to the plan's administrators, employers or the state.

Changes in Claims Liability Balances

Table 17A presents the changes in claims liability reported in various balance sheet/statement of net position liability accounts during fiscal 2019 and fiscal 2018. Claims and judgment amounts presented in Note 5 are also included in table 17A.

Changes in Claims Liability Balances				
Table 17A				
(Amounts in Thousands)				
	Beginning Balance	Increases	Decreases	Ending Balance
2019	\$ 920,907 *	\$ 3,907,707	\$ 3,878,558	\$ 950,056
2018	\$ 922,695	\$ 3,694,299	\$ 3,695,087	\$ 921,907

* Beginning balance includes a decrease of \$1,000 due to a restatement.

Of the fiscal 2019 claims liability ending balance, \$294.6 million relates to long-term claims liabilities, which are reported in Note 5. \$769.3 million relates to the state's health, life and dental insurance programs, and the remainder to miscellaneous claims and judgments, all of which are reported as accounts payable.

Note 18

Contested Taxes

The state may make a determination on a taxpayer's tax obligation and liability. Taxpayers may petition for a redetermination hearing before an administrative law judge if they wish to challenge a tax liability assessed by the state. If the request for a redetermination hearing is received by a specified date, the taxpayer does not have to pay the tax until 20 days after a final decision is made by the Comptroller's office in redetermination hearing and served on the taxpayer. As of Aug. 31, 2019, there was an estimated \$717.3 million of assess-

ments filed that are currently in the redetermination hearings process. Collectability of these assessments is dependent upon the Comptroller's office decision in the redetermination hearing. These assessments are not recognized as tax revenue until after a Comptroller's office decision becomes final. Therefore, these amounts are not included in the receivables reported in the financial statements.

Note 19

Component Units and Related Organizations

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Component units can also be other organizations for which the nature and significance of their relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading. In addition, component units can be organizations that raise and hold economic resources for the direct benefit of a government unit. Because of the closeness of their relationships with the primary government, some component units are blended as though they are part of the primary government. Other component units are discretely presented. None of the discrete component units for the state of Texas meet the criteria for major component unit presentation and those presented are for informational purposes of interested parties. The component units are reported for the fiscal year ended Aug. 31, 2019 unless indicated otherwise.

Blended Component Units

The state is financially accountable for the following legally separate entities. These component units are reported as if they are part of the primary government because they provide substantially all of their services directly to the state, or the component units' debts are

expected to be repaid entirely or almost entirely with the resources of the state. The component units' financial data is blended in the appropriate funds within the financial statements.

Employees Retirement System of Texas (ERS) is a legally separate entity established by the Legislature to administer benefits for officers and employees of the state. ERS is governed by a six-member board of trustees. The six-member board is composed of three elected members and three members who are appointed respectively by the governor, the speaker of the Texas House of Representatives, and the chief justice of the Supreme Court of Texas. The state of Texas has the ability to impose its will upon ERS through its legislative and budget approval powers. Separate financial statements may be obtained by contacting ERS at P.O. Box 13207, Austin, Texas 78711.

Texas Treasury Safekeeping Trust Company (Trust Company) is a legally separate entity established by the Legislature. The Texas Comptroller of Public Accounts is the single shareholder of the Trust Company and is charged with managing the Trust Company. The Trust Company is authorized to manage, disburse, transfer, safekeep and invest funds and securities provided by statute or belonging to state and local entities and gives the Comptroller's office direct access to services provided by the Federal Reserve System. Separate financial statements may be obtained by contacting the Trust Company at 208 E. 10th St., 4th Floor, Austin, Texas 78701.

Alamo Trust, Inc. (ATI), (formerly known as Alamo Complex Management), is a legally separate entity, whose amended bylaws ended the component unit relationship with Alamo Endowment (a discrete component unit of the Texas General Land Office (GLO)). ATI is reported for the fiscal year ended June 30, 2019. For fiscal year ended Aug. 31, 2019, the financial statements are not incorporated into the financial statements of the GLO.

Texas Private Activity Bond Surface Transportation Corporation (TxPABST) is a legally separate entity that acts on behalf of the Texas Department of Transportation (TxDOT) in the promotion and development of transportation facilities by issuing private activity bonds for projects developed under comprehensive development agreements (CDA) entered into by TxDOT. Bonds issued by TxPABST are not legal obligations of the state and are payable solely from payments received by or on behalf of a CDA developer. The Texas Transportation Commission appoints the voting majority of TxPABST's governing board, and has the ability to remove appointed board members at will. TxPABST does not have any financial activity, as its sole purpose is to issue debt on behalf of TxDOT. TxPABST does not issue separate financial statements. Information about TxPABST may be obtained by contacting TxPABST at 125 East 11th Street, Austin, Texas 78701.

Grand Parkway Transportation Corporation (GPTC) is a legally separate entity that acts on behalf of TxDOT in the promotion and development of the Grand Parkway project by issuing bonds and entering into CDAs with developers for the design and construction of several segments of the Grand Parkway project. The Texas Transportation Commission (TTC) appoints the members of GPTC's governing board, all of whom must be TxDOT employees. The TTC has the ability to remove appointed board members at will. The financial activity of GPTC is reported in the financial statements of TxDOT. Information about GPTC may be obtained by contacting GPTC at 125 East 11th Street, Austin, Texas 78701.

Windham School District (WSD) is a legally separate entity that provides education to offenders within the Texas Department of Criminal Justice. The Texas Board of Criminal Justice serves as the board of trustees for the WSD. The primary government is able to impose its will on the WSD through its ability to mod-

ify or approve the budget of the WSD. WSD's entire debt is covered by the state of Texas through appropriations, and the state is liable for any and all outstanding debt. WSD does not issue separate financial statements. Information about WSD may be obtained by contacting the Texas Department of Criminal Justice at P.O. Box 13034, Austin, Texas 78711.

Friends of the Texas Historical Commission (Friends) is a legally separate entity whose sole purpose is to support the activities of the Texas Historical Commission (THC). Friends is reported as a component unit due to it being closely related to the primary government. The THC has the power to appoint and remove the majority of the Friends board of trustees. The THC provides office space to Friends. In addition, the staff of Friends participates in programs sponsored by THC. Separate financial statements may be obtained by contacting Friends at P.O. Box 13497, Austin, Texas 78711.

Texas Tech Foundation Inc. (TTF) is a legally separate entity established to financially support and serve the fundraising needs of Texas Tech University System (TTUS). The governing board of TTF is appointed by the TTUS board of regents. The board of regents has the ability to impose its will on TTF through its ability to veto, override, or modify the decisions of TTF and its ability to modify or approve the budget of TTF. Separate financial statements may be obtained by contacting the TTUS Office of Institutional Advancement, located at 1508 Knoxville Avenue, Suite 315, Lubbock, Texas 79409.

Texas Tech Physician Associates (TTPA) is a legally separate entity established for the sole purpose of, and is operated exclusively for, the benefit of the Texas Tech University Health Science Center (TTUHSC) and TTUHSC at El Paso. The nine-member governing board of TTPA is appointed by TTUHSC. TTUHSC controls all financial and operational transactions of TTPA, and has the ability to remove board members at

will. Separate financial statements may be obtained by contacting TTPA at Provider Payor Relations, 3601 4th Street, Lubbock, Texas 79430.

The Angelo State University Foundation (ASUF) is a legally separate nonprofit organization created exclusively to provide financial assistance to Angelo State University (ASU) primarily from gifts and earnings on endowed funds. There is no appointment of board members. The Texas Tech University System Chancellor, ASU President, ASU Faculty Senate President and ASU Chief Financial Officer are non-voting ex-officio members on the board of directors. ASUF is closely related to ASU. Failure to include the financial information of ASUF would result in misleading financial statements. Separate financial statements may be obtained by contacting ASUF at 2601 W. Ave N, San Angelo, Texas 76909.

Texas State University Research Foundation (TSURF) is a legally separate entity established to support the mission of Texas State University (TSU) and its objectives of promoting higher education, conducting research, providing public service and assisting in economic development in Texas. The key business officers of TSU compose the entirety of TSURF's officers and directors. TSU is able to impose its will on TSURF through its ability to modify or approve the budget of TSURF, its ability to modify or approve the rates or fees affecting revenues of TSURF and its ability to appoint, hire, reassign or dismiss those persons responsible for the day-to-day operations of TSURF. TSURF is reported for the fiscal year ended Feb. 28, 2019. Separate financial statements may be obtained by contacting TSU, Director of Accounting, General Accounting Office, 601 University Drive, JCK 589, San Marcos, Texas 78666-4684.

Harold M. Freeman Educational Foundation (Freeman Foundation) is a legally separate entity formed through a trust to make the use of the Freeman Ranch available exclusively to TSU. The Freeman

Ranch is used and operated solely for farm, ranch and game management, education, and research purposes in connection with the educational activities of TSU. There is no formal governing board for the Freeman Foundation. TSU acts as an active co-trustee to operate the ranch. Frost Bank operates as an inactive trustee to ensure the provisions of the trust are followed. Based on the Freeman Foundation being closely related to TSU, the Freeman Foundation is included as a blended component unit. Separate financial statements are not issued by the Freeman Foundation. Information about the Freeman Foundation may be obtained by contacting TSU, Director of Accounting, General Accounting Office, 601 University Drive, JCK 589, San Marcos, Texas 78666-4684.

Texas A&M Research Foundation (TAMRF) is a legally separate entity established to facilitate research and development within the Texas A&M University System (A&M). TAMRF is included as a blended component unit in the combined financial statements of A&M. This determination is based on the close relationship and joint agreements in effect between TAMRF and A&M in regard to research grant/contract administration. Complete financial statements of TAMRF may be obtained from their administrative offices at 400 Harvey Mitchell Parkway South, Suite 300, College Station, Texas 77845.

U.T. Southwestern Health Systems Inc. (SHSI) is a legally separate entity established to support the University of Texas Southwestern Medical Center (UTSWMC). Its four-member governing board is appointed by the UTSWMC. UTSWMC has the ability to impose its will on SHSI through its ability to remove appointed board members at will, its ability to modify or approve the budget of SHSI and its ability to modify or approve rates or fees affecting revenues of SHSI. Separate financial statements may be obtained by contacting SHSI at 5323 Harry Hines Boulevard, Dallas, Texas 75390.

U.T. Southwestern Moncrief Cancer Center (SW Moncrief) is a legally separate entity established to support the UTSWMC. Its four-member governing board is appointed by the president of UTSWMC. UTSWMC has the ability to impose its will on SW Moncrief through its ability to remove appointed board members at will, its ability to modify or approve the budget of SW Moncrief and its ability to modify or approve rates or fees affecting revenues of SW Moncrief. Separate financial statements may be obtained by contacting SW Moncrief at 400 West Magnolia Avenue, Fort Worth, Texas 76104.

Moncrief Cancer Foundation (Moncrief) is a legally separate entity established to support the UTSWMC. Its six-member governing board is appointed by the president of UTSWMC. UTSWMC has the ability to impose its will on Moncrief through its ability to remove appointed board members at will, its ability to modify or approve the budget of Moncrief and its ability to modify or approve rates or fees affecting revenues of Moncrief. Separate financial statements may be obtained by contacting Moncrief at 5323 Harry Hines Boulevard, Dallas, Texas 75390.

UTMB Healthcare Systems Inc. (Healthcare Systems) is a legally separate entity established to support the University of Texas Medical Branch at Galveston (UTMB). Its eight-member governing board is appointed by the UTMB. UTMB has the ability to impose its will on Healthcare Systems through its ability to remove appointed board members, its ability to modify the budget of Healthcare Systems, its ability to appoint, hire, reassign or dismiss those responsible for Healthcare Systems' day-to-day operations and its ability to unilaterally abolish Healthcare Systems. Separate financial statements may be obtained by contacting Healthcare Systems at 301 University Boulevard, Galveston, Texas 77555.

University Medical Branch Student Book Store and Hospitality Shop Inc. (Book Store) is a legally

separate entity established to operate the book store for UTMB. Its five-member governing board is appointed by UTMB. UTMB has the ability to impose its will through its ability to remove appointed board members at will and its ability to appoint, hire, reassign or dismiss those responsible for the Book Store's day-to-day operations. Separate financial statements may be obtained by contacting the Book Store at 301 University Boulevard, Galveston, Texas 77555.

Medical Branch Innovations, Inc. (MBII) is blended rather than discretely presented because it operates exclusively in support of the education, clinical, and research missions of UTMB. Its three-member board is appointed by UTMB. Separate financial statements may be obtained by contacting MBII at 301 University Boulevard, Galveston, Texas 77555.

University of Texas Physicians (UT Physicians) is a legally separate entity established to provide management services for the physician practice plan at the University of Texas Health Science Center at Houston (UTHSCH). Its five-member governing board is appointed by UTHSCH. UTHSCH has the ability to impose its will on UT Physicians through its ability to modify or approve the budget of UT Physicians, its ability to modify or approve rates or fees affecting revenues of UT Physicians and its ability to appoint, hire, reassign or dismiss those responsible for UT Physicians' day-to-day operations. Separate financial statements may be obtained by contacting UT Physicians at 7000 Fannin Street, Suite 860, Houston, Texas 77030.

University of Texas System Medical Foundation (Medical Foundation) is a legally separate entity established to support the medical residency programs at UTHSCH. Its three-member governing board is appointed by the UTHSCH. UTHSCH has the ability to impose its will on the Medical Foundation through its ability to modify or approve the budget of the Medical Foundation and its ability to appoint, hire, reassign or dismiss those responsible for the Medical

Foundation's day-to-day operations. Separate financial statements may be obtained by contacting the Medical Foundation at 6431 Fannin St., Suite JJJ 310, Houston, Texas 77030.

University Physicians Group (UPG) is a legally separate entity established to provide health care education and research activity services to the University of Texas Health Science Center at San Antonio (UTHSCSA). Its five-member governing board consists of the dean of the School of Medicine and four members elected by the physician practice plan board (physicians) at UTHSCSA. UTHSCSA has the ability to remove board members at will, the ability to modify or approve the budget of UPG, the ability to veto, overrule or modify the decisions of UPG's board, the ability to appoint, hire, reassign or dismiss those responsible for UPG's day-to-day operations and the ability to unilaterally abolish UPG. Separate financial statements may be obtained by contacting UPG at 8431 Fredericksburg Road, San Antonio, Texas 78229.

UT Health San Antonio Regional Physicians Network (Corporation) is a legally separate entity established to provide, manage, coordinate and promote accountability for the quality, patient safety, cost and overall patient support for University of Texas Health Science Center at San Antonio. The corporation is governed by a seven-member board. The dean of the school of medicine serves as chair of the board of directors. Separate financial statements may be obtained by contacting the Corporation at 1999 Bryan St., Suite 900, Dallas, Texas 75201-3136.

M.D. Anderson Physicians Network (MDAPN) is a legally separate entity established to support the University of Texas M.D. Anderson Cancer Center (Cancer Center). MDAPN's nine-member board is appointed by the president of Cancer Center. The president may remove appointed board members at will. Separate financial statements may be obtained by contacting

MDAPN at 7007 Bertner Avenue, Suite 10.3212, Houston, Texas 77030.

M.D. Anderson Services Corporation (MDASC) is a legally separate entity established to support the Cancer Center. The seven-member board is appointed by the president of the Cancer Center. The president may remove appointed board members at will. Separate financial statements may be obtained by contacting MDASC at 7007 Bertner Avenue, Suite 10.3212, Houston, Texas 77030.

East Texas Quality Care Network (ETQCN) is a legally separate entity established to provide agency nursing services to the University of Texas Health Science Center at Tyler (UTHSCT). Its four-member governing board is appointed by UTHSCT. UTHSCT has the ability to remove board members at will, the ability to modify or approve the budget of ETQCN, the ability to modify or approve rates or fees affecting revenues of ETQCN, the ability to veto, overrule or modify the decisions of ETQCN's board, the ability to appoint, hire, reassign or dismiss those responsible for ETQCN's day-to-day operations and the ability to unilaterally abolish ETQCN. Separate financial statements may be obtained by contacting ETQCN at 11937 US Highway 271, Tyler, Texas 75708-3154.

University of Texas/Texas A&M Investment Management Co. (UTIMCO) is a legally separate entity established to provide investment management services to University of Texas System (UT) and Texas A&M University System (A&M). UTIMCO's nine-member board consists of at least three members of the UT board of regents, four members appointed by the UT board of regents (one of whom may be the Chancellor of UT) and two members appointed by the A&M board of regents. At least three members appointed by the UT board of regents and at least one member appointed by the A&M board of regents must have substantial background and expertise in investments. The corporation is blended rather than discretely presented

because it provides investment management services entirely or almost entirely to UT. Separate financial statements may be obtained by contacting UTIMCO at 210 West 7th Street, Suite 1700, Austin, Texas 78701.

University of Texas Fine Arts Foundation (Fine Arts) is a legally separate entity established to acquire the Suida-Manning Art Collection for the University of Texas at Austin (UT-Austin) Blanton Museum of Art. Fine Arts' three-member governing board is appointed by UT-Austin. UT-Austin has the ability to impose its will on Fine Arts through its ability to remove appointed board members at will, its ability to modify or approve Fine Arts' budget, its ability to veto, overrule or modify the decisions of Fine Arts and unilaterally abolish Fine Arts. Fine Arts' fiscal year end is Dec. 31, 2018. Separate financial statements may be obtained by contacting UT-Austin at Main Building, P.O. Box T, Austin, Texas 78713.

University of Texas Communication Foundation (UTCF) is a legally separate entity established to support the UT-Austin College of Communication. Its three-member governing board is appointed by UT-Austin. UT-Austin has the ability to impose its will on the UTCF through its ability to remove appointed board members at will, its ability to modify or approve the UTCF's budget, its ability to veto, overrule or modify the decisions of UTCF and unilaterally abolish UTCF. Separate financial statements may be obtained by contacting UT-Austin at P.O. Box 7322, Austin, Texas 78713.

Centro Global de Innovacion y Emprendimiento, A.C., Parque de Investigacion e Innovacion Technologica (CGIE) is a legally separate entity established to promote academic development in engineering, science, and business and cultural studies between UT-Austin and Mexico's academic institutions. CGIE is governed by a two-member board appointed by UT-Austin. UT-Austin is the sole corporate member. CGIE's fiscal year end is Dec. 31, 2018. Separate financial statements may

be obtained by contacting CGIE, A.C., Carlos Ross, Director, ross@cgie.org.mx.

The University of Texas at Austin - Mexico Institute, A.C. (Mexico Institute), is established to advance collaborative cross-disciplinary academic and scientific research partnerships in science, technology, engineering and mathematics and scholarly and cultural studies between UT-Austin and Mexico's academic institutions, the public and private sector stakeholders. Mexico Institute is governed by a four-member board appointed by UT-Austin. Mexico Institute's fiscal year end is Dec. 31, 2018. Separate financial statements may be obtained by contacting UT-Austin, Jorge Rene Pinon, Director for Institutional Relations - Mexico, 2275 Speedway, Austin, Texas 78712.

The Crow Museum of Asian Art - Foundation (CMAA Foundation), is established to support the Crow Museum of Art. Its five-member governing board is appointed by University of Texas Dallas (UT-Dallas). The foundation is blended rather than discretely presented because it is organized as a not-for-profit corporation. UT-Dallas is the sole corporate member. CMAA Foundation's fiscal year end is Dec. 31, 2018. Separate financial statements may be obtained by contacting the Crow Museum of Asian Art, 2010 Flora Street, Dallas, Texas 75201.

The Crow Museum of Asian Art - Trust (CMAA-Trust), is governed by UT-Dallas as sole trustee. CMAA - Trust is blended rather than discretely presented because it is organized as a not-for-profit corporation. UT-Dallas is the sole corporate member. CMAA - Trust's fiscal year ended is Dec. 31, 2018. Separate financial statements may be obtained by contacting CMAA - Trust, 2010 Flora Street, Dallas, Texas 75201.

Discretely Presented Component Units

The state is financially accountable for the following legally separate entities (component units); however, the component units do not provide services entirely or

almost entirely to the state nor are the component units' debts expected to be repaid entirely or almost entirely with the resources of the state. The component units' financial data is discretely presented in the component unit column of the state's government-wide financial statements. Based on an analysis performed at year end, none of the discretely presented component units met the materiality threshold for presentation; however, omission of the following discretely presented component units would result in misleading financial statements.

Teacher Retirement System of Texas (TRS) is a legally separate entity established by the Legislature to administer retirement and disability annuities to employees and beneficiaries of public school systems and institutions of higher education. TRS is governed by a nine-member board of trustees, three of whom are direct appointments of the governor. The remaining trustees are appointed by the governor from lists prepared by various constituent groups. TRS is subject to the budget approval powers of the Texas Legislature, and therefore is fiscally dependent on the state of Texas. The active employees insurance program and 403(b) administrative program are reported in the component unit column of the government-wide financial statements; whereas the employee benefit trust fund and retired employees insurance are reported in the pension and other employee benefit trust funds financial statements. TRS has a blended component unit, Teacher Retirement Investment Company of Texas Ltd. (TRICOT). It is a private company limited by shares in the United Kingdom that began operating in Nov. 2015. TRICOT was formed for the purpose of opening a London investment office to increase investment opportunities for the TRS portfolio. TRICOT serves the pension trust fund. Separate financial statements may be obtained by contacting TRS at 1000 Red River St., Austin, Texas 78701.

State Bar of Texas (State Bar) is a public corporation and an administrative agency of the judicial branch of government. The purpose of the State Bar is to ensure that public responsibilities of the legal profession are effectively discharged. The annual budget for the State Bar must be reviewed and approved by the Supreme Court, thus making the State Bar fiscally dependent on the state of Texas. The State Bar is reported for the fiscal year ended May 31, 2019. Separate financial statements may be obtained by contacting the State Bar at 1414 Colorado St., Austin, Texas 78701.

Texas State Affordable Housing Corporation (TSAHC) was incorporated under the Texas Nonprofit Corporation Act and is legally separate from the state. Its purpose is to serve the housing needs of low-income Texans, professional educators, firefighters and police officers who are first-time home buyers and are not afforded housing finance options through conventional lending channels. TSAHC provides single and multi-family loans to low and moderate income Texans. Prior to any bonds being issued by TSAHC, the issuance must be reviewed by the Bond Review Board, which is composed of the governor, lieutenant governor, speaker of the House of Representatives and the Comptroller. Separate financial statements may be obtained by contacting TSAHC at 2200 East Martin Luther King Jr. Blvd., Austin, Texas 78702.

OneStar National Service Commission and OneStar Foundation (OneStar) are legally separate nonprofit corporations that administer the AmeriCorps*Texas program. They serve as the state's liaison to and oversee Texas' participation in OneStar programs for the Corporation for National and Community Service (a federal agency), as well as prepare a comprehensive three-year national service plan for the state. The governor appoints all members of OneStar's boards. The governor can also remove any board member at will. OneStar performs all administrative duties of the OneStar National Service Commission,

Inc., as well as provides technical assistance, education, information and other support to the volunteer community. OneStar is reported for the fiscal year ended Dec. 31, 2018. The financial statements of OneStar can be obtained by contacting OneStar at 9011 Mountain Ridge Drive, Suite 100, Austin, Texas 78759.

Texas Low-Level Radioactive Waste Disposal Compact Commission (Commission) is a legally separate organization established to promote the health, safety and welfare of the citizens and environment of the states participating in the Texas Low-Level Radioactive Waste Disposal Compact (Compact), known as party states. There are currently two party states, Texas and Vermont, with Texas serving as the host party state. The mission of the Commission is to:

- Limit the number of radioactive waste disposal facilities;
- Effectively, efficiently and economically manage low-level radioactive waste; and
- Encourage the reduction of the generation thereof.

Since Texas serves as the host party state for the Compact, it is entitled to six voting members, whereas the other party state is only entitled to one voting member. The governor appoints the six members of the Commission serving on behalf of Texas. As host state, Texas has the authority to establish the disposal fees assessed at the facility for disposal of low-level radioactive waste generated in the party states. The Texas Legislature, with the approval of the governor, also has the authority to revise the portion of the Compact pertaining to the volume of waste the host state will dispose of without the consent of the nonhost party states. The financial statements of the Commission may be obtained by contacting the Commission at 505 West 15th Street, Austin, Texas 78701.

Texas Prepaid Tuition Scholarship Foundation (TPTSF) is a legally separate entity that was created to provide prepaid tuition scholarships to students meet-

ing economic or academic requirements. TPTSF is a direct-support organization of the Texas Guaranteed Tuition Plan and is authorized by the Texas Education Code. TPTSF is governed by a board composed of the Comptroller, a member appointed by the governor with the advice and consent of the Senate and three members appointed jointly by the Comptroller and the member who is appointed by the governor. The Comptroller serves as the Executive Director of the board and assigns and supervises employees responsible for the day-to-day operations of TPTSF. TPTSF does not issue separate financial statements. Information may be obtained by contacting the Texas Comptroller of Public Accounts, Educational Opportunities and Investments Division at 111 E. 17th Street, Austin, Texas 78774.

Texas Match the Promise Foundation (TMPF) is a legally separate entity established to implement the Texas Save and Match Program, which helps families save for college by offering competitive matching scholarships and tuition grants to Texas students who participate in the Texas Tuition Promise Fund. The Comptroller appoints TMPF's governing board, and can remove appointed board members at will. The Comptroller also assigns and supervises employees responsible for the day-to-day operations of TMPF. TMPF does not issue separate financial statements. Information may be obtained by contacting the Texas Comptroller of Public Accounts, Educational Opportunities and Investments Division at 111 E. 17th Street, Austin, Texas 78774.

Texas Windstorm Insurance Association (Association) is a legally separate organization established to provide an adequate market for windstorm and hail insurance in the seacoast territory of Texas and serves as an insurer of last resort. The commissioner of the Texas Department of Insurance (TDI) appoints the nine-member board of directors, and the board is responsible and accountable to the commissioner. The state of Texas has the ability to impose its will on the Association through TDI commissioner approval of rates and maxi-

imum liability limits for windstorm and hail insurance policies issued by the Association. The Association is reported for the fiscal year ended Dec. 31, 2018. Separate financial statements may be obtained by contacting the Association at 5700 South Mopac Expressway, Building A, Austin, Texas 78749.

Surplus Lines Stamping Office of Texas (Stamping Office) is a legally separate nonprofit unincorporated organization created by the Legislature to assist TDI in the regulation of surplus lines insurance. TDI's commissioner appoints the board. The Stamping Office performs its functions under a plan of operation approved by order of TDI. The Stamping Office assesses each surplus lines insurance agent a stamping fee for the administrative funding of the Stamping Office. 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. The Stamping Office is reported for the fiscal year ended Dec. 31, 2018. Separate financial statements may be obtained by contacting the Stamping Office at 805 Las Cimas Parkway, Suite 150, Austin, Texas 78746-6526.

Texas Health Reinsurance System (THRS) is a legally separate entity that reinsures risks covered under the health benefit plans of small employers' insurance carriers. TDI's commissioner appoints, supervises and controls the nine-member board. The state of Texas has the ability to impose its will through TDI commissioner approval of base reinsurance premium rates and the assessment rates against reinsured health benefit plans. Issuers are subject to commissioner approval. Senate Bill 1171-ENR-85R of the 85th Legislature called for approval of a Plan of Suspension of THRS. Following notice and hearing, TDI approved a Plan of Operation for THRS authorizing its wind down, suspension of operations and closeout. Final reporting for THRS will be in fiscal year 2019.

Texas FAIR Plan Association (TFPA) is a legally separate entity established to administer the Fair Access

to Insurance Requirements Plan, which delivers property insurance to Texas residents in underserved areas. The 11-member governing board is appointed by TDI's commissioner. The commissioner may remove appointed board members at will. TFPA is reported for the fiscal year ended Dec. 31, 2018. Separate financial statements may be obtained by contacting TFPA at 5700 South Mopac Expressway, Building A, Austin, Texas 78749-1461.

Texas Boll Weevil Eradication Foundation Inc. (TBWEF) is a legally separate entity that establishes and implements a boll weevil eradication program for Texas. It is governed by 21 board members. The Texas Department of Agriculture's (TDA) commissioner appoints five of the board members. Although TDA must approve the TBWEF's budget, assessment fees and debt, a financial benefit or financial burden does not exist between the TBWEF and the primary government. Therefore, the primary government is not financially accountable for the TBWEF. However, based on the TBWEF's financial relationship with the TDA, omitting the TBWEF would result in incomplete financial statements. The TBWEF is reported for the fiscal year ended Dec. 31, 2018. Separate financial statements may be obtained by contacting TDA at P.O. Box 12847, Austin, Texas 78711-2847.

Texas Agricultural Finance Authority (TAFE) is a legally separate entity that provides financial assistance for the expansion, development and diversification of agricultural businesses, and primarily benefits the citizens of Texas. TAFE is governed by a board of directors composed of the Commissioner of Agriculture, Deputy Commissioner of Agriculture Designee, the Director of the Institute for International Agribusiness studies at Prairie View A&M University, and nine members appointed by the Commissioner of Agriculture. The commissioner of TDA administers TAFE with the assistance of the board of directors. If there are insufficient funds to pay TAFE's bond obligations, the primary

government is obligated to transfer money from the state treasury to TAFE in an amount sufficient to pay those obligations. Separate financial statements may be obtained by contacting TDA at P.O. Box 12847, Austin, Texas 78711-2847.

Texas Water Resources Finance Authority

(Authority) is a legally separate entity created by the Legislature as a governmental entity and body politic and corporate for the purpose of increasing the availability of financing for water-related projects, and primarily benefits the citizens of Texas. A board of directors, composed of the three members of the Texas Water Development Board (TWDB), governs the Authority. The members of the TWDB are appointed by the governor. TWDB, through a sales and servicing agreement, wholly manages the Authority's operations. Financial statements may be obtained by contacting TWDB at P.O. Box 13231, Austin, Texas 78711-3231.

Texas Appraiser Licensing and Certification Board

(TALCB) is a legally separate entity statutorily created as an independent subdivision of the Texas Real Estate Commission (TREC) to serve the real estate community in Texas. The governor appoints the members of the governing board. TREC provides administrative support to TALCB, but has no authority to approve or modify its budget or to set its fees. Although TREC is not financially accountable for TALCB, to exclude it would result in the presentation of incomplete financial statements. Financial statements can be obtained by contacting TREC at P.O. Box 12188, Austin, Texas 78711-2188.

Texas Disaster Relief Fund (TDRF), a legally separate nonprofit corporation, was established to help the Office of the Governor provide disaster relief. The services provided by TDRF assist the Office of the Governor in responding to the needs of the citizens before, during and after a disaster in Texas. The corporation's financial statements for the year ended Dec. 31, 2018, may be obtained by contacting the Office of the Governor at P.O. Box 12428, Austin, Texas 78711.

Texas Health Services Authority (THSA) is a legally separate entity created for the improvement of the Texas health care system. THSA promotes and coordinates the electronic exchange of health information throughout the state to ensure information is available to health care providers and to improve patient safety and quality of care. The board of directors consists of 11 members and is appointed by the governor, with the advice and consent of the Senate. The Governor may order the dissolution of the corporation at any time he declares that the purpose of the corporation has been fulfilled or that the corporation is inoperative or abandoned. THSA is reported for the fiscal year ended Sept. 30, 2018. THSA's financial statements may be obtained by contacting THSA at 901 South Mopac Expressway, Bldg. 1, Suite 300, Austin, Texas 78746.

Beacon State Fund (BSF) is a legally separate organization established to support the goals of the Governor's Commission on Women (GCW) in promoting issues affecting the women of Texas through distributing of information, holding media campaign events and supporting community outreach programs, which are consistent with the goals of the commission. The board is elected annually by the current board of directors at its annual meeting. The Office of the Governor provides reasonable use of its office facilities and personnel. BSF is reported for fiscal year ended Dec. 31, 2018. Financial statements may be obtained by contacting the Office of the Governor, P.O. Box 12428, Austin, Texas 78711.

State Agency Council (SAC) is a legally separate organization established to support the goals of the GCW by honoring women who have made significant contributions to Texas through their work in state government, providing opportunities for professional development to its state agency representatives and supporting community outreach programs consistent with the goals of GCW. The director of GCW appoints the board and has operational influence on the activities of the corporation. SAC is reported for the fiscal year

ended Dec. 31, 2018. Financial statements for the SAC may be obtained by contacting the GCW at P.O. Box 12428, Austin, Texas 78711.

Texas Governor's Mansion Administration (TGMA) is a legally separate nonprofit organization established to support the financial administration of catering and facility and other expenses associated with the use of the official residence of the governor of the state for events and operations. TGMA is closely related to the state of Texas because the Office of the Governor provides administrative services, including accounting services, to TGMA. TGMA is reported for the fiscal year ended Dec. 31, 2018. Separate financial statements for TGMA may be obtained by contacting the Office of the Governor at P.O. Box 12428, Austin, Texas 78711.

Robert G. Carr and Nona K. Carr Scholarship Foundation (Carr Foundation) is a legally separate entity established for the sole purpose of providing scholarships to students of ASU, a campus within the Texas Tech University System (TTU). The TTU board of regents serves as the governing board for the Carr Foundation, and has the ability to appoint, hire, reassign or dismiss those persons responsible for the day-to-day operations of the Carr Foundation. Separate financial statements may be obtained by contacting the Carr Foundation at P.O. Box 11007C, ASU Station, San Angelo, Texas 76909.

University of North Texas Foundation (UNTF) is a legally separate entity established to raise funding for scholarships for students of the University of North Texas System (UNT), as well as provide funding for the benefit of the UNT. The majority of endowments supporting the UNT scholarships and other University programs are owned by the UNTF. Therefore, the UNTF is closely related to the UNT, and failure to include its financial activities would lead to incomplete financial statements. Separate financial statements may be obtained by contacting the UNTF at 1155 Union Circle #311250, Denton, Texas 76203-5017.

University of North Texas Health Science Center Foundation (UNTHSCF) is a legally separate entity established to raise funding for scholarships for students of the University of North Texas Health Science Center (UNTHSC), as well as provide funding for the benefit of UNTHSC. The majority of endowments supporting the UNTHSC scholarships and other university programs are owned by the UNTHSCF. Therefore, the UNTHSCF is closely related to UNTHSC, and failure to include its financial activities would lead to incomplete financial statements. Separate financial statements may be obtained by contacting the UNTHSCF at 3500 Camp Bowie Blvd., Fort Worth, Texas 76107-2699.

The Alamo Endowment (TAE) is a legally separate entity established to provide resources and support for the preservation and maintenance of the Alamo Complex. The Texas General Land Office (GLO) appoints the voting majority of TAE and can impose its will through its ability to remove board members at will. GLO can also impose its will through its ability to appoint, hire, reassign or dismiss those persons responsible for the day-to-day operations of TAE. TAE is reported for the fiscal year ended June 30, 2019. Separate financial statements may be obtained by contacting TAE at P.O. Box 2099, San Antonio, Texas 78297.

Related Organizations

Related organizations are legally separate, fiscally independent entities for which the state appoints a voting majority of the board, but the state is not financially accountable for the entity.

Texas Economic Development Corporation (TxEDC) operates as a nonprofit corporation to assist, promote, develop and advance economic development in the state of Texas. TxEDC is no longer reported as a component unit, but is included because a majority of the board is appointed by the Office of the Governor (Office), but the Office is not financially accountable for TxEDC.

Texas Mutual Insurance Company (Texas Mutual) 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, with the advice and consent of the Senate, appoints five of the nine members of Texas Mutual's board of directors.

Texas Title Insurance Guaranty Association (TTIGA) is a legally separate nonprofit organization created for the purpose of providing funds for the protection of holders of covered claims as defined in the Texas Insurance Code. This applies to all title insurance written by title insurance companies authorized to do business in Texas. The nine-member board of directors is appointed by TDI's commissioner.

Texas Life and Health Insurance Guaranty Association (TLHIGA) is a legally separate entity created to protect persons against failure in the performance of contractual obligations under life, accident and health insurance policies and annuity contracts due to the impairment or insolvency of the member insurer that issued the policies or contracts. TDI's commissioner appoints TLHIGA's nine-member board of directors.

Midwestern State University Charitable Trust (Trust) is a nonprofit organization with the sole purpose of educational and other activities of Midwestern State University (MSU). It is governed by a board of trustees of no less than three members. This board appoints individuals to fill vacancies on the board as they occur with the approval of the MSU board of regents. The Trust's board of trustees serves under the direction of the board of regents, which has the power by majority vote to appoint or remove any or all of the trustees.

Charter School Finance Corporation is a nonprofit organization with the sole purpose of issuing revenue bonds for authorized open-enrollment charter schools for the acquisition, construction, repair or renovation

of education facilities at those schools. The Texas Public Finance Authority appoints the board of directors in consultation with the commissioner of the Texas Education Agency and subject to the governor's approval.

Texas State University System Foundation Inc. (TSUSF) is a nonprofit corporation organized for the purpose of providing financial support for the universities and colleges within the Texas State University System. The TSUSF provides funds for student scholarships and faculty awards and assists the chancellor in performing his/her duties. The Foundation's seven-member board of directors is appointed by the chairman of the TSUS board of regents.

Operation Game Thief Committee is a nonprofit corporation established to administer the Operation Game Thief Program (The Program). The Program facilitates the apprehension and prosecution of persons who violate Texas laws intended to protect the state's natural or cultural resources and the public safety of persons using those natural or cultural resources. The Program also pays rewards and death benefits authorized by Texas statute. The Texas Parks and Wildlife Department's executive director appoints the members of the committee.

Parks and Wildlife Foundation of Texas, Inc. (Foundation) is a legally separate nonprofit organization established to manage and conserve the natural and cultural resources of Texas and to provide hunting, fishing and outdoor recreation opportunities for the use and enjoyment of present and future generations. The Foundation provides private support to the Texas Parks and Wildlife Department (Department), but the Department is not financially accountable for the Foundation, nor is the Foundation fiscally dependent on the Department. The Foundation is governed by a group of trustees, the majority of whom are appointed by the chairman of the Department.

The Texas Higher Education Foundation (THEF), formerly known as the College for all Texans, is established to support the Texas Higher Education

Coordinating Board (THECB) program initiatives. THECB is unable to impose its will on THEF and there is no financial benefit or burden relationship between THECB and THEF.

River Authorities are political subdivisions created by Texas statute. The Texas Constitution, Article XVI, Section 59, authorizes the Legislature to create districts that conserve and develop natural resources of the state. The conservation and development of the state's natural resources includes the control, storing, preservation and distribution for irrigation, power and all other useful purposes of storm waters, flood waters and the waters of rivers and streams; the reclamation and irrigation of arid, semiarid and other lands needing irrigation; the reclamation of drainage of overflowed lands and other lands needing drainage; the conservation and development of forests, water and hydro-electric power; the navigation of inland and coastal waters; and the preservation and conservation of all such natural resources of the state. The state of Texas appoints the voting majority for the following 17 river/water authorities:

- Angelina and Neches River Authority
- Brazos River Authority
- Central Colorado River Authority
- Guadalupe-Blanco River Authority
- Lavaca-Navidad River Authority
- Lower Colorado River Authority
- Lower Neches Valley River Authority
- Nueces River Authority
- Red River Authority
- Sabine River Authority
- San Antonio River Authority
- San Jacinto River Authority
- Sulphur River Basin Authority
- Trinity River Authority
- Upper Colorado River Authority
- Upper Guadalupe River Authority
- Upper Neches River Municipal Water Authority

Note 20

Deficit Fund Balances/Net Position of Individual Nonmajor Funds

Proprietary Funds

The **Texas Prepaid Tuition Plans**, that consist of the Texas Guaranteed Tuition Plan (Plan) and the Texas Tuition Promise Fund (TTPF), reported a deficit of \$270.6 million. The Plan deficit of \$416.1 million is due to the difference between the present value of actual and projected contract benefit payments and actual and projected contributions from account holders and investment earnings on those contributions to the Plan. The Plan was closed to new enrollment in 2003 when tuition was deregulated. Over the life of the Plan, actual tuition and required fees for Texas public four-year colleges and universities grew at a higher percentage rate than the Plan's investment return. The TTPF had a surplus of \$145.5 million. The TTPF surplus cannot be used to offset the Plan's deficit.

The **Grand Parkway Transportation Corporation** (GPTC), a blended component unit of the Texas Department of Transportation, reported a deficit of \$202 million. The deficit is primarily due to the total expenses exceeding the total revenues by \$58.5 million. The largest expense in fiscal 2019 included \$64.1 million of amortization and \$218.1 million of interest. Interest was capitalized as intangible assets prior to substantial completion of the five segments of the System in March 2016. Starting April 2016, interest was reported as expense. Amortization of intangible assets began in fiscal 2016.

The **Texas Windstorm Insurance Association**, a discretely presented component unit of the state, reported a deficit of \$267.7 million. The deficit is due to significant claim activity from Hurricane Harvey that affected the Texas coast in 2017. The deficit amount was reduced from fiscal 2018 to fiscal 2019.

Note 21

Tobacco Settlement

The state of Texas settled a lawsuit against certain tobacco manufacturers in 1998. The settlement included monetary and injunctive relief. The settling tobacco manufacturers agreed to remit annual payments to the state. Estimates made at the time of the agreement projected that these payments could total \$15.3 billion over the first 25 years of the agreement. The court-ordered annual payment amounts are subject to adjustments based on the tobacco companies' domestic cigarette sales, the agreed inflation adjustment and any other court-ordered factors. A revenue accrual of \$275.5 million is based on the payments received in December 2019. Tobacco settlement revenues were \$462.8 million in fiscal 2018 and \$453 million in fiscal 2019. As of fiscal 2019, cumulative actual tobacco settlement revenues were \$11 billion.

During fiscal 2019 the state of Texas has filed an additional lawsuit against certain tobacco manufacturers seeking the court enforcement of the settlement agreement. The pending litigation relates to the sale of four cigarette brands, whose sales have not been included in the annual payments since 2015. Although the outcome of this case cannot presently be determined, favorable ruling based on other states' outcomes could result in significant additional income, totaling \$125 million.

Note 22

Donor-Restricted Endowments

The state of Texas has donor-restricted endowments with net appreciation of 3.6 billion on investments available for authorization for expenditure by the governing board. Details for the amounts of the net appreciation on investments and how they are reported are presented in table 22A.

Donor-Restricted Endowments

Table 22A

(Amounts in Thousands)

Donor-Restricted Endowments	Amount of Net Appreciation	Reported in Net Position
True Endowments	\$3,509,179	Expendable
Term Endowments	<u>55,282</u>	Expendable
	<u>\$3,564,461</u>	

True endowments require the principal to be maintained inviolate and in perpetuity. Term endowments allow the principal to be expended after the passage of a stated period of time and all conditions of the endowment are met. Expendable funds are those funds that may be expended for either a stated purpose or for a general purpose as per the endowment gift terms. Non-expendable funds are those required to be retained in perpetuity.

The majority of the state's endowments are the results of donations made to institutions of higher education. The Uniform Prudent Management of Institutional Funds Act, Texas Property Code, Chapter 163, provides general guidelines on how endowments should be maintained. An institution may appropriate for expenditures or accumulate as much as the institution determines prudent for the uses, benefits, purposes and duration of the endowment. Each institution sets the amounts and/or percentage of net appreciation on endowment investments that are authorized for expenditure in its spending plan.

Net appreciation on related investment balances for the University of North Texas Foundation and University of North Texas Health Science Center Foundation, discrete component units of the University of North Texas System have a combined ending net appreciation balance of \$27 million. These amounts are not included in table 22A.

Note 23

Taxes Receivable and Tax Refunds Payable

Taxes receivable and tax refunds payable, as reported on the balance sheet - governmental funds, are detailed by tax type in the tables 23A and 23B.

Taxes Receivable by Tax Type

Table 23A

August 31, 2019 (Amounts in Thousands)

Tax Type	Taxes Receivable
Sales and Use Tax	\$1,859,736
Motor Vehicle and Manufactured Housing	128,683
Motor Fuels	6,978
Oil and Natural Gas Production	537,215
Franchise	187,182
Insurance Occupation	254,176
Cigarette and Tobacco	18,420
Other	221,032
Total Taxes Receivable*	<u>\$3,213,422</u>
Liquidity Characteristics:	
Current Taxes Receivable	\$3,213,265
Noncurrent Taxes Receivable	157
Total Taxes Receivable	<u>\$3,213,422</u>
* Total Taxes Receivable General Fund	\$ 3,213,422
Motor Fuel Taxes Receivable in Other Governmental Funds:	
Current Taxes Receivable:	
State Highway Fund	246,937
Nonmajor Governmental Funds	82,531
Noncurrent Taxes Receivable:	
State Highway Fund	1
Nonmajor Governmental Funds	
Total Taxes Receivable – Balance Sheet – Governmental Funds	<u>\$ 3,542,891</u>

Tax Refunds Payable by Tax Type

Table 23B

August 31, 2019 (Amounts in Thousands)

Tax Type	Tax Refunds Payable
Oil and Natural Gas Production	\$ 106,117
Franchise	414,230
Total Tax Refunds Payable	<u>\$ 520,347</u>

Texas franchise tax receivables represent balances due as of Aug. 31, 2019, for business-type activity that occurred in calendar year 2018. The franchise tax payments were due May 15, 2019; however, taxpayers were allowed to extend the filing date to November 2019.

Franchise taxes are considered earned when the business-type activity occurs. Franchise tax applies to certain for-profit entities doing business or chartered in Texas and is based on the total revenue, that is, income reported to the federal Internal Revenue Service (IRS) with various deductions, limitations, and exceptions. There are no required quarterly estimated payments under this tax. Annual franchise tax reports and tax payments are due May 15 unless it falls on a weekend or holiday then the next business day. Generally the tax earned during the first eight months of calendar year 2019 is not due until May 2020. As a result, the taxes receivable and related revenue that are earned in this eight month period are not measurable and are not accrued at fiscal year-end.

Note 24

Termination Benefits

Health Care Related Termination Benefits

Health care continuation under the Consolidated Omnibus Budget Reconciliation Act (COBRA) is provided for both voluntary and involuntary terminations. COBRA members are allowed to remain in their eligible insurance program for 18 months or 29 months if disabled. Covered dependents are eligible to remain in the program for 36 months. COBRA plan administrators for the state include the Employees Retirement System of Texas, the University of Texas System and the Texas A&M University System.

For self-insured and fully-insured plans, the insurance carrier performs the billing and collections process for COBRA participants. If the plan is self-insured, the insurance carrier then forwards the premium to the plan

administrators, net of a 2 percent administrative fee, which is intended to cover costs related to the billing and collection functions. The plan administrators are responsible for any claims or administrative costs associated with COBRA participants that exceed these payments. For fiscal 2019, the cost to the state was approximately \$27.1 million for 4,114 COBRA participants.

For the fully-insured health maintenance organization health insurance plans, the insurance carrier retains all premiums and is liable for all claims and expenses. Premium and expense information is not available for these plans.

Non-Health Care Related Termination Benefits

Generally, state employees are not awarded severance pay. Institutions of higher education and agencies with specific statutory authority may offer voluntary or involuntary termination payments for separation. In addition to termination payments, agencies may also offer career counseling and outplacement services.

Note 25

Segment Information

Primary Government

A segment is a separately identifiable activity reported as or within enterprise funds for which revenue bonds or other revenue-backed debt instruments are outstanding and for which related expenses, gains, losses, assets and liabilities can be identified. To qualify as a segment, an activity must also be subject to an external requirement to separately account for this revenue stream. Segment disclosure is not required for an activity whose only outstanding debt is conduit debt or if an individual fund is both a segment and reported as a major fund. Therefore, the following programs have met the requirements for disclosure as a segment. These following programs were funded by the issuance of revenue

bonds, which require revenues, expenses, gains, losses, assets and liabilities to be separately accounted for:

- The Single Family Bond Program was created to originate below-market rate loans for eligible low- and moderate-income residents who are purchasing a residence.
- The Residential Mortgage Revenue Bond Program (RMRB) was created to purchase single-family loans, while proceeds from the remaining RMRB bond issues are used to purchase pass-through certificates created through the origination of single-family loans.
- The Collateralized Home Mortgage Revenue Bond Program was created to purchase pass-through certificates created through the funding of loans made to finance the purchase by eligible borrowers of new and existing single-family residences in the state. The Collateralized Home Mortgage Revenue Bonds were fully redeemed during fiscal 2019 and have no assets at the end of the year.

Condensed Statement of Net Position

Table 25A

August 31, 2019 (Amounts in Thousands)

	Single Family Bond Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Bond Funds
ASSETS			
Current Restricted Assets	\$ 203,248	\$ 30,788	\$
Noncurrent Restricted Assets	574,026	345,115	
Total Assets	777,274	375,903	0
Deferred Outflows of Resources	5,599		
LIABILITIES			
Current Liabilities	10,020	7,298	
Noncurrent Liabilities	630,017	266,203	
Total Liabilities	640,037	273,501	0
NET POSITION			
Restricted	142,836	102,402	
Total Net Position	\$ 142,836	\$ 102,402	\$ 0

Condensed Statement of Revenues, Expenses and Changes in Net Position

Table 25B

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Single Family Bond Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Bond Funds
OPERATING REVENUES (EXPENSES)			
Interest and Investment Income	\$ 23,987	\$ 8,259	\$ 78
Net Decrease in Fair Value	13,634	13,307	(77)
Other Operating Revenues	50,478	7,731	
Operating Expenses	<u>(51,879)</u>	<u>(17,645)</u>	<u>(12)</u>
Operating Income	<u>36,220</u>	<u>11,652</u>	<u>(11)</u>
NONOPERATING REVENUES (EXPENSES)			
Transfer In (Out)	<u>256</u>	<u>(4,497)</u>	<u>(1,761)</u>
Changes in Net Position	36,476	7,155	(1,772)
Net Position, September 1, 2018	<u>106,360</u>	<u>95,247</u>	<u>1,772</u>
Net Position, August 31, 2019	<u>\$ 142,836</u>	<u>\$ 102,402</u>	<u>\$ 0</u>

Condensed Statement of Cash Flows

Table 25C

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Single Family Bond Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Bond Funds
NET CASH PROVIDED (USED) BY:			
Operating Activities	\$ (22,878)	\$ (5,927)	\$ (8)
Noncapital Financing Activities	265,038	129,546	(539)
Investing Activities	<u>(245,758)</u>	<u>(122,464)</u>	<u>484</u>
NET INCREASE (DECREASE) IN			
CASH AND CASH EQUIVALENTS	<u>(3,598)</u>	<u>1,155</u>	<u>(63)</u>
Cash and Cash Equivalents, September 1, 2018	<u>29,698</u>	<u>17,612</u>	<u>63</u>
Cash and Cash Equivalents, August 31, 2019	<u>\$ 26,100</u>	<u>\$ 18,767</u>	<u>\$ 0</u>

Note 26

Service Concession Arrangements

The state of Texas has ten arrangements that fit the criteria of a service concession arrangement (SCA). As the transferor in these arrangements, the state retains ownership rights and title to all assets associated with an SCA.

All ten of these arrangements were entered into by the Texas Department of Transportation (TxDOT). The fees the operator collects are in the form of tolls. Project maintenance and operations will transfer back to TxDOT once the arrangements have ended.

A general description of each SCA, including status, term and duration, is presented in table 26A.

These arrangements were entered into to:

- improve mobility by expanding existing road capacity and introducing managed toll lanes, traditional toll lanes and other strategies aimed at reducing traffic congestion;
- enable the state to deliver these projects faster than would be possible using traditional funding sources; and
- shift the majority of the financial risk to the operator.

In the year an SCA project opens for traffic, TxDOT records the capital assets acquired under the SCA at their acquisition value with a corresponding entry to deferred inflows of resources. The deferred inflows of resources balance will then be reduced and revenue will be recognized in a systematic manner over the term of the arrangement, beginning when the infrastructure assets are placed into operation.

Up-front concession payments received are recorded as assets (cash and cash equivalents) with an offset to deferred inflows of resources. Revenue is recognized and the deferred inflows of resources are reduced in a systematic and rational manner over the term of the arrangement. SCA amounts reported as of Aug. 31, 2019, are presented in table 26B.

Service Concession Arrangements

Table 26A

August 31, 2019

Arrangement Name	Construction Status	Term of Concession	Concession Dates	
			Begin	End
IH 10 "Katy Managed Lanes"	Complete	46 years	2010	2055*
SH 130 Segments 5 and 6	Complete	50 years	2012	2062
SH 121 Concession	Complete	50 years	2009	2059
North Tarrant Exp Seg 1 and 2-West	Complete	52 years	2009	2061
North Tarrant Exp Seg 3A and 3B	Complete	52 years	2009	2061
LBJ/IH-635 Managed Lanes	Complete	52 years	2009	2061
Grand Parkway Seg D, E, F1, F2, G	Complete	40 years	2013	2053*
Grand Parkway Seg H-I	Under Construction	36 years	2018	2053*
SH 288	Under Construction	52 years	2016	2068
North Tarrant Exp Seg 3C	Under Construction	42 years	2019	2061

* Estimated. Concession period extends until Harris County/Grand Parkway Transportation Corporation is fully reimbursed for cost of construction and debt service.

Service Concession Arrangements – Amounts Recognized in Financial Statements – Governmental Activities

Table 26B

August 31, 2019 (Amounts in Thousands)

Arrangement Name	Cash and Cash Equivalents*	Capital Assets	Deferred Inflows of Resources**
IH 10 "Katy Managed Lanes"	\$	\$ 250,000	\$ 195,653
SH 130 Segments 5 and 6	26,786	1,442,386	1,315,945
SH 121 Concession	340,068	1,336,606	3,023,818
North Tarrant Exp Seg 1 and 2-West		2,397,407	1,535,199
North Tarrant Exp Seg 3A and 3B		1,723,983	1,161,159
LBJ/IH-635 Managed Lanes		2,677,107	1,893,801
Grand Parkway Seg D, E, F1, F2, G		2,463,378	2,181,668
SH 288	10,738	54,909	25,479
North Tarrant Exp Seg 3C		5,350	
	<u>\$377,592</u>	<u>\$12,351,126</u>	<u>\$11,332,722</u>

* The balance of cash and cash equivalents is the amount of unspent up-front concession payments.

** The deferred inflows of resources balance that relates to up-front payments received is recorded in governmental fund financials as other financing sources in the year received.

In some cases, TxDOT is obligated to make contributions of public funds to the SCA project during the construction period for portions of the project's design, construction or right-of-way costs. Outlays of TxDOT funds related to SCA projects are recorded as additions to construction in progress as they are incurred.

The Grand Parkway Transportation Corporation (GPTC) is a blended component unit of TxDOT. In fiscal 2013, GPTC and TxDOT entered into an arrangement that fits the criteria of a SCA. Pursuant to this arrangement, GPTC is responsible for the design, construction, financing and operation of Segments D (Harris County) and E, F1, F2, G, H and I of the Grand Parkway (State Highway 99) for a period until the bonds or other debt secured is fully repaid. GPTC will be entitled to all toll revenues during the operations period. At the end of the arrangement, operation of the roadway will be transferred to TxDOT.

The objective of this arrangement is to deliver this project in partnership with TxDOT more quickly than would be possible under a traditional structure.

As of Aug. 31, 2019, the Texas Transportation Commission has outstanding toll equity grant commitments and toll equity loan commitments totaling \$173.4 million and \$9.4 billion, respectively. Payments of these amounts are made subject to executed financial assistance agreements between TxDOT and the applicable public or private entity. The toll equity loan commitment is related to a toll equity loan agreement (TELA) with the GPTC. This agreement makes a loan available to be drawn on in the event revenues and certain reserves are insufficient to pay certain debt service or operations and maintenance cost of the toll systems of aforementioned entities. The GPTC funds financed by TELA-supported debt are to be used to pay for certain costs relating to the development, construction, operation, maintenance and financing of Segments D (Harris County), E, F1, F2, G, H and I and the predevelopment of possible extensions or expansions of the

Grand Parkway. The maximum amount of money that can be paid by TxDOT to GPTC under the TELA is equal to the aggregate amount of cost that are authorized under Article VIII, Section 7a of the Texas Constitution and Section 222.103 of the Texas Transportation Code, i.e. the "Eligible Costs". As of Aug. 31, 2019, no drawdowns of funding have been requested by GPTC under this arrangement.

GPTC has recognized an intangible asset in the amount of \$2.6 billion for its costs of design, construction and right-of-way acquisition for the year ended Aug. 31, 2019. This amount is reported as business-type activities.

Note 27

Deferred Outflows of Resources and Deferred Inflows of Resources

In fiscal 2019, the state reported deferred outflows of resources and deferred inflows of resources in connection with its hedging derivative instruments, service concession arrangements, bond refunding, pensions, other postemployment benefits other than pensions, government acquisitions, irrevocable split-interest agreements, direct borrowings/placements obligations, asset retirement obligations, and various types of revenues earned but not available at the fiscal year end.

Table 27A presents the balances of deferred outflows of resources and deferred inflows of resources as of Aug. 31, 2019 for governmental activities, business-type activities and governmental funds.

Deferred Outflows of Resources and Deferred Inflows of Resources

Table 27A

August 31, 2019 (Amounts in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Government-wide Financial Statements		
<i>Governmental Activities</i>		
Bond/Debt refunding	\$ 169,665	\$ 3,161
SCAs (Note 26)		11,332,722
Pensions (Note 9)	15,974,954	5,493,389
OPEB (Note 11)	3,648,098	24,488,873
Asset Retirement Obligation	1,689	
Total	<u>\$ 19,794,406</u>	<u>\$ 41,318,145</u>
<i>Business-Type Activities</i>		
Bond/Debt refunding	\$ 152,600	\$ 6,809
Derivatives (Note 7)	606,848 *	
Pensions (Note 9)	3,706,367	751,450
OPEB (Note 11)	3,445,673	3,912,380
Split Interest Agreements		58,731
Direct Placements	483	1,109
Government Acquisitions	38,734	
Asset Retirement Obligation	6,733	
Total	<u>\$ 7,957,438</u>	<u>\$ 4,730,479</u>
Fund Financial Statements		
<i>Governmental Funds</i>		
Revenue Earned But Not Available	\$	\$ 715,904
Total	<u>\$ 0</u>	<u>\$ 715,904</u>

* The \$606,848 fair value for cash flow hedges is reported as a hedging derivative liability.

Deferred outflows of resources in business-type activities of \$606.8 million related to hedging derivatives in a liability position. The hedging derivative liability of \$606.8 million is disclosed in Note 7.

Deferred outflows of resources in business-type activities of \$38.7 million represent the unamortized balance of the excess consideration over the net position acquired in the acquisition of various university assets.

Deferred inflows of resources in governmental activities of \$11.3 billion were related to service concession arrangements (SCA) entered into by the Texas Department of Transportation (TxDOT) with non-state entities. This amount reflects the unamortized balance

of up-front concession payments received and capital improvements acquired from these entities. Details of the state's SCA are disclosed in Note 26.

Deferred outflows of resources of \$169.7 million in governmental activities were related to losses TxDOT and Texas Public Finance Authority incurred in bond refunding transactions. TxDOT and several universities also had bond refunding transactions in fiscal 2019 in business-type activities for \$152.6 million in deferred outflows of resources related to losses.

Deferred inflows of resources in governmental activities of \$3.2 million was related to a gain TxDOT incurred on a bond refunding transaction. Several universities also reported \$6.8 million deferred inflows of resources related to bond refunding gains in business-type activities.

Deferred inflows of resources of \$715.9 million in governmental funds were related to various types of revenues earned but not available within 60 days of fiscal year end.

The state reported \$16 billion of deferred outflows of resources and \$5.5 billion of deferred inflows of resources related to pensions in governmental activities. The state also reported \$3.7 billion of deferred outflows of resources and \$751.5 million of deferred inflows of resources related to pensions in business-type activities. Details of the state's pensions are disclosed in Note 9.

The state reported \$3.6 billion of deferred outflows of resources and \$24.5 billion of deferred inflows of resources related to OPEB in governmental activities. The state also reported \$3.4 billion of deferred outflows of resources and \$3.9 billion of deferred inflows of resources related to OPEB in business-type activities. Details of the state's OPEB are disclosed in Note 11 in fiscal 2019

The state reported \$483 thousand of deferred outflows of resources and \$1.1 million of deferred inflows of resources related to direct placement obligations and

\$58.7 million of deferred inflows of resources related to split-interest agreements in business-type activities.

The state implemented GASB Statement No. 83, *Certain Asset Retirement Obligations*, in fiscal 2019. As a result, in fiscal 2019, the state reported \$1.7 million of deferred outflows of resources related to asset retirement obligations in governmental activities and \$7 million of deferred outflows of resources and related to asset retirement obligations in business-type activities.

Note 28

Nonexchange Financial Guarantees

The state of Texas has two active programs that extend nonexchange financial guarantees to other entities.

Article VII, Section 5 of the Texas Constitution and the Texas Education Code, Title 2, Subtitle I, Chapter 45 provides for the guarantee of school district bonds by the permanent school fund (PSF). The PSF is also authorized for use to guarantee revenue bonds issued for certain open-enrollment charter schools designated by the commissioner of education. In the event of default by a school district or charter school district, funds may be withheld from state money payable to the district or school in an amount necessary for payment of principal and/or interest. Guarantees extend through maturity dates of the bonds. At this date, no school districts or charter school districts have defaulted on their guaranteed bond indebtedness. As of Aug. 31, 2019, the total principal debt guaranteed by the PSF on bond issues is approximately \$84.4 billion.

The Texas Credit Enhancement Program (TCEP) was established to provide a guarantee fund for issuing tax exempt revenue bonds to provide financing for the acquisition, construction, repair or renovation of Texas charter school facilities within federal program guidelines. A consortium consisting of the Texas Public Finance Authority Charter School Finance Corporation (CSFC), the Texas Charter Schools Asso-

ciation and the Texas Education Agency was awarded a federal grant to create the guarantee fund. The CSFC is a nonprofit corporation, in which the directors are appointed by the Texas Public Finance Authority (TPFA) in consultation with the commissioner of education and subject to the approval of the governor pursuant to section 53.351 of the Texas Education Code. TPFA provides administrative and staff support for CSFC. Reimbursement periods commence on the date of a guarantee payment and end 12 months following such payment. Borrowers will reimburse CSFC within the guarantee period by making level monthly principal repayments for each guaranty period during the reimbursement period. Guarantees extend through maturity dates of the bonds. At this date, no charter schools have defaulted on their guaranteed bond indebtedness. As of Aug. 31, 2019, \$9.1 million of available grant funds have been committed.

Note 29

Tax Abatements

The state of Texas provides tax abatements under the following programs: agricultural or timber programs, Research and Development Tax Credit Programs, Texas Enterprise Zone Programs, Texas Data Center Sales Tax Exemption Program, and Certified Rehabilitation of Certified Historic Structures Program. All abatement amounts are based on estimates.

Information related to these programs is presented in table 29A-D below:

Tax Abatement Programs

Table 29A

(In Thousands)

	Agricultural and Timber Programs			
	Agricultural Machinery and Equipment	Agricultural Products (not covered by blanket exemptions)	Timber Products	Farm/ Timber Use - Motor Vehicle
Purpose of Program	Provide exemptions or refunds of state sales and use tax paid for anyone producing agricultural or timber products for sale in the regular course of business.			
Tax being abated	Sales and Use Tax	Sales and Use Tax	Sales and Use Tax	Motor Vehicle Sales and Use Tax
Authority granting abatement	Texas Tax Code Section 151.316	Texas Tax Code Section 151.316	Texas Tax Code Section 151.3162	Texas Tax Code Section 152.091
Criteria to be eligible	Valid Texas Agricultural and Timber Exemption Registration Number and Texas Agricultural Sales and Use Tax Exemption certificate. Purchaser must be a commercial farmer or rancher engaged in producing agricultural products for sale or entities commonly hired to help with commercial production of agricultural products such as field hands, custom harvesters, crop dusters and veterinarians who make farm and ranch calls. Timber includes seedlings of trees grown for commercial timber and machinery and equipment used in the processing, packing, or marketing of timber products by an original producer if it is from a location operated by the original producer and at least 50 percent of the value of the timber products are from that location.			
How taxes are reduced/amount of abatement is determined	Purchase of qualified items are not subject to the state's sales and use tax of 6.25 percent			
Provision for recapture	N/A	N/A	N/A	N/A
Additional commitment by the state other than to reduce taxes	No other commitments are made		No other commitments are made	
Amount of Taxes Abated	<u>\$ 122,000</u>	<u>\$ 576,900</u>	<u>\$ 29,700</u>	<u>\$ 43,171</u>

Tax Abatement Programs

Table 29B

(In Thousands)

	Research and Development Tax Credit Program	
	Exemptions	Credits
Purpose of Program	Provide a sales and use tax exemption or a franchise tax credit; but not both to encourage economic development in Texas. Election is not permanent and can be changed.	
Tax being abated	Sales and Use Tax	Franchise Tax
Authority granting abatement	Texas Tax Code Section 151.3182. Expires Dec. 31, 2026	Texas Tax Code Section 171.654.
Criteria to be eligible	Must be for purchase, lease, rental, storage or use of depreciable tangible personal property directly used in qualified research expenditures.	
How taxes are reduced/amount of abatement is determined	Purchase of qualified items are not subject to the state's sales and use tax of 6.25 percent	Generally equal to 5 percent of the difference between the qualified research expenses in the reporting year and 50 percent of the average qualified research expense in the three preceding tax periods. Unused credits can be carried forward.
Provision for recapture	Whenever the Comptroller or the registrant cancels or otherwise terminates the registration number, the registrant will be required to pay the tax, penalty, and interest due from the date of purchase on all ineligible tax-free purchases.	N/A
Additional commitment by the state other than to reduce taxes	No other commitments are made	No other commitments are made
Amount of Taxes Abated	<u>\$ 158,000</u>	<u>\$ 210,192</u>

Tax Abatement Programs

Table 29C

(In Thousands)

	Texas Enterprise Zone Programs	
	<u>Refunds</u>	<u>Refunds</u>
Purpose of Program	Allows local communities to partner with the state to encourage job creation and capital investment in economically distressed areas. Local communities can nominate a new or expanding business as an "enterprise project".	
Tax being abated	Sales and Use Tax	Hotel Occupancy Tax
Authority granting abatement	Texas Tax Code Section 151.429	Texas Tax Code Section 151.429
Criteria to be eligible	Nominated projects that are approved are eligible to apply for state sales and use tax refunds on qualified expenditures. The nominating community files the application on behalf of the companies receiving the refunds.	A hotel proposed to be constructed by a municipality or a nonprofit municipally sponsored local government corporation created under the Texas Transportation Corporation Act, Chapter 431, Transportation Code, that is within 1,000 feet of a convention center owned by a municipality having a population of 1,500,000 or more, including shops, parking facilities, and any other facilities ancillary to the hotel. Texas Government Code Section 2303.003.
How taxes are reduced/amount of abatement is determined	Level and amount depend on the capital investment and jobs created at the qualified business site. Abatements last from one to five years, in addition to a 90-day window prior to the application date. Employment and capital investment commitments must be incurred and met within this time frame. Rebates range from: \$25,000 for a project investing \$40,000 in capital and creating 10 jobs to \$3.75 million for a project investing \$250 million in capital and creating 500 or more jobs.	Qualified hotel projects within approved enterprise zones can receive refunds of state sales and use taxes paid or collected and all hotel occupancy taxes collected by the hotel during the first ten years after the project is open for initial occupancy.
Provision for recapture	Rebate is conditioned on project maintaining at least the same level of employment of qualified employees as existed at the time it qualified for the refund for a period of three years from that date. If the Comptroller's Office certifies that the level of employment has not been maintained, the Comptroller's Office shall assess that portion of the refund made attributable to any such decrease in employment, including penalty and interest from the date of the refund.	N/A
Additional commitment by the state other than to reduce taxes	No other commitments are made	No other commitments are made
Amount of Taxes Abated	<u>\$ 45,086</u>	<u>\$ 13,495</u>

Tax Abatement Programs

Table 29D

(In Thousands)

	Other Programs	
	<u>Texas Data Center Program</u> <u>Exemption</u>	<u>Certified Rehabilitation of Certified Historic Structures</u> <u>Credit</u>
Purpose of Program	Sales and use tax exemption on certain goods and services necessary and essential to the operation of single-operator data centers.	Earn franchise tax credit for expenses incurred for the rehabilitation of a certified historic structure in which the entity has an ownership interest.
Tax being abated	Sales and Use Tax	Franchise Tax
Authority granting abatement	Texas Tax Code Sections 151.359 and 151.3595	Texas Tax Code Section 171.904-171.909
Criteria to be eligible	Data center must be single-occupant Obtain exemption through application Required to create at least 20 qualifying jobs Make capital investment of at least \$200 million over a five year period beginning on the date the data center is certified by the Comptroller of Public Accounts as a qualifying data center.	Acquire certificate of eligibility from the Texas Historical Commission. Rehabilitation/certified costs exceed \$5,000 in the year the structure is placed in service
How taxes are reduced/amount of abatement is determined	Qualified items are not subject to the state's sales and use tax of 6.25 percent at the time of purchase or as a refund.	Amount is limited to 25 percent of the total eligible cost and expenses incurred. May not exceed the amount of franchise tax due. May carry credit forward no more than five years. An entity that has established eligibility may assign or sell credits to another entity.
Provision for recapture	Each entity or person that has their registration number revoked is liable for the state sales and use tax, including penalty and interest from the date of purchase, on all tax-free purchases made under the qualified data center exemption.	N/A
Additional commitment by the state other than to reduce taxes	No other commitments are made	No other commitments are made
Amount of Taxes Abated	<u>\$ 70,926</u>	<u>\$ 72,193</u>

Section Two (continued)

Required Supplementary Information Other Than MD&A



STATE OF TEXAS

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Final to Actual Variance
	Original	Final		
REVENUES				
Taxes	\$ 48,839,954	\$ 48,839,954	\$ 51,501,820	\$ 2,661,866
Federal	38,883,387	41,458,317	41,704,470	246,153
Licenses, Fees and Permits	2,790,292	2,870,688	2,998,268	127,580
Interest and Other Investment Income	224,054	225,739	799,746	574,007
Land Income	18,075	20,039	13,427	(6,612)
Settlement of Claims	475,733	477,538	650,731	173,193
Sales of Goods and Services	4,428,663	4,819,623	3,483,457	(1,336,166)
Other	6,771,008	6,844,724	5,977,118	(867,606)
Total Revenues	<u>102,431,166</u>	<u>105,556,622</u>	<u>107,129,037</u>	<u>1,572,415</u>
EXPENDITURES				
General Government	8,771,497	4,791,650	3,108,255	1,683,395
Education	27,131,009	28,626,747	26,796,649	1,830,098
Teacher Retirement Benefits	3,067,744	3,067,744	2,991,655	76,089
Health and Human Services	45,850,562	55,280,919	55,864,022	(583,103)
Public Safety and Corrections	5,142,599	6,796,003	6,617,356	178,647
Transportation	144,774	147,243	7,561	139,682
Natural Resources and Recreation	3,083,471	3,518,823	2,079,624	1,439,199
Regulatory Services	332,017	431,684	376,519	55,165
Total Expenditures	<u>93,523,673</u>	<u>102,660,813</u>	<u>97,841,641</u>	<u>4,819,172</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>8,907,493</u>	<u>2,895,809</u>	<u>9,287,396</u>	<u>6,391,587</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	1,954,347	1,552,942	4,161,902	2,608,960
Transfer Out	(5,581,600)	(6,303,142)	(9,627,041)	(3,323,899)
Sale of Capital Assets	4,592	4,937	9,913	4,976
Insurance Recoveries	3,473	3,599	10,623	7,024
Available Beginning Balances	16,581,257	9,641,695	11,169,079	1,527,384
Total Other Financing Sources (Uses)	<u>12,962,069</u>	<u>4,900,031</u>	<u>5,724,476</u>	<u>824,445</u>
Excess of Revenues and Other				
Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 21,869,562</u>	<u>\$ 7,795,840</u>	<u>\$ 15,011,872</u>	<u>\$ 7,216,032</u>

STATE OF TEXAS

Budgetary Comparison Schedule

Major Special Revenue Fund – State Highway Fund

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Final to Actual Variance
	Original	Final		
REVENUES				
Taxes	\$ 6,673,163	\$ 6,673,163	\$ 5,287,983	\$ (1,385,180)
Federal	5,323,135	5,323,135	3,972,286	(1,350,849)
Licenses, Fees and Permits	1,700,440	1,700,539	1,776,532	75,993
Interest and Other Investment Income	87,923	87,923	142,654	54,731
Land Income	12,310	12,310	29,567	17,257
Settlement of Claims	15,917	15,917	41,902	25,985
Sales of Goods and Services	46,000	50,500	76,155	25,655
Other	72,506	72,506	(51,038)	(123,544)
Total Revenues	<u>13,931,394</u>	<u>13,935,993</u>	<u>11,276,041</u>	<u>(2,659,952)</u>
EXPENDITURES				
General Government	118,900	212		212
Public Safety and Corrections			868	(868)
Transportation	12,784,664	13,657,773	10,054,922	3,602,851
Regulatory Services				
Total Expenditures	<u>12,903,564</u>	<u>13,657,985</u>	<u>10,055,790</u>	<u>3,602,195</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>1,027,830</u>	<u>278,008</u>	<u>1,220,251</u>	<u>942,243</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	1,370,487	1,370,487	1,891,938	521,451
Transfer Out			(982,048)	(982,048)
Sale of Capital Assets	41,500	41,500	10,122	(31,378)
Insurance Recoveries				
Available Beginning Balances	<u>2,140,663</u>	<u>1,622,127</u>	<u>6,412,101</u>	<u>4,789,974</u>
Total Other Financing Sources (Uses)	<u>3,552,650</u>	<u>3,034,114</u>	<u>7,332,113</u>	<u>4,297,999</u>
Excess (Deficiency) of Revenues and Other				
Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 4,580,480</u>	<u>\$ 3,312,122</u>	<u>\$ 8,552,364</u>	<u>\$ 5,240,242</u>

Note to Budgetary Comparison Schedule

The budgetary comparison schedule presents comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles (GAAP), a reconciliation of these differences is presented in the table below.

Reconciliation of Budgetary Basis to GAAP Basis		
Table RSI-1		
August 31, 2019 (Amounts in Thousands)		
	General Fund	State Highway Fund
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses – Actual Budgetary Basis	\$ 15,011,872	\$ 8,552,364
Basis of Accounting Differences:		
Receivables and Unearned Revenues	(429,433)	353,056
Payables	(531,814)	(520,106)
Perspective Differences:		
Beginning Cash Balances Reported as Other Financing Sources	(11,169,079)	(6,412,101)
Revenues and Other Financing Sources Not Budgeted	424,133	(510)
Expenditures and Other Financing Uses Not Budgeted	<u>(203,112)</u>	<u>(159,018)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses – GAAP Basis	<u>\$ 3,102,567</u>	<u>\$ 1,813,685</u>

The major reconciling items between the budgetary comparison schedule actual and the GAAP financial statements are:

- **Basis of Accounting Differences:** Revenues and expenditures are reported on the cash basis of accounting in the budgetary comparison schedule but are reported on the modified accrual basis on the GAAP financial statements. Therefore, unearned revenues, receivables and payables are included as reconciling items.
- **Perspective Differences:** Certain revenues and expenditures, including debt service and the disproportionate share portion of the Federal Medical Assistance program are not budgeted by

the Legislature. The activity for these programs is excluded from the budgetary comparison schedule.

- The beginning cash balances are included as other financing sources in the budgetary comparison schedule. The beginning fund balances are not included as financing sources on the GAAP financial statements.

- **Entity Differences:** Budgets are not established for sources from capital leases. These financing sources are not included in the budgetary comparison schedule.

Excess of Actual Budgetary Basis Expenditures over Final Budget

General fund – The \$583 million variance in health and human services is the result of increased expenditures made from the excess of federal revenues received over estimates by agencies in this particular function.

Major special revenue fund – state highway fund – The \$868 thousand variance in public safety and corrections are the result of expenditures made from available beginning cash balance in the fund.

Basis of Budgeting

The state's budget is prepared on a cash basis. The Texas Constitution limits appropriation bills to two years. The Legislative Budget Board (LBB) is required by statute to adopt an estimated rate of growth for the next biennium and calculate a limit on the amount of state tax revenue, not dedicated by the Texas Constitution that is available for spending in the next biennium. If the Legislature, by adoption of a resolution approved by a record vote of a majority of the members of each

house, finds that an emergency exists and identifies the nature of the emergency, the Legislature may provide appropriations in excess of the adopted limit. The Governor's Budget Office and LBB initiate the process by submitting budget requests to the Legislature. At final passage of the General Appropriations Act by the Legislature, it is sent to the Comptroller of Public Accounts (Comptroller) for certification. If the Comptroller certifies that appropriated amounts are available in the affected funds, the bill is sent to the governor. If not certified, the Legislature may pass the bill with a four-fifths majority vote. The governor has the option of vetoing the total bill or specific line-item appropriations, but does not have the authority to reduce an item of appropriation. Upon approval by the governor, the bill becomes law and is the budget authority for state agencies to spend state funds. The Comptroller is responsible for controlling, accounting and reporting expenditures in accordance with the expenditure budgets.

Legal Level of Budgetary Control

The Texas Constitution requires the Comptroller to submit a *Biennial Revenue Estimate* to the Texas Legislature prior to each regular session. This document contains an itemized estimate of beginning cash balances, anticipated revenues based on laws then in effect and estimated expenditures from prior appropriations. The Texas Constitution also requires the Comptroller to submit supplementary revenue estimates at any special

session of the Legislature and at other necessary times to show probable changes.

The level of legal control for the budget is established at the strategy (line item) level by agency. For example, "Highway Patrol" and "Vehicle Inspection Program" are two of the strategies for the Texas Department of Public Safety. The legal level of budgetary control is defined as the level at which the governing body must approve any over-expenditure of appropriations or transfers of appropriated amounts. Agencies are authorized limited transfer authority between strategies, not to exceed 20 percent, by the General Appropriations Act. Transfers and expenditures are monitored against the original budget by the Comptroller's office to ensure the agency's authorized budget is not exceeded.

The level of legal control for all agencies is documented in the *Appropriation Summary Report*, which is available by request from the Comptroller's office. This separate document includes budget and actual data by appropriation line item for each state agency. State agencies cannot exceed approved appropriations. In certain emergency situations, the governor may authorize additional appropriations from deficiency and emergency appropriation reserves. Unexpended appropriations generally lapse 60 days after the fiscal year unless they are encumbered during the 60-day "lapse" period. Other appropriations referred to as "reappropriated unexpended balances" represent the continuation of a prior year's balances for completion of a program.

Schedules of Changes in Net Pension Liability and Related Ratios

For each of the fiscal years presented, the measurement date for the information on the schedules of changes in net pension liability and related ratios was the prior fiscal year-end.

The schedules of changes in net pension liability and related ratios for the state's Employees Retirement System of Texas Plan (ERS Plan), Law Enforcement and Custodial Officer Supplemental Retirement Plan (LECOS Plan) and Judicial Retirement System of Texas Plan Two (JRS2 Plan) are presented in tables RSI-2, RSI-3 and RSI-4, respectively:

Schedule of Changes in Net Pension Liability and Related Ratios ***					
Employees Retirement System of Texas Plan					
Table RSI-2					
(Amounts in Thousands)					
	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 1,445,557	\$ 1,457,263	\$ 1,146,791	\$ 1,231,203	\$ 1,139,451
Interest on the Total Pension Liability	2,559,723	2,510,128	2,522,625	2,373,850	2,324,180
Benefit Changes				(87,835)	
Difference between Expected and Actual Experience of the Total Pension Liability	91,881	115,632	133,557	(284,751)	(252,967)
Assumption Changes*	(1,982,914)	2,219,672	5,301,965	(3,429,167)	1,199,067
Benefit Payments and Refunds	(2,406,362)	(2,288,825)	(2,147,307)	(2,049,291)	(1,963,481)
Net Change in Total Pension Liability	(292,115)	4,013,870	6,957,631	(2,245,991)	2,446,250
Total Pension Liability – Beginning	48,236,427	44,222,557	37,264,926	39,510,917	37,064,667
Total Pension Liability – Ending	\$ 47,944,312	\$ 48,236,427	\$ 44,222,557	\$ 37,264,926	\$ 39,510,917
Plan Fiduciary Net Position					
Contributions – Employer	\$ 697,189	\$ 700,078	\$ 686,763	\$ 500,395	\$ 482,239
Contributions – Member	683,933	685,461	674,678	462,160	430,595
Pension Plan Net Investment Income	2,430,297	2,832,628	1,273,413	56,941	3,252,417
Benefit Payments and Refunds	(2,406,362)	(2,288,825)	(2,147,307)	(2,049,291)	(1,963,481)
Pension Plan Administrative Expense	(23,550)	(23,095)	(20,449)	(21,840)	(20,195)
Net Change in Plan Fiduciary Net Position	1,381,507	1,906,247	467,098	(1,051,635)	2,181,575
Plan Fiduciary Net Position – Beginning	26,371,827	24,465,580	23,998,482	25,050,117	22,868,542
Plan Fiduciary Net Position – Ending	\$ 27,753,334	\$ 26,371,827	\$ 24,465,580	\$ 23,998,482	\$ 25,050,117
Net Pension Liability – Beginning	21,864,600	19,756,977	13,266,444	14,460,800	14,196,125
Net Pension Liability – Ending	\$ 20,190,978	\$ 21,864,600	\$ 19,756,977	\$ 13,266,444	\$ 14,460,800
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	57.89%	54.67%	55.32%	64.40%	63.40%
Covered Payroll**	\$ 6,811,926	\$ 6,859,707	\$ 6,742,143	\$ 6,150,195	\$ 5,955,461
Net Pension Liability as a Percentage of Covered Payroll	296.41%	318.74%	293.04%	215.71%	242.82%
Notes to Schedule:					
* The change in the total pension liability due to the change in the single discount rate and the impact of new assumption changes adopted by the Board effective Aug. 31, 2017 is included as an assumption change.					
** The covered payroll is the payroll on which contributions to pension plan are based for the measurement period.					
*** This schedule is intended to present 10 years of information. Currently only five years of information is available. Information for future years will be added when it becomes available.					

Schedule of Changes in Net Pension Liability and Related Ratios^{***}

Law Enforcement and Custodial Officer Supplemental Retirement Plan

Table RSI-3

(Amounts in Thousands)

	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 79,309	\$ 99,390	\$ 71,429	\$ 57,459	\$ 54,528
Interest on the Total Pension Liability	91,171	82,236	88,410	87,222	88,025
Difference between Expected and Actual Experience of the Total Pension Liability	(21,651)	(17,532)	(21,657)	(9,640)	(76,585)
Assumption Changes*	(87,015)	(144,398)	375,371	148,114	68,228
Benefit Payments and Refunds	(75,633)	(69,756)	(64,540)	(61,344)	(57,147)
Net Change in Total Pension Liability	<u>(13,819)</u>	<u>(50,060)</u>	<u>449,013</u>	<u>221,811</u>	<u>77,049</u>
Total Pension Liability – Beginning	<u>2,163,742</u>	<u>2,213,802</u>	<u>1,764,789</u>	<u>1,542,978</u>	<u>1,465,929</u>
Total Pension Liability – Ending	<u>\$ 2,149,923</u>	<u>\$ 2,163,742</u>	<u>\$ 2,213,802</u>	<u>\$ 1,764,789</u>	<u>\$ 1,542,978</u>
Plan Fiduciary Net Position					
Contributions – Employer	\$ 26,110	\$ 26,583	\$ 27,497	\$ 26,728	\$ 27,758
Contributions – Member	9,275	9,583	9,539	8,376	8,180
Pension Plan Net Investment Income	84,937	99,341	44,831	1,918	111,741
Benefit Payments and Refunds	(75,633)	(69,756)	(64,540)	(61,344)	(57,147)
Pension Plan Administrative Expense	(1,851)	(1,811)	(1,421)	(1,412)	(1,324)
Net Change in Plan Fiduciary Net Position	<u>42,838</u>	<u>63,940</u>	<u>15,906</u>	<u>(25,734)</u>	<u>89,208</u>
Plan Fiduciary Net Position – Beginning	<u>923,989</u>	<u>860,049</u>	<u>844,143</u>	<u>869,877</u>	<u>780,669</u>
Plan Fiduciary Net Position – Ending	<u>\$ 966,827</u>	<u>\$ 923,989</u>	<u>\$ 860,049</u>	<u>\$ 844,143</u>	<u>\$ 869,877</u>
Net Pension Liability – Beginning	<u>1,239,753</u>	<u>1,353,753</u>	<u>920,646</u>	<u>673,101</u>	<u>685,260</u>
Net Pension Liability – Ending	<u>\$ 1,183,096</u>	<u>\$ 1,239,753</u>	<u>\$ 1,353,753</u>	<u>\$ 920,646</u>	<u>\$ 673,101</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	44.97%	42.70%	38.85%	47.83%	56.38%
Covered Payroll**	\$ 1,689,590	\$ 1,746,349	\$ 1,725,880	\$ 1,506,028	\$ 1,496,013
Net Pension Liability as a Percentage of Covered Payroll	70.02%	70.99%	78.44%	61.13%	44.99%

Notes to Schedule:

* The change in the total pension liability due to the change in the single discount rate and the impact of new assumption changes adopted by the Board effective Aug. 31, 2017 is included as an assumption change.

** The covered payroll is the payroll on which contributions to pension plan are based for the measurement period.

*** This schedule is intended to present 10 years of information. Currently only five years of information is available. Information for future years will be added when it becomes available.

Schedule of Changes in Net Pension Liability and Related Ratios^{***}

Judicial Retirement System of Texas, Plan Two

Table RSI-4

(Amounts in Thousands)

	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 16,056	\$ 20,420	\$ 19,429	\$ 16,244	\$ 17,805
Interest on the Total Pension Liability	34,440	31,671	30,980	30,786	28,004
Difference between Expected and Actual					
Experience of the Total Pension Liability	(1,463)	5,091	(5,833)	(10,067)	(640)
Assumption Changes*		(56,699)	23,396	35,653	(25,924)
Benefit Payments and Refunds	(24,866)	(23,361)	(21,154)	(19,238)	(16,420)
Net Change in Total Pension Liability	<u>24,167</u>	<u>(22,878)</u>	<u>46,818</u>	<u>53,378</u>	<u>2,825</u>
Total Pension Liability – Beginning	<u>463,604</u>	<u>486,482</u>	<u>439,664</u>	<u>386,286</u>	<u>383,461</u>
Total Pension Liability – Ending	<u>\$ 48,771</u>	<u>\$ 463,604</u>	<u>\$ 486,482</u>	<u>\$ 439,664</u>	<u>\$ 386,286</u>
Plan Fiduciary Net Position					
Contributions – Employer	\$ 12,560	\$ 12,495	\$ 12,374	\$ 12,457	\$ 12,211
Contributions – Member	5,940	6,017	5,754	5,465	5,195
Pension Plan Net Investment Income	39,192	44,875	19,862	820	46,186
Benefit Payments and Refunds	(24,866)	(23,361)	(21,155)	(19,238)	(16,420)
Pension Plan Administrative Expense	(296)	(295)	(225)	(284)	(267)
Net Change in Plan Fiduciary Net Position	<u>32,530</u>	<u>39,731</u>	<u>16,610</u>	<u>(780)</u>	<u>46,905</u>
Plan Fiduciary Net Position – Beginning	<u>420,851</u>	<u>381,120</u>	<u>364,510</u>	<u>365,290</u>	<u>318,385</u>
Plan Fiduciary Net Position – Ending	<u>\$ 453,381</u>	<u>\$ 420,851</u>	<u>\$ 381,120</u>	<u>\$ 364,510</u>	<u>\$ 365,290</u>
Net Pension Liability – Beginning	<u>42,753</u>	<u>105,362</u>	<u>75,154</u>	<u>20,996</u>	<u>65,076</u>
Net Pension Liability – Ending	<u>\$ 34,390</u>	<u>\$ 42,753</u>	<u>\$ 105,362</u>	<u>\$ 75,154</u>	<u>\$ 20,996</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.95%	90.78%	78.34%	82.91%	94.56%
Covered Payroll**	\$ 78,772	\$ 78,190	\$ 78,261	\$ 77,501	\$ 77,441
Net Pension Liability as a Percentage of Covered Payroll	43.66%	54.68%	134.63%	96.97%	27.11%

Notes to Schedule:

* The change in the total pension liability due to the change in the single discount rate and the impact of new assumption changes adopted by the Board effective Aug. 31, 2017 is included as an assumption change.

** The covered payroll is the payroll on which contributions to pension plan are based for the measurement period.

*** This schedule is intended to present 10 years of information. Currently only five years of information is available. Information for future years will be added when it becomes available.

Schedule of Changes in Total Pension Liability and Related Ratios

The measurement date for the information on the schedule of changes in total pension liability and related ratios was the prior fiscal year-end.

The schedule of changes in total pension liability and related ratios for the state's Judicial Retirement System Plan One (JRS1 Plan) is presented in table RSI-5.

Schedule of Changes in Total Pension Liability and Related Ratios ***, ****			
Judicial Retirement System of Texas, Plan One			
Table RSI-5			
(Amounts in Thousands)			
	2019	2018	2017
Total Pension Liability			
Service Cost	\$ 411	\$ 378	\$ 357
Interest on the Total Pension Liability	9,071	8,977	11,265
Difference between Expected and Actual Experience of the Total Pension Liability	(1,643)	(718)	5,488
Assumption Changes**	(5,968)	(35,858)	26,760
Benefit Payments and Refunds	<u>(23,057)</u>	<u>(24,281)</u>	<u>(25,536)</u>
Net Change in Total Pension Liability	(21,186)	(51,502)	18,334
Total Pension Liability – Beginning	<u>276,542</u>	<u>328,044</u>	<u>309,710</u>
Total Pension Liability – Ending	<u>\$ 255,356</u>	<u>\$ 276,542</u>	<u>\$ 328,044</u>
Covered Payroll*	\$ 449	\$ 591	\$ 577
Total Pension Liability as a Percentage of Covered Payroll	56,868.89%	46,820.01%	56,891.02%
Notes to Schedule:			
* The covered payroll is the actual annual payroll for the fiscal year as reported by ERS.			
** The change in the total pension liability due to the change in the single discount rate is included as an assumption change. Assumption changes for FY 2017 include the impact of new assumptions adopted by the board effective Aug. 31, 2017.			
*** There are no assets accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 73 to pay related benefits.			
**** This schedule is intended to present 10 years of information. Currently only three years of information is available. Information for future years will be added when it becomes available.			

Schedules of Proportionate Share of Net Pension Liability

For each of the fiscal years presented, the measurement date for the information on the schedules of proportionate share of net pension liability was the prior fiscal year-end.

The schedules of proportionate share of the net pension liability for the state's Teacher Retirement System of Texas Plan (TRS Plan) for the state as an employer and as a non-employer contributing entity are presented in tables RSI-6 and RSI-7, respectively.

Schedule of Proportionate Share of Net Pension Liability^{**}

Teacher Retirement System of Texas Plan

State as Employer

Table RSI-6

(Amounts in Thousands)

	2019	2018	2017	2016	2015
State's proportion of the net pension liability	16.42%	15.55%	14.86%	14.11%	16.97%
State's proportionate share of the net pension liability*	\$ 9,035,830	\$ 4,974,134	\$ 5,615,188	\$ 4,989,195	\$ 4,534,735
State's covered payroll	\$ 7,165,045	\$ 6,551,021	\$ 6,054,185	\$ 5,426,660	\$ 6,221,452
State's proportionate share of the net pension liability as a percentage of its covered payroll	126.11%	75.93%	92.75%	91.94%	72.89%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%

* The state's proportionate share of the net pension liability for the state as an employer consists of \$1,951,952 reported in governmental activity and \$7,083,878 reported in business-type activity.

** This schedule is intended to present 10 years of information. Currently only five years of information are available. Information for future years will be added when it becomes available.

Schedule of Proportionate Share of Net Pension Liability*

Teacher Retirement System of Texas Plan

State as Non-Employer Contributing Entity

Table RSI-7

(Amounts in Thousands)

	2019	2018	2017	2016	2015
State's proportion of the net pension liability	50.96%	51.82%	52.74%	53.75%	60.37%
State's proportionate share of the net pension liability	\$ 28,051,905	\$ 16,568,177	\$ 19,929,042	\$ 18,998,983	\$ 16,129,760
Plan fiduciary net position as a percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%

* This schedule is intended to present 10 years of information. Currently only five years of information is available. Information for future years will be added when it becomes available.

The schedule of proportionate share of the net pension liability for the Texas Emergency Services Retirement System Plan (TESRS Plan) for the state as a non-employer contributing entity is presented in table RSI-8.

Schedule of Proportionate Share of Net Pension Liability*

Texas Emergency Services Retirement System Plan

State as Non-Employer Contributing Entity

Table RSI-8

(Amounts in Thousands)

	2019	2018	2017	2016	2015
State's proportion of the net pension liability	27.75%	32.75%	34.57%	34.66%	33.79%
State's proportionate share of the net pension liability	\$ 6,009	\$ 7,860	\$ 10,070	\$ 9,252	\$ 6,140
Plan fiduciary net position as a percentage of the total pension liability	84.3%	81.4%	76.3%	76.9%	83.5%

* This schedule is intended to present 10 years of information. Currently only five years of information is available. Information for future years will be added when it becomes available.

Schedules of Employer Contributions Related to Pension

The information on the schedules of employer contributions was determined as of the end of the fiscal years presented.

The schedules of employer contributions comparing the actuarially determined contributions and the contributions recognized by the pension plan in relation to the actuarially determined contributions for the state's ERS, LECOS and JRS2 Plans are presented in tables RSI-9, RSI-10 and RSI-11, respectively.

Schedule of Employer Contributions⁴ Employees Retirement System of Texas Plan

Table RSI-9
(Amounts in Thousands)

	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ 946,266	\$ 933,915	\$ 713,528	\$ 679,806	\$ 737,111	\$ 727,892
Contributions in relation to the actuarially determined contributions	712,648	697,189	700,078	686,763	500,395	482,239
Contribution deficiency (excess)	233,618	236,726	13,450	(6,957)	236,716	245,653
Covered payroll	6,947,625	6,811,926	6,859,707	6,742,143	6,150,195	5,955,461
Contributions as a percentage of covered payroll	10.26%	10.23%	10.21%	10.19%	8.14%	8.10%

Notes to Schedule of Contributions

Valuation Date

Actuarially determined contribution rates are calculated as of Aug. 31 of the fiscal year. A new set of assumptions were adopted for the Aug. 31, 2017 actuarial valuation and were first reflected for the actuarially determined employer contribution (ADEC) determined for the fiscal year ended 2018.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	31 years
Asset Valuation Method	Marked to market as of Aug. 31, 2017. Future gains and losses each recognized over closed five-year period, with allowance of direct offsetting of deferrals by subsequent gains or losses.
Inflation	2.5%
Salary Increases	0.00% to 9.50%
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the class of employee. Updated for the 2017 valuation pursuant to an experience study of the five-year period from Sept. 1, 2011 through Aug. 31, 2016
Mortality	2017 State Retirees of Texas (SRT) mortality table. Generational mortality improvements in accordance with the ultimate rates from the scale most recently published by Retirement Plans Experience Committee of the Society of Actuaries ("Scale U-MP") and projected from the year 2017. Rates for male LECO members are set forward one year.

Other Information:

1. Actuarially determined contributions are adjusted for actual payroll and administrative expenses.
2. Members and employers contribute based on statutorily fixed rates.
3. The covered payroll is the payroll on which contributions to pension plan are based for the fiscal year being reported.
4. This schedule is intended to present 10 years of information. Currently only six years of information is available. Information for future years will be added when it becomes available.

Schedule of Employer Contributions⁴ Law Enforcement and Custodial Officer Supplemental Retirement Plan

Table RSI-10

(Amounts in Thousands)

	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ 54,854	\$ 53,560	\$ 45,332	\$ 43,167	\$ 38,131	\$ 40,205
Contributions in relation to the actuarially determined contributions	25,864	26,110	26,583	27,497	26,728	27,758
Contribution deficiency	28,990	27,450	18,749	15,670	11,403	12,447
Covered payroll	1,682,633	1,689,590	1,746,349	1,725,880	1,506,028	1,496,013
Contributions as a percentage of covered payroll	1.54%	1.55%	1.52%	1.59%	1.77%	1.86%

Notes to Schedule of Contributions

Valuation Date

Actuarially determined contribution rates are calculated based on the actuarial valuation at the beginning of the fiscal year. A new set of assumptions were adopted for the Aug. 31, 2017 actuarial valuation and were first reflected for the ADEC determined for the fiscal year ended 2018.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	31 years
Asset Valuation Method	Marked to market as of Aug. 31, 2017. Future gains and losses each recognized over closed five-year period, with allowance of direct offsetting of deferrals by subsequent gains or losses.
Inflation	2.50%
Salary Increases	4.50% to 9.50%
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Updated for the 2017 valuation pursuant to an experience study of the five-year period from Sept. 1, 2011 through Aug. 31, 2016.
Mortality	2017 State Retirees of Texas (SRT) mortality table. Generational mortality improvements in accordance with the ultimate rates from the scale most recently published by Retirement Plans Experience Committee of the Society of Actuaries ("Scale U-MP") and projected from the year 2017. Rates for male LECO members are set forward one year.

Other Information:

1. Actuarially determined contributions are adjusted for actual payroll and administrative expenses.
2. Members and employers contribute based on statutorily fixed rates.
3. The covered payroll is the payroll on which contributions to pension plan are based for the fiscal year being reported.
4. This schedule is intended to present 10 years of information. Currently only six years of information is available. Information for future years will be added when it becomes available.

Schedule of Employer Contributions⁴ Judicial Retirement System of Texas Plan Two

Table RSI-11

(Amounts in Thousands)

	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ 13,057	\$ 12,934	\$ 12,444	\$ 12,896	\$ 13,107	\$ 13,449
Contributions in relation to the actuarially determined contributions	13,100	12,560	12,494	12,374	12,457	12,211
Contribution deficiency (excess)	(43)	374	(50)	522	650	1,238
Covered payroll	79,711	78,772	78,190	78,261	77,501	77,441
Contributions as a percentage of covered payroll	16.43%	15.94%	15.98%	15.81%	16.07%	15.77%

Notes to Schedule of Contributions

Valuation Date

Actuarially determined contribution rates are calculated based on the actuarial valuation at the beginning of the fiscal year. A new set of assumptions were adopted for the Aug. 31, 2017 actuarial valuation and were first reflected for the ADEC determined for the fiscal year ended 2018.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	31 years
Asset Valuation Method	Marked to market as of Aug. 31, 2017. Future gains and losses each recognized over closed five-year period, with allowance of direct offsetting of deferrals by subsequent gains or losses.
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the five-year period from Sept. 1, 2011 through Aug. 31, 2016.
Mortality	2017 State Retirees of Texas (SRT) mortality table. Generational mortality improvements in accordance with the ultimate rates from the scale most recently published by Retirement Plans Experience Committee of the Society of Actuaries ("Scale U-MP") and projected from the year 2017.

Other Information:

1. Actuarially determined contributions are adjusted for actual payroll and administrative expenses.
2. Members and employers contribute based on statutorily fixed rates.
3. The covered payroll is the payroll on which contributions to pension plan are based for the fiscal year being reported.
4. This schedule is intended to present 10 years of information. Currently only six years of information is available. Information for future years will be added when it becomes available.

The schedules of employer contributions comparing the statutorily required contributions and the contributions recognized by the pension plan in relation to the statutorily required contributions for the state's TRS Plan for the state as an employer and as a non-employer contributing entity are presented in tables RSI-12 and RSI-13, respectively.

Schedule of Employer Contributions*

Teacher Retirement System of Texas Plan

State as Employer

Table RSI-12

(Amounts in Thousands)

	2019	2018	2017	2016	2015	2014
Statutorily required contributions	\$ 612,078	\$ 516,850	\$ 495,500	\$ 466,216	\$ 417,698	\$ 430,321
Contributions in relation to the statutorily required contributions	612,078	516,850	495,500	466,216	417,698	430,321
Contribution deficiency (excess)	0	0	0	0	0	0
Covered payroll	7,425,351	6,789,858	6,257,506	5,750,539	5,408,293	6,221,452
Contributions as a percentage of covered payroll	8.24%	7.61%	7.92%	8.11%	7.72%	6.92%

* This schedule is intended to present 10 years of information. Currently only six years of information are available. Information for future years will be added when it becomes available.

Schedule of Employer Contributions*

Teacher Retirement System of Texas Plan

State as Non-Employer Contributing Entity

Table RSI-13

(Amounts in Thousands)

	2019	2018	2017	2016	2015	2014
Statutorily required contributions	\$ 2,326,680	\$ 1,715,785	\$ 1,697,963	\$ 1,675,631	\$ 1,591,483	\$ 1,530,624
Contributions in relation to the statutorily required contributions	2,326,680	1,715,785	1,697,963	1,675,631	1,591,483	1,530,624
Contribution deficiency (excess)	0	0	0	0	0	0

* This schedule is intended to present 10 years of information. Currently only six years of information is available. Information for future years will be added when it becomes available.

The schedule of contributions comparing the statutorily required contributions and the contributions recognized by the pension plan in relation to the statutorily required contributions for TESRS plan for the state as a non-employer contributing entity is presented in table RSI-14.

Schedule of Employer Contributions^{}**

Texas Emergency Services Retirement System Plan

State as Non-Employer Contributing Entity

Table RSI-14

(Amounts in Thousands)

	2019*	2018	2017	2016	2015	2014
Statutorily required contributions	\$ 1,329	\$ 1,329	\$ 1,584	\$ 1,584	\$ 1,637	\$ 1,530
Contributions in relation to the statutorily required contributions	1,329	1,329	1,584	1,584	1,637	1,530
Contribution deficiency (excess)	0	0	0	0	0	0

* Texas Emergency Services Retirement System was appropriated \$1,329 in each fiscal year of the 2018-19 biennium

** This schedule is intended to present 10 years of information. Currently only six years of information is available. Information for future years will be added when it becomes available.

Schedules of Proportionate Share of Net OPEB Liability

For each of the fiscal years presented, the measurement date for the information on the schedules of proportionate share of net OPEB liability was the prior fiscal year-end.

The schedules of proportionate share of the net OPEB liability for the state's Employees Retirement System of Texas State Retiree Health Plan (SRHP) for the state as an employer and as a non-employer contributing entity is presented in table RSI-15.

Schedule of Proportionate Share of Net OPEB Liability *

Employees Retirement System of Texas, SRHP Plan

Table RSI-15
(Amounts in Thousands)

	2019	2018
State as employer proportion of the net OPEB liability	85.44%	89.45%
Proportionate Shares of the net OPEB liability		
State as employer	\$ 25,323,500	\$ 30,477,926
State as non-employer contributing entity	1,821,019	1,637,246
Total net OPEB liability recognized by the state	<u>\$ 27,144,519</u>	<u>\$ 32,115,172</u>
State's covered-employee payroll	\$ 10,293,511	\$ 10,506,048
State's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	246.01%	290.10%
Plan fiduciary net position as a percentage of the total OPEB liability	1.30%	2.00%

Notes to Schedule

Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount Rate	3.96%
Projected Salary Increase	2.5% to 9.5%, including inflation
Inflation Rate	2.50%
Healthcare Cost and Trend Rate	7.30% for FY 2020, 7.40% for FY 2021, 7.00% for FY 2022, decreasing 0.5% per year to an ultimate rate of 4.50% for FY 2027 and later years

* This schedule is intended to present 10 years of information. Currently only two years of information is available. Information for future years will be added when it becomes available.

The schedules of proportionate share of the net OPEB liability for the state's Teacher Retirement System of Texas Public School Retired Employees Group Insurance Program (TRS-Care) for the state as a non-employer contributing entity is presented in table RSI-16.

Schedule of Changes in Total OPEB Liability and Related Ratios

The measurement date for the information on the schedule of changes in total OPEB liability and related ratios is presented in each of the following tables for both plans.

The schedule of changes in total OPEB liability and related ratios for the state's Texas A&M University System Retiree Group Insurance Program (A&M Plan) and University of Texas System Employee Group Insurance Program (UT Plan) are presented in tables RSI-17 and RSI-18, respectively.

Schedule of Proportionate Share of Net OPEB Liability

Teacher Retirement System of Texas, TRS-Care Plan

State as Non-Employer Contributing Entity

Table RSI-16

(Amounts in Thousands)

	2019	2018
State's proportion of the net OPEB liability	57.43%	58.44%
State's proportionate share of the net OPEB liability*	\$ 28,673,029	\$ 25,413,891
Plan fiduciary net position as a percentage of the total OPEB liability	1.57%	0.91%

Notes to Schedule

* This schedule is intended to present 10 years of information. Currently only two years of information is available. Information for future years will be added when it becomes available.

Schedule of Changes in Total OPEB Liability and Related Ratios^{*,****}

Texas A&M University System, A&M Plan

Table RSI-17

(Amounts in Thousands)

	2019	2018
Measurement Date	Sept. 1, 2018	Sept. 1, 2017
Total OPEB Liability		
Service Cost	\$ 173,615	\$ 248,902
Interest on the Total OPEB Liability	163,593	159,723
Changes of benefit terms**	(1,050,344)	0
Difference between Expected and Actual Experience in the measurement of the Total OPEB Liability	0	(95,295)
Changes of assumptions or other inputs***	(361,071)	(1,128,792)
Benefit Payments (employer)	(71,054)	(73,981)
Other Changes	0	0
Net Change in Total OPEB Liability	(1,145,261)	(889,443)
Total OPEB Liability – Beginning	4,522,674	5,412,117
Total OPEB Liability – Ending	\$ 3,377,413	\$ 4,522,674
Covered-Employee Payroll	\$ 1,619,640	\$ 1,607,611
Total OPEB Liability as a Percentage of Covered-Employee Payroll	208.53%	281.33%

Notes to Schedule:

- * There are no assets accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 to pay related benefits.
- ** Included Changes in benefit terms: Adopted in January 2018 and effective January 1, 2019, prescription drug coverage for all Medicare-primary participants is provided through a self-funded Employer Group Waiver Plan with Commercial Wrap (EGWP plus Wrap).
- *** Included Changes in Assumptions or Other Inputs: Changes of assumptions and other inputs reflect the changes in the discount rate each period. The following are the discount rates used in each period:
FY 2019 - 3.96%
FY 2018 - 3.51%
FY 2017 - 2.84%
In fiscal 2018, amounts reflect a 1-percentage-point decrease in the assumed rate of general inflation and adjustments to assumptions for expenses, assumed per capita health benefit costs and assumed trend for health benefit costs, retiree contributions and expenses.
In fiscal 2019, the Assumed Per Capital Health Benefit Costs were updated to reflect the changes in benefit terms due to the implementation of EGWP plus Wrap.
- **** This schedule is intended to present 10 years of information. Currently only two years of information are available. Information for future years will be added when it becomes available.

Schedule of Changes in Total OPEB Liability and Related Ratios^{* ***}

University of Texas System, UT Plan

Table RSI-18

(Amounts in Thousands)

	2019	2018
Measurement Date	Dec. 31, 2018	Dec. 31, 2017
Total OPEB Liability		
Service Cost	\$ 692,255	\$ 737,751
Interest on the Total OPEB Liability	498,239	552,440
Changes of benefit terms		
Difference between Expected and Actual Experience in the measurement of the Total OPEB Liability		(177,101)
Changes of assumptions or other inputs**	(1,805,442)	(1,012,995)
Benefit Payments (employer)	(193,743)	(177,742)
Other Changes		
Net Change in Total OPEB Liability	(808,691)	(77,647)
Total OPEB Liability – Beginning	13,888,295	13,965,942
Total OPEB Liability – Ending	\$ 13,079,604	\$ 13,888,295
Covered-Employee Payroll	\$ 6,062,198	\$ 5,820,998
Total OPEB Liability as a Percentage of Covered-Employee Payroll	215.76%	238.59%

Notes to Schedule:

* There are no assets accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 to pay related benefits.

** Included Changes in Assumptions or Other Inputs:

Changes of assumptions and other inputs reflect the changes in the discount rate each period. The following are the discount rates used in each period:

FY 2019 - 4.10%

FY 2018 - 3.44%

FY 2017 - 3.78%

In fiscal 2018, amounts reflect a 1-percentage-point decrease in the assumed rate of general inflation and adjustments to assumptions for expenses, assumed per capita health benefit costs and assumed trend for health benefit costs, retiree contributions and expenses.

*** This schedule is intended to present 10 years of information. Currently only two years of information are available. Information for future years will be added when it becomes available.

Schedules of Employer Contributions Related to OPEB

The information on the schedules of employer contributions was determined as of the end of the fiscal years presented.

The schedule of employer contributions comparing the statutorily required contributions and the contributions recognized by the OPEB plan in relation to the statutorily required contributions for the SRHP plan for the state as an employer is presented in table RSI-19.

Schedule of Employer Contributions[*]			
Employees Retirement System of Texas, SRHP Plan			
State as Employer			
Table RSI-19			
(Amounts in Thousands)			
	2019	2018	2017
Statutorily required contributions	\$ 330,295	\$ 288,822	\$ 837,982
Contributions in relation to the statutorily required contributions	330,295	288,822	837,982
Contribution deficiency (excess)	0	0	0
Covered-employee payroll	10,526,653	10,776,055	10,506,048
Contributions as a percentage of covered-employee payroll	3.43%	2.70%	7.98%
* This schedule is intended to present 10 years of information. Currently only three years of information are available. Information for future years will be added when it becomes available			

The schedule of employer contributions comparing the state as a non-employer contributing entity's proportionate share of the net OPEB liability and contributions recognized in the SRHP plan is presented in table RSI-20.

Schedule of Employer Contributions[*]			
Employees Retirement System of Texas, SRHP Plan			
State as Non-Employer Contributing Entity			
Table RSI-20			
(Amounts in Thousands)			
	<u>2019</u>	<u>2018</u>	
State's proportionate share of the net OPEB liability	\$ 1,821,019	\$ 1,637,246	
Contributions recognized by the OPEB plan during the fiscal year	\$ 19,884	\$ 45,016	
* This schedule is intended to present 10 years of information. Currently only two years of information are available. Information for future years will be added when it becomes available.			

The schedule of contributions comparing the statutorily required contributions and the contributions recognized by the OPEB plan in relation to the statutorily required contributions for TRS-Care plan for the state as a non-employer contributing entity is presented in table RSI-21.

Schedule of Employer Contributions[*]			
Teacher Retirement System of Texas, TRS-Care Plan			
State as Non-Employer Contributing Entity			
Table RSI-21			
(Amounts in Thousands)			
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contributions	\$ 478,578	\$ 790,189	\$ 319,320
Contributions in relation to the statutorily required contributions	478,578	790,189	319,320
Contribution deficiency (excess)	0	0	0
* This schedule is intended to present 10 years of information. Currently only three years of information are available. Information for future years will be added when it becomes available.			

Significant Factors Affecting the Comparability of Amounts Reported

Pension Plans

The state implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, in fiscal 2015. The state implemented GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*, in fiscal 2017. Paragraph 7 of GASB Statement No. 82 is not applicable to the state. All pension schedules related to ERS, LECOS, JRS2, TRS and TESRS Plans present information in accordance with the GASB Statement No. 68 and 82 standards. The state implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in fiscal 2017. Pension schedule for JRS1 Plan presents information in accordance with GASB Statement No. 73.

A new set of assumptions were adopted for Aug. 31, 2017 actuarial valuations used to determine contributions rates; these changes include asset valuation methods, inflation, salary increase, investment rate of return and tables related to retirement age and mortality which are included in RSI tables RSI-9 through RSI-11 related to ERS, LECOS and JRS2 plans, respectively.

There have been no changes in the actuarial assumptions and methods since the prior valuation for TRS Plan. For the JRS1 Plan, membership continues to decrease as a result of new judicial officers participating in JRS2 Plan.

OPEB Plans

The state implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal 2018. More detailed information on each OPEB plans' actuarial methods, assumptions and benefits may be obtained from Note 11.

Section Two (continued)

Other Supplementary Information Combining Financial Statements and Schedules



Section Two (continued)

Governmental Funds



STATE OF TEXAS

Combining Balance Sheet – Nonmajor Governmental Funds

August 31, 2019 (Amounts in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,466,732	\$ 676,318	\$ 998,191	\$ 65,885	\$ 3,207,126
Short-Term Investments	93,608			97,277	190,885
Receivables:					
Accounts	4,036	241	13,483		17,760
Taxes	82,531				82,531
Federal	2,988	4,781			7,769
Gifts and Pledges	1,112				1,112
Interest and Dividends	15,049	696		277	16,022
Due From Other Funds	82,326		74,769	636	157,731
Interfund Receivable			29		29
Inventories	266		6		272
Prepaid Items	6				6
Investments	1,476,028			1,428,419	2,904,447
Loans and Contracts	640,942				640,942
Restricted:					
Cash and Cash Equivalents	1,744				1,744
Loans and Contracts	1,152,478				1,152,478
Other Assets	102,035				102,035
Total Assets	<u>\$ 5,121,881</u>	<u>\$ 682,036</u>	<u>\$ 1,086,478</u>	<u>\$ 1,592,494</u>	<u>\$ 8,482,889</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Payables:					
Accounts	\$ 15,240	\$	\$ 82,963	\$ 1,406	\$ 99,609
Payroll	5,545				5,545
Investment Trade				389	389
Due To Other Funds	3,017		355	51,023	54,395
Interfund Payable	1,815		9		1,824
Unearned Revenues	1,120	3,938	466,263		471,321
Hedging Derivative Liability				264	264
Other Liabilities	2		8,672	77	8,751
Total Liabilities	<u>26,739</u>	<u>3,938</u>	<u>558,262</u>	<u>53,159</u>	<u>642,098</u>
Deferred Inflows of Resources					
Deferred Inflows of Resources		4,881			4,881
Total Deferred Inflows of Resources	<u>0</u>	<u>4,881</u>	<u>0</u>	<u>0</u>	<u>4,881</u>
Fund Balances:					
Nonspendable	272		6	899,149	899,427
Restricted	4,997,235	673,217	336,153	630,177	6,636,782
Committed	93,506		192,057	10,009	295,572
Assigned	4,129				4,129
Total Fund Balances	<u>5,095,142</u>	<u>673,217</u>	<u>528,216</u>	<u>1,539,335</u>	<u>7,835,910</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,121,881</u>	<u>\$ 682,036</u>	<u>\$ 1,086,478</u>	<u>\$ 1,592,494</u>	<u>\$ 8,482,889</u>

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

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Funds
REVENUES					
Taxes	\$ 3,018,788	\$	\$	\$	\$ 3,018,788
Federal	5,751	55,765			61,516
Licenses, Fees and Permits	447,602	354,255	110,027		911,884
Interest and Other Investment Income	185,578	14,325	16,330	70,848	287,081
Land Income	6,584			15	6,599
Sales of Goods and Services	399		247,744		248,143
Other	31,439	1,252	25		32,716
Total Revenues	<u>3,696,141</u>	<u>425,597</u>	<u>374,126</u>	<u>70,863</u>	<u>4,566,727</u>
EXPENDITURES					
Current:					
General Government	249,481	448	21,888	4,739	276,556
Education	2,460,776			12,218	2,472,994
Employee Benefits	19,738				19,738
Health and Human Services	13		936	599	1,548
Public Safety and Corrections	58,087		4,634		62,721
Transportation	129,469		3,195		132,664
Natural Resources and Recreation	69,191		2,461	1,730	73,382
Regulatory Services	91				91
Capital Outlay	4,152		850,956		855,108
Debt Service:					
Principal	2	792,033			792,035
Interest	151	858,081	6,838		865,070
Other Financing Fees	1,587		3,732		5,319
Total Expenditures	<u>2,992,738</u>	<u>1,650,562</u>	<u>894,640</u>	<u>19,286</u>	<u>5,557,226</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>703,403</u>	<u>(1,224,965)</u>	<u>(520,514)</u>	<u>51,577</u>	<u>(990,499)</u>
OTHER FINANCING SOURCES (USES)					
Transfer In	2,391,272	1,406,814	33,478	616	3,832,180
Transfer Out	(2,606,299)	(32,340)	(242,690)	(34,167)	(2,915,496)
Bonds and Notes Issued	214,096		240,090		454,186
Bonds Issued for Refunding	140,880	4	510,841		651,725
Premiums on Bonds Issued	28,135		63,143		91,278
Payment to Escrow for Refunding	(158,306)	(15,381)	(563,576)		(737,263)
Sale of Capital Assets	7				7
Distributions from Permanent Fund Principal				(9,616)	(9,616)
Total Other Financing Sources (Uses)	<u>9,785</u>	<u>1,359,097</u>	<u>41,286</u>	<u>(43,167)</u>	<u>1,367,001</u>
Net Change in Fund Balances	<u>713,188</u>	<u>134,132</u>	<u>(479,228)</u>	<u>8,410</u>	<u>376,502</u>
Fund Balances, September 1, 2018	4,381,939	877,423	669,106	1,530,925	7,459,393
Restatements	15	(338,338)	338,338		15
Fund Balances, September 1, 2018, as Restated	<u>4,381,954</u>	<u>539,085</u>	<u>1,007,444</u>	<u>1,530,925</u>	<u>7,459,408</u>
Fund Balances, August 31, 2019	<u>\$ 5,095,142</u>	<u>\$ 673,217</u>	<u>\$ 528,216</u>	<u>\$ 1,539,335</u>	<u>\$ 7,835,910</u>

Nonmajor Special Revenue Funds

The **Property Tax Relief Fund** is outside the general revenue fund. The proceeds of the fund are from allocations of the computation of motor vehicle sales tax, collection of all tobacco products tax increases and calculated amounts from franchise taxes. The fund was established with the intent of reducing school district property taxes.

The **Texas Motor Vehicles Fund** receives revenues from motor vehicle registrations, title certificates, special vehicle permits, specialty license plates and other transportation-related permits. The funds are used for operations, administration and enforcement.

The **Water Development Funds** receive proceeds from the sale of Texas Water Development bonds for

the purpose of aiding and making funds available to various political subdivisions for projects and other authorized purposes. The funds also receive gifts or grants for the purpose of assisting economically distressed areas. Monies in the funds are invested.

The **Judicial Fund** receives revenues from judicial fees, penalty fees and court filing fees to support the judicial branch of the state, including child support, court management and basic legal services for the indigent.

The **Available School Fund** receives distributions from the permanent school fund based on total return of investment assets, allocations of motor fuel taxes and appropriations made by the Texas Legislature. The fund is to be used for the support of public schools.

STATE OF TEXAS

Combining Balance Sheet – Nonmajor Special Revenue Funds

August 31, 2019 (Amounts in Thousands)

	Property Tax Relief Fund	Texas Motor Vehicles Fund	Water Development Funds	Judicial Fund	Available School Fund	Other Nonmajor Special Revenue Funds*	Totals
ASSETS							
Cash and Cash Equivalents	\$	\$ 139,976	\$ 210,276	\$ 55,705	\$ 58,188	\$ 1,002,587	\$ 1,466,732
Short-Term Investments			93,355			253	93,608
Receivables:							
Accounts		3,191				845	4,036
Taxes					82,531		82,531
Federal						2,988	2,988
Gifts and Pledges						1,112	1,112
Interest and Dividends	140		2,827		410	11,672	15,049
Due From Other Funds			691		80,055	1,580	82,326
Inventories		66				200	266
Prepaid Items						6	6
Investments			1,472,022			4,006	1,476,028
Loans and Contracts			623,593			17,349	640,942
Restricted:							
Cash and Cash Equivalents						1,744	1,744
Loans and Contracts						1,152,478	1,152,478
Other Assets						102,035	102,035
Total Assets	\$ 140	\$ 143,233	\$ 2,402,764	\$ 55,705	\$ 221,184	\$ 2,298,855	\$ 5,121,881
LIABILITIES AND FUND BALANCES							
Liabilities:							
Payables:							
Accounts	\$	\$ 7,487	\$ 1,094	\$	\$	\$ 6,659	\$ 15,240
Payroll		4,753	10	6		776	5,545
Due To Other Funds			716			2,301	3,017
Interfund Payable			1,815				1,815
Unearned Revenues					969	151	1,120
Other Liabilities						2	2
Total Liabilities	0	12,240	3,635	6	969	9,889	26,739
Fund Balances:							
Nonspendable		66				206	272
Restricted	140	130,927	2,399,129		220,215	2,246,824	4,997,235
Committed				55,699		37,807	93,506
Assigned						4,129	4,129
Total Fund Balances	140	130,993	2,399,129	55,699	220,215	2,288,966	5,095,142
Total Liabilities and Fund Balances	\$ 140	\$ 143,233	\$ 2,402,764	\$ 55,705	\$ 221,184	\$ 2,298,855	\$ 5,121,881

* The other nonmajor special revenue funds column includes blended component units and the special revenue funds of the Employees Retirement System of Texas and the student loan fund. These funds do not meet the materiality threshold for separate column presentation.

STATE OF TEXAS

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

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Property Tax Relief Fund	Texas Motor Vehicles Fund	Water Development Funds	Judicial Fund	Available School Fund	Other Nonmajor Special Revenue Funds*	Totals
REVENUES							
Taxes	\$ 2,096,625	\$	\$	\$	\$ 922,163	\$	\$ 3,018,788
Federal		224				5,527	5,751
Licenses, Fees and Permits		169,192		126,151		152,259	447,602
Interest and Other Investment Income	2,770	2,731	98,007		4,403	77,667	185,578
Land Income						6,584	6,584
Sales of Goods and Services		242	147			10	399
Other		43				31,396	31,439
Total Revenues	<u>2,099,395</u>	<u>172,432</u>	<u>98,154</u>	<u>126,151</u>	<u>926,566</u>	<u>273,443</u>	<u>3,696,141</u>
EXPENDITURES							
Current:							
General Government				87,959		161,522	249,481
Education					2,430,972	29,804	2,460,776
Employee Benefits						19,738	19,738
Health and Human Services						13	13
Public Safety and Corrections						58,087	58,087
Transportation		129,907				(438)	129,469
Natural Resources and Recreation			61,460			7,731	69,191
Regulatory Services						91	91
Capital Outlay		713				3,439	4,152
Debt Service:							
Principal						2	2
Interest			134			17	151
Other Financing Fees						1,587	1,587
Total Expenditures	<u>0</u>	<u>130,620</u>	<u>61,594</u>	<u>87,959</u>	<u>2,430,972</u>	<u>281,593</u>	<u>2,992,738</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,099,395</u>	<u>41,812</u>	<u>36,560</u>	<u>38,192</u>	<u>(1,504,406)</u>	<u>(8,150)</u>	<u>703,403</u>
OTHER FINANCING SOURCES (USES)							
Transfer In			3,513	2,500	1,575,835	809,424	2,391,272
Transfer Out	(2,099,387)		(286,058)		(25,878)	(194,976)	(2,606,299)
Bonds and Notes Issued			54,131			159,965	214,096
Bonds Issued for Refunding						140,880	140,880
Premiums on Bonds Issued						28,135	28,135
Payment to Escrow for Refunding						(158,306)	(158,306)
Sale of Capital Assets		7					7
Total Other Financing Sources (Uses)	<u>(2,099,387)</u>	<u>7</u>	<u>(228,414)</u>	<u>2,500</u>	<u>1,549,957</u>	<u>785,122</u>	<u>9,785</u>
Net Change in Fund Balances	<u>8</u>	<u>41,819</u>	<u>(191,854)</u>	<u>40,692</u>	<u>45,551</u>	<u>776,972</u>	<u>713,188</u>
Fund Balances, September 1, 2018	132	89,174	2,590,983	15,007	174,664	1,511,979	4,381,939
Restatements						15	15
Fund Balances, September 1, 2018, as Restated	<u>132</u>	<u>89,174</u>	<u>2,590,983</u>	<u>15,007</u>	<u>174,664</u>	<u>1,511,994</u>	<u>4,381,954</u>
Fund Balances, August 31, 2019	<u>\$ 140</u>	<u>\$ 130,993</u>	<u>\$ 2,399,129</u>	<u>\$ 55,699</u>	<u>\$ 220,215</u>	<u>\$ 2,288,966</u>	<u>\$ 5,095,142</u>

* The other nonmajor special revenue funds column includes blended component units and the special revenue funds of the Employees Retirement System of Texas and the student loan fund. These funds do not meet the materiality threshold for separate column presentation.

STATE OF TEXAS

Budgetary Comparison Schedule

Nonmajor Special Revenue Funds

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Property Tax Relief Fund				Texas Motor Vehicles Fund			
	Budgetary Amounts		Actual Amounts	Final To	Budgetary Amounts		Actual Amounts	Final To
	Original	Final	Budgetary Basis	Actual Variance	Original	Final	Budgetary Basis	Actual Variance
REVENUES								
Taxes	\$ 1,720,358	\$ 1,720,358	\$ 2,096,625	\$ 376,267	\$	\$	\$	\$
Federal							224	224
Licenses, Fees and Permits					177,941	182,599	169,192	(13,407)
Interest and Other Investment Income	1,011	1,011	2,762	1,751	402	402	2,731	2,329
Settlement of Claims					996	996		(996)
Sales of Goods and Services					258	355	(353)	(708)
Other						21	43	22
Total Revenues	<u>1,721,369</u>	<u>1,721,369</u>	<u>2,099,387</u>	<u>378,018</u>	<u>179,597</u>	<u>184,373</u>	<u>171,837</u>	<u>(12,536)</u>
EXPENDITURES								
General Government						2		2
Education								
Public Safety and Corrections								
Transportation					151,156	172,675	131,122	41,553
Health and Human Services								
Natural Resources and Recreation								
Regulatory Services								
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>151,156</u>	<u>172,677</u>	<u>131,122</u>	<u>41,555</u>
Excess (Deficiency) of Revenues								
Over (Under) Expenditures	<u>1,721,369</u>	<u>1,721,369</u>	<u>2,099,387</u>	<u>378,018</u>	<u>28,441</u>	<u>11,696</u>	<u>40,715</u>	<u>29,019</u>
OTHER FINANCING SOURCES (USES)								
Transfer In								
Transfer Out	(1,721,369)	(1,721,369)	(2,099,387)	(378,018)				
Sale of Capital Assets								
Available Beginning Balances					70,937	54,777	99,318	44,541
Total Other Financing Sources (Uses)	<u>(1,721,369)</u>	<u>(1,721,369)</u>	<u>(2,099,387)</u>	<u>(378,018)</u>	<u>70,937</u>	<u>54,777</u>	<u>99,318</u>	<u>44,541</u>
Excess (Deficiency) of Revenues and								
Other Financing Sources Over (Under)								
Expenditures and Other Financing Uses	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 99,378</u>	<u>\$ 66,473</u>	<u>\$ 140,033</u>	<u>\$ 73,560</u>

Continued on the following page

Budgetary Comparison Schedule

Nonmajor Special Revenue Funds (continued)

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Water Development Funds				Judicial Fund			
	Budgetary Amounts		Actual Amounts	Final To	Budgetary Amounts		Actual Amounts	Final To
	Original	Final	Budgetary Basis	Actual Variance	Original	Final	Budgetary Basis	Actual Variance
REVENUES								
Taxes	\$	\$	\$	\$	\$	\$	\$	\$
Federal	175	175		(175)				
Licenses, Fees and Permits					85,097	85,097	126,151	41,054
Interest and Other Investment Income	17,098	17,098	98,119	81,021				
Settlement of Claims								
Sales of Goods and Services			229	229				
Other								
Total Revenues	<u>17,273</u>	<u>17,273</u>	<u>98,348</u>	<u>81,075</u>	<u>85,097</u>	<u>85,097</u>	<u>126,151</u>	<u>41,054</u>
EXPENDITURES								
General Government	1				87,425	136,375	88,245	48,130
Education								
Public Safety and Corrections								
Transportation								
Health and Human Services								
Natural Resources and Recreation	5,375	256,100	61,109	194,991				
Regulatory Services								
Total Expenditures	<u>5,376</u>	<u>256,100</u>	<u>61,109</u>	<u>194,991</u>	<u>87,425</u>	<u>136,375</u>	<u>88,245</u>	<u>48,130</u>
Excess (Deficiency) of Revenues								
Over (Under) Expenditures	<u>11,897</u>	<u>(238,827)</u>	<u>37,239</u>	<u>276,066</u>	<u>(2,328)</u>	<u>(51,278)</u>	<u>37,906</u>	<u>89,184</u>
OTHER FINANCING SOURCES (USES)								
Transfer In			3,513	3,513			2,500	2,500
Transfer Out			(72,579)	(72,579)				
Sale of Capital Assets								
Available Beginning Balances	<u>296,129</u>	<u>295,975</u>	<u>119,741</u>	<u>(176,234)</u>	<u>31,703</u>	<u>(1,274)</u>	<u>15,298</u>	<u>16,572</u>
Total Other Financing Sources (Uses)	<u>296,129</u>	<u>295,975</u>	<u>50,675</u>	<u>(245,300)</u>	<u>31,703</u>	<u>(1,274)</u>	<u>17,798</u>	<u>19,072</u>
Excess (Deficiency) of Revenues and								
Other Financing Sources Over (Under)								
Expenditures and Other Financing Uses	<u>\$ 308,026</u>	<u>\$ 57,148</u>	<u>\$ 87,914</u>	<u>\$ 30,766</u>	<u>\$ 29,375</u>	<u>\$ (52,552)</u>	<u>\$ 55,704</u>	<u>\$ 108,256</u>

Concluded on the following page

STATE OF TEXAS

Budgetary Comparison Schedule

Nonmajor Special Revenue Funds (concluded)

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Available School Fund				Other Nonmajor Special Revenue Funds			
	Budgetary Amounts		Actual Amounts	Final To	Budgetary Amounts		Actual Amounts	Final To
	Original	Final	Budgetary Basis	Actual Variance	Original	Final	Budgetary Basis*	Actual Variance
REVENUES								
Taxes	\$ 918,898	\$ 918,898	\$ 917,358	\$ (1,540)	\$	\$	\$	\$
Federal					1,597	1,618	8,493	6,875
Licenses, Fees and Permits					6,277	6,284	3,865	(2,419)
Interest and Other Investment Income	2,854	2,854	4,245	1,391	2,139	2,139	(82,151)	(84,290)
Settlement of Claims								
Sales of Goods and Services							1,000	1,000
Other			969	969			(1,188)	(1,188)
Total Revenues	921,752	921,752	922,572	820	10,013	10,041	(69,981)	(80,022)
EXPENDITURES								
General Government					838,895	8,155	24,862	(16,707)
Education	2,266,943	2,266,943	2,430,972	(164,029)			(1,058)	1,058
Public Safety and Corrections							(1,069)	1,069
Transportation							6,164	(6,164)
Health and Human Services					13,457	13,457	(414)	13,871
Natural Resources and Recreation					690,217	699,778	(11,289)	711,067
Regulatory Services							(1,186)	1,186
Total Expenditures	2,266,943	2,266,943	2,430,972	(164,029)	1,542,569	721,390	16,010	705,380
Excess (Deficiency) of Revenues								
Over (Under) Expenditures	(1,345,191)	(1,345,191)	(1,508,400)	(163,209)	(1,532,556)	(711,349)	(85,991)	625,358
OTHER FINANCING SOURCES (USES)								
Transfer In	1,536,000	1,536,000	1,575,835	39,835			745,630	745,630
Transfer Out			(25,878)	(25,878)			11,129	11,129
Sale of Capital Assets								
Available Beginning Balances	985,546	985,546	21,953	(963,593)	(694,040)	250,911	343,172	92,261
Total Other Financing Sources (Uses)	2,521,546	2,521,546	1,571,910	(949,636)	(694,040)	250,911	1,099,931	849,020
Excess (Deficiency) of Revenues and								
Other Financing Sources Over (Under)								
Expenditures and Other Financing Uses	\$ 1,176,355	\$ 1,176,355	\$ 63,510	\$ (1,112,845)	\$ (2,226,596)	\$ (460,438)	\$ 1,013,940	\$ 1,474,378

Nonmajor Debt Service Funds

The **Texas College Student Loan Bonds Interest and Sinking Fund** receives deposits from the Texas opportunity plan fund for payment of current interest and principal and establishment of a reserve.

The **Texas Department of Transportation Texas Mobility Fund** receives proceeds from the sale of general obligation bonds and the revenues dictated by statute to provide for the debt service requirements of those bonds. The bond proceeds provide a method of financing for the construction, reconstruction, acquisition and expansion of state highway projects. The proceeds remain in the fund until transferred to the state highway fund.

The **Texas Public Finance Authority G.O. Bond Funds** receive proceeds and accrued interest from the sale of general obligation bonds and provide the debt service requirements for those bonds.

The **Texas Public Finance Authority Commercial Paper Funds** receive deposits of any accrued interest on the sale of notes and pledged revenues necessary to make debt service payments.

The **Texas Department of Transportation State Highway Debt Service Fund** receives proceeds and accrued interest from the sale of revenue bonds and provides the debt service requirements for those bonds.

STATE OF TEXAS

Combining Balance Sheet – Nonmajor Debt Service Funds

August 31, 2019 (Amounts in Thousands)

	Texas College Student Loan Bonds Interest and Sinking Fund	Texas Department of Transportation Texas Mobility Fund	Texas Public Finance Authority G.O. Bond Funds	Texas Public Finance Authority Commercial Paper Funds	Texas Department of Transportation State Highway Debt Service Fund	Other Nonmajor Debt Service Funds	Totals
ASSETS							
Cash and Cash Equivalents	\$ 112,841	\$ 220,413	\$ 80	\$ 5,110	\$ 337,519	\$ 355	\$ 676,318
Receivables:							
Accounts	241						241
Federal					4,781		4,781
Interest and Dividends	695					1	696
Total Assets	<u>\$ 113,777</u>	<u>\$ 220,413</u>	<u>\$ 80</u>	<u>\$ 5,110</u>	<u>\$ 342,300</u>	<u>\$ 356</u>	<u>\$ 682,036</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Unearned Revenues		1,825			2,113		3,938
Total Liabilities	<u>0</u>	<u>1,825</u>	<u>0</u>	<u>0</u>	<u>2,113</u>	<u>0</u>	<u>3,938</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows of Resources					4,881		4,881
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,881</u>	<u>0</u>	<u>4,881</u>
Fund Balances:							
Restricted	113,777	218,588	80	5,110	335,306	356	673,217
Total Fund Balances	<u>113,777</u>	<u>218,588</u>	<u>80</u>	<u>5,110</u>	<u>335,306</u>	<u>356</u>	<u>673,217</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 113,777</u>	<u>\$ 220,413</u>	<u>\$ 80</u>	<u>\$ 5,110</u>	<u>\$ 342,300</u>	<u>\$ 356</u>	<u>\$ 682,036</u>

STATE OF TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Texas College Student Loan Bonds Interest and Sinking Fund	Texas Department of Transportation Texas Mobility Fund	Texas Public Finance Authority G.O. Bond Funds	Texas Public Finance Authority Commercial Paper Funds	Texas Department of Transportation State Highway Debt Service Fund	Other Nonmajor Debt Service Funds	Totals
REVENUES							
Taxes	\$	\$	\$	\$	\$	\$	\$
Federal	9	21,851	1,802		32,103		55,765
Licenses, Fees and Permits		354,255					354,255
Interest and Other Investment Income	8,655	2,810	80	124	2,541	115	14,325
Other						1,252	1,252
Total Revenues	8,664	378,916	1,882	124	34,644	1,367	425,597
EXPENDITURES							
Current:							
General Government			107	341			448
Debt Service:							
Principal	62,388	81,635	192,860	10,500	354,875	89,775	792,033
Interest	52,535	286,060	93,742	1,404	385,080	39,260	858,081
Other Financing Fees							
Total Expenditures	114,923	367,695	286,709	12,245	739,955	129,035	1,650,562
Excess (Deficiency) of Revenues Over (Under)							
Expenditures	(106,259)	11,221	(284,827)	(12,121)	(705,311)	(127,668)	(1,224,965)
OTHER FINANCING SOURCES (USES)							
Transfer In	143,692		285,805	14,004	833,678	129,635	1,406,814
Transfer Out	(32,340)						(32,340)
Bonds Issued for Refunding			4				4
Payment to Escrow for Refunding	(10,978)		(932)	(1,822)		(1,649)	(15,381)
Total Other Financing Sources (Uses)	100,374	0	284,877	12,182	833,678	127,986	1,359,097
Net Change in Fund Balances	(5,885)	11,221	50	61	128,367	318	134,132
Fund Balances, September 1, 2018	119,662	545,705	30	5,049	206,939	38	877,423
Restatements		(338,338)					(338,338)
Fund Balances, September 1, 2018, as Restated	119,662	207,367	30	5,049	206,939	38	539,085
Fund Balances, August 31, 2019	\$ 113,777	\$ 218,588	\$ 80	\$ 5,110	\$ 335,306	\$ 356	\$ 673,217

Nonmajor Capital Projects Funds

The **Texas Public Finance Authority Administration Project Funds** utilize long-term financing for various state construction, repair or renovation projects. Funds are also used to refinance purchases of equipment by various state agencies.

The **Texas Parks and Wildlife Department Project Funds** are used for the acquisition and development of state park sites. Revenues from park entrance fees are used for the repayments of long-term debt incurred.

The **Texas Facilities Commission Project Funds** are used to administer the state's major and minor building construction programs.

The **Texas Juvenile Justice Department Project Funds** are used to pay for minor construction and repairs of the former Texas Youth Commission buildings and facilities.

The **Texas Health Agencies Project Funds** are used to pay for the cost of construction, repair and remodeling for certain mental health facilities and other health related projects.

The **Texas Department of Public Safety Project Funds** are used to finance construction of new Department of Public Safety buildings and crime lab facilities in various state locations.

The **Texas Department of Transportation Project Funds** are used for public road and highway development, construction and improvement projects. The funds are also used to establish, acquire, operate, maintain and dispose of airports and air navigation facilities.

The **Texas Historical Commission Project Funds** are used to provide financial assistance to counties for the repair and renovation of courthouses.

The **Texas Mobility Capital Project Funds** are used to provide a method of financing construction, reconstruction, acquisition and expansion of state highways and other transportation projects.

STATE OF TEXAS

Combining Balance Sheet – Nonmajor Capital Projects Funds

August 31, 2019 (Amounts in Thousands)

	Texas Public Finance Authority Administration Project Funds	Texas Parks and Wildlife Department Project Funds	Texas Facilities Commission Project Funds	Texas Juvenile Justice Department Project Funds	Texas Health Agencies Project Funds
ASSETS					
Cash and Cash Equivalents	\$ 126,864	\$ 3,587	\$ 120,762	\$ 322	\$ 2,215
Receivables:					
Accounts			13,483		
Due From Other Funds			54,809		19,129
Interfund Receivable	29				
Inventories	6				
Total Assets	<u>\$ 126,899</u>	<u>\$ 3,587</u>	<u>\$ 189,054</u>	<u>\$ 322</u>	<u>\$ 21,344</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payables:					
Accounts	\$	\$ 96	\$ 19,093	\$ 129	\$ 647
Due To Other Funds			355		
Interfund Payable			9		
Unearned Revenues					
Other Liabilities			8,672		
Total Liabilities	<u>0</u>	<u>96</u>	<u>28,129</u>	<u>129</u>	<u>647</u>
Fund Balances:					
Nonspendable	6				
Restricted	126,893	3,491	160,925	193	20,697
Committed					
Total Fund Balances	<u>126,899</u>	<u>3,491</u>	<u>160,925</u>	<u>193</u>	<u>20,697</u>
Total Liabilities and Fund Balances	<u>\$ 126,899</u>	<u>\$ 3,587</u>	<u>\$ 189,054</u>	<u>\$ 322</u>	<u>\$ 21,344</u>

Concluded on the following page

STATE OF TEXAS

Combining Balance Sheet – Nonmajor Capital Projects Funds (concluded)

August 31, 2019 (Amounts in Thousands)

	Texas Department of Public Safety Project Funds	Texas Department of Transportation Project Funds	Texas Historical Commission Project Funds	Texas Mobility Capital Project Funds	Other Nonmajor Capital Projects Funds	Totals
ASSETS						
Cash and Cash Equivalents	\$ 5,519	\$ 491,924	\$ 3,050	\$ 243,932	\$ 16	\$ 998,191
Receivables:						
Accounts						13,483
Due From Other Funds		831				74,769
Interfund Receivable						29
Inventories						6
Total Assets	<u>\$ 5,519</u>	<u>\$ 492,755</u>	<u>\$ 3,050</u>	<u>\$ 243,932</u>	<u>\$ 16</u>	<u>\$ 1,086,478</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Payables:						
Accounts	\$ 38	\$ 11,000	\$ 85	\$ 51,875	\$	\$ 82,963
Due To Other Funds						355
Interfund Payable						9
Unearned Revenues		466,263				466,263
Other Liabilities						8,672
Total Liabilities	<u>38</u>	<u>477,263</u>	<u>85</u>	<u>51,875</u>	<u>0</u>	<u>558,262</u>
Fund Balances:						
Nonspendable						6
Restricted	5,481	15,492	2,965		16	336,153
Committed				192,057		192,057
Total Fund Balances	<u>5,481</u>	<u>15,492</u>	<u>2,965</u>	<u>192,057</u>	<u>16</u>	<u>528,216</u>
Total Liabilities and Fund Balances	<u>\$ 5,519</u>	<u>\$ 492,755</u>	<u>\$ 3,050</u>	<u>\$ 243,932</u>	<u>\$ 16</u>	<u>\$ 1,086,478</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Texas Public Finance Authority Administration Project Funds	Texas Parks and Wildlife Department Project Funds	Texas Facilities Commission Project Funds	Texas Juvenile Justice Project Funds	Texas Health Agencies Project Funds
REVENUES					
Licenses, Fees and Permits	\$	\$	\$	\$	\$
Interest and Other Investment Income	419	99	801	13	63
Sales of Goods and Services			21,127		
Other					
Total Revenues	<u>419</u>	<u>99</u>	<u>21,928</u>	<u>13</u>	<u>63</u>
EXPENDITURES					
Current:					
General Government	1,526		19,266		
Health and Human Services					936
Public Safety and Corrections			3,281	555	
Transportation					
Natural Resources and Recreation		2,461			
Capital Outlay		2,555	196,804	93	200
Debt Service:					
Interest	6,838				
Other Financing Fees	2,648				
Total Expenditures	<u>11,012</u>	<u>5,016</u>	<u>219,351</u>	<u>648</u>	<u>1,136</u>
Deficiency of Revenues Under Expenditures	<u>(10,593)</u>	<u>(4,917)</u>	<u>(197,423)</u>	<u>(635)</u>	<u>(1,073)</u>
OTHER FINANCING SOURCES (USES)					
Transfer In	499		32,084		895
Transfer Out	(1,841)	(10)	(14,188)		
Bonds and Notes Issued	126,240	3,750	102,500		3,000
Bonds Issued for Refunding	510,841				
Premium on Bonds Issued	63,143				
Payment to Escrow for Refunding	(563,576)				
Total Other Financing Sources (Uses)	<u>135,306</u>	<u>3,740</u>	<u>120,396</u>	<u>0</u>	<u>3,895</u>
Net Change in Fund Balances	<u>124,713</u>	<u>(1,177)</u>	<u>(77,027)</u>	<u>(635)</u>	<u>2,822</u>
Fund Balances, September 1, 2018	2,186	4,668	237,952	828	17,875
Restatements					
Fund Balances, September 1, 2018, as Restated	<u>2,186</u>	<u>4,668</u>	<u>237,952</u>	<u>828</u>	<u>17,875</u>
Fund Balances, August 31, 2019	<u>\$ 126,899</u>	<u>\$ 3,491</u>	<u>\$ 160,925</u>	<u>\$ 193</u>	<u>\$ 20,697</u>

Concluded on the following page

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds (concluded)

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Texas Department of Public Safety Project Funds	Texas Department of Transportation Project Funds	Texas Historical Commission Project Funds	Texas Mobility Capital Project Funds	Other Nonmajor Capital Projects Funds	Totals
REVENUES						
Licenses, Fees and Permits	\$	\$	\$	\$ 110,027	\$	\$ 110,027
Interest and Other Investment Income	143	7,051	67	7,670	4	16,330
Sales of Goods and Services		226,617				247,744
Other				25		25
Total Revenues	<u>143</u>	<u>233,668</u>	<u>67</u>	<u>117,722</u>	<u>4</u>	<u>374,126</u>
EXPENDITURES						
Current:						
General Government			1,096			21,888
Health and Human Services						936
Public Safety and Corrections	798					4,634
Transportation				3,195		3,195
Natural Resources and Recreation						2,461
Capital Outlay	1,842	389,735	(894)	259,954	667	850,956
Debt Service:						
Interest						6,838
Other Financing Fees		230		854		3,732
Total Expenditures	<u>2,640</u>	<u>389,965</u>	<u>202</u>	<u>264,003</u>	<u>667</u>	<u>894,640</u>
Deficiency of Revenues Under Expenditures	<u>(2,497)</u>	<u>(156,297)</u>	<u>(135)</u>	<u>(146,281)</u>	<u>(663)</u>	<u>(520,514)</u>
OTHER FINANCING SOURCES (USES)						
Transfer In						33,478
Transfer Out		(226,617)			(34)	(242,690)
Bonds and Notes Issued	2,500		1,560		540	240,090
Bond Issued for Refunding						510,841
Premium on Bonds Issued						63,143
Payment to Escrow for Refunding						(563,576)
Total Other Financing Sources (Uses)	<u>2,500</u>	<u>(226,617)</u>	<u>1,560</u>	<u>0</u>	<u>506</u>	<u>41,286</u>
Net Change in Fund Balances	<u>3</u>	<u>(382,914)</u>	<u>1,425</u>	<u>(146,281)</u>	<u>(157)</u>	<u>(479,228)</u>
Fund Balances, September 1, 2018	5,478	398,406	1,540		173	669,106
Restatements				338,338		338,338
Fund Balances, September 1, 2018, as Restated	<u>5,478</u>	<u>398,406</u>	<u>1,540</u>	<u>338,338</u>	<u>173</u>	<u>1,007,444</u>
Fund Balances, August 31, 2019	<u>\$ 5,481</u>	<u>\$ 15,492</u>	<u>\$ 2,965</u>	<u>\$ 192,057</u>	<u>\$ 16</u>	<u>\$ 528,216</u>



Nonmajor Permanent Funds

The **Permanent Health Fund** for Higher Education was established by the Legislature from a portion of the money received in the settlement of *The State of Texas v. The American Tobacco Co., et.al.* The corpus of the account was designated by the Legislature to be preserved. Distributions of earnings on the account are to be transferred to other accounts and used for health care costs, tobacco education and enforcement.

The **National Research University Fund** was established by the Legislature to provide a dedicated, independent and equitable source of funding to enable emerging research universities to achieve national prominence as major research universities. The fund consists of appropriations and transfers under the Texas Constitution and amounts provided by law, gifts, grants and interest. The Texas Constitution required that balances

in the permanent higher education fund be transferred to the national research university fund on Jan. 1, 2010. Funds are allocated to eligible universities based on an equitable formula.

The **Permanent Fund Supporting Military and Veterans Exemptions** (Perm Fund Supporting MIL/VET Exempt) was established by the Legislature to receive gifts, grants and investment returns for distributions to higher education institutions to offset the cost of the exemptions to certain veterans and/or dependents. Distributions are determined by the Legislative Budget Board based on each institution's respective share of the aggregate cost to all institutions of the exemptions. The Texas Treasury Safekeeping Trust Company determines the amount available for distribution from the fund.

STATE OF TEXAS

Combining Balance Sheet – Nonmajor Permanent Funds

August 31, 2019 (Amounts in Thousands)

	Permanent Health Fund for Higher Education	National Research University Fund	Perm Fund Supporting MIL/VET Exempt	Other Nonmajor Permanent Funds	Totals
ASSETS					
Cash and Cash Equivalents	\$ 12,264	\$ 50,668	\$ 1,996	\$ 957	\$ 65,885
Short-Term Investments	9,435	45,133	16,084	26,625	97,277
Receivables:					
Interest and Dividends	44	115	47	71	277
Due From Other Funds	101			535	636
Investments	148,966	695,775	251,556	332,122	1,428,419
Total Assets	<u>\$ 170,810</u>	<u>\$ 791,691</u>	<u>\$ 269,683</u>	<u>\$ 360,310</u>	<u>\$ 1,592,494</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payables:					
Accounts	\$ 169	\$ 379	\$ 137	\$ 721	\$ 1,406
Investment Trade	43	212		134	389
Due To Other Funds	164	50,666	193		51,023
Hedging Derivative Liability			65	199	264
Other Liabilities			77		77
Total Liabilities	<u>376</u>	<u>51,257</u>	<u>472</u>	<u>1,054</u>	<u>53,159</u>
Fund Balances:					
Nonspendable	158,346	740,432		371	899,149
Restricted	2,079	2	269,211	358,885	630,177
Committed	10,009				10,009
Total Fund Balances	<u>170,434</u>	<u>740,434</u>	<u>269,211</u>	<u>359,256</u>	<u>1,539,335</u>
Total Liabilities and Fund Balances	<u>\$ 170,810</u>	<u>\$ 791,691</u>	<u>\$ 269,683</u>	<u>\$ 360,310</u>	<u>\$ 1,592,494</u>

STATE OF TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Permanent Funds

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Permanent Health Fund for Higher Education	National Research University Fund	Perm Fund Supporting MIL/VET Exempt	Other Nonmajor Permanent Funds	Totals
REVENUES					
Interest and Other Investment Income	\$ 6,224	\$ 28,004	\$ 10,014	\$ 26,606	\$ 70,848
Land Income				15	15
Total Revenues	<u>6,224</u>	<u>28,004</u>	<u>10,014</u>	<u>26,621</u>	<u>70,863</u>
EXPENDITURES					
Current:					
General Government	422	1,953	1,411	953	4,739
Education	456			11,762	12,218
Health and Human Services	599				599
Natural Resources and Recreation	1,535			195	1,730
Total Expenditures	<u>3,012</u>	<u>1,953</u>	<u>1,411</u>	<u>12,910</u>	<u>19,286</u>
Excess of Revenues Over Expenditures	<u>3,212</u>	<u>26,051</u>	<u>8,603</u>	<u>13,711</u>	<u>51,577</u>
OTHER FINANCING USES					
Transfer In			616		616
Transfer Out	(1,570)	(23,501)	(9,081)	(15)	(34,167)
Distributions from Permanent Fund Principal				(9,616)	(9,616)
Total Other Financing Uses	<u>(1,570)</u>	<u>(23,501)</u>	<u>(8,465)</u>	<u>(9,631)</u>	<u>(43,167)</u>
Net Change in Fund Balances	<u>1,642</u>	<u>2,550</u>	<u>138</u>	<u>4,080</u>	<u>8,410</u>
Fund Balances, September 1, 2018	<u>168,792</u>	<u>737,884</u>	<u>269,073</u>	<u>355,176</u>	<u>1,530,925</u>
Fund Balances, September 1, 2018, as Restated	<u>168,792</u>	<u>737,884</u>	<u>269,073</u>	<u>355,176</u>	<u>1,530,925</u>
Fund Balances, August 31, 2019	<u>\$ 170,434</u>	<u>\$ 740,434</u>	<u>\$ 269,211</u>	<u>\$ 359,256</u>	<u>\$ 1,539,335</u>

Section Two (continued)

Enterprise Funds



Nonmajor Enterprise Funds

The **Texas Water Development Board Funds** include water development funds, agricultural water conservation funds and water pollution control revolving funds that receive proceeds from bonds issued by the Texas Water Development Board to provide assistance to political subdivisions.

The **Texas Department of Housing and Community Affairs** issues bonds to assist in financing the purchase of homes or the construction of rental housing for families with low to moderate incomes. Loan payments and rentals provide the revenue for debt service payments.

The **Texas Transportation Commission** receives proceeds from the sale of bonds used to finance a portion of the costs of planning, designing, engineering, developing and constructing the initial phase of the Central Texas Turnpike System.

The **Veterans Land Board Loan Program Funds** receive proceeds from the sale of bonds used to administer, originate and service loans from land, housing and home improvement for those qualifying veterans.

The **Texas Department of Criminal Justice Institutional Division** accounts for the proceeds of the institutional division's commissary operations and other miscellaneous revenue.

The **Texas Prepaid Tuition Plans** include the Texas Guaranteed Tuition Plan, which is closed to new enrollment, and the Texas Tuition Promise Fund. The Texas Tuition Promise Fund allows families to prepay tuition and school-wide required fees at Texas public colleges and universities.

The **Grand Parkway Transportation Corporation**, a blended component unit of the Texas Department of Transportation, is authorized to assist and act on behalf of the agency in the development, financing, design, construction, reconstruction, expansion, operation and/or maintenance of the Grand Parkway toll project.

STATE OF TEXAS

Combining Statement of Net Position – Nonmajor Enterprise Funds

August 31, 2019 (Amounts in Thousands)

	Texas Water Development Board Funds	Texas Department of Housing and Community Affairs	Texas Transportation Commission	Veterans Land Board Loan Program Funds	Texas Department of Criminal Justice Institutional Division
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 617,805	\$ 40,986	\$ 335,010	\$	\$
Short-Term Investments	607,342		45,454		
Securities Lending Collateral				29,283	
Restricted:					
Cash and Cash Equivalents		103,365	53,221	242,601	
Short-Term Investments		250,407	108,221	107,899	
Loans and Contracts		140,490		80,926	
Receivables:					
Federal	2,551			12,619	
Accounts		221	32,813	2,331	1,658
Interest and Dividends	78,195	6,973	905	13,294	
Other		593	1		
Due From Other Funds	25		212	2,336	48,115
Interfund Receivable	170				
Inventories		5	1,507		9,853
Prepaid Items				154	
Loans and Contracts	296,104	2,940			
Other Current Assets		9,349			
Total Current Assets	<u>1,602,192</u>	<u>555,329</u>	<u>577,344</u>	<u>491,443</u>	<u>59,626</u>
Noncurrent Assets:					
Restricted:					
Investments		974,004	149,710	308,480	
Receivables					
Loans and Contracts		909,291		2,904,448	
Other				789	
Loans and Contracts	10,155,777	46,899			
Investments	392,387		39,785	(97)	
Interfund Receivable	1,645				
Non-Depreciable or Non-Amortizable			754,149	4,943	283
Depreciable or Amortizable, Net		100	1,845,723	98,727	500
Intangible Assets-Service Concession Arrangements					
Assets Held in Trust					
Other Noncurrent Assets		42			
Total Noncurrent Assets	<u>10,549,809</u>	<u>1,930,336</u>	<u>2,789,367</u>	<u>3,317,290</u>	<u>783</u>
Total Assets	<u>12,152,001</u>	<u>2,485,665</u>	<u>3,366,711</u>	<u>3,808,733</u>	<u>60,409</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Resources		5,599	26,264	275,886	
Total Deferred Outflows of Resources	<u>0</u>	<u>5,599</u>	<u>26,264</u>	<u>275,886</u>	<u>0</u>

Continued on the following page

STATE OF TEXAS

Combining Statement of Net Position – Nonmajor Enterprise Funds (continued)

August 31, 2019 (Amounts in Thousands)

	Texas Prepaid Tuition Plans	Grand Parkway Transportation Corporation	Other Nonmajor Enterprise Funds	Totals
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 206,922	\$ 125,969	\$ 109,552	\$ 1,436,244
Short-Term Investments		133,983		786,779
Securities Lending Collateral				29,283
Restricted:				
Cash and Cash Equivalents	3,376	684,986	47,795	1,135,344
Short-Term Investments		784,054	84,394	1,334,975
Loans and Contracts				221,416
Receivables:				
Federal				15,170
Accounts		18,436	277	55,736
Interest and Dividends	7,268	5,196	333	112,164
Other	44		5,073	5,711
Due From Other Funds				50,688
Interfund Receivable			152	322
Inventories		370	1,259	12,994
Prepaid Items			890	1,044
Loans and Contracts	27,389		1,496	327,929
Other Current Assets				9,349
Total Current Assets	<u>244,999</u>	<u>1,752,994</u>	<u>251,221</u>	<u>5,535,148</u>
Noncurrent Assets:				
Restricted:				
Investments	1,163,978	299,051	30,754	2,925,977
Receivables	107,868			107,868
Loans and Contracts				3,813,739
Other				789
Loans and Contracts			4,033	10,206,709
Investments		29,921	4,978	466,974
Interfund Receivable				1,645
Non-Depreciable or Non-Amortizable			302,499	1,061,874
Depreciable or Amortizable, Net			3,428	1,948,478
Intangible Assets-Service Concession Arrangements		2,553,937		2,553,937
Assets Held in Trust			4,782	4,782
Other Noncurrent Assets				42
Total Noncurrent Assets	<u>1,271,846</u>	<u>2,882,909</u>	<u>350,474</u>	<u>23,092,814</u>
Total Assets	<u>1,516,845</u>	<u>4,635,903</u>	<u>601,695</u>	<u>28,627,963</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources				307,749
Total Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>307,749</u>

Continued on the following page

STATE OF TEXAS

**Combining Statement of Net Position –
Nonmajor Enterprise Funds (continued)**

August 31, 2019 (Amounts in Thousands)

	Texas Water Development Board Funds	Texas Department of Housing and Community Affairs	Texas Transportation Commission	Veterans Land Board Loan Program Funds	Texas Department of Criminal Justice Institutional Division
LIABILITIES					
Current Liabilities:					
Payables:					
Accounts Payable	\$ 73	\$ 1,493	\$ 19,640	\$ 15,444	\$ 6,363
Payroll		145			1,593
Investment Trades					
Interest	91,546	12,330	4,460	482	
Due To Other Funds	3,242		1,984	70	1,038
Interfund Payable		38			
Unearned Revenue		6,744		80	
Obligations/Securities Lending				29,283	
Short-Term Debt		134,330			
Employees' Compensable Leave		897			1,209
Notes and Loans Payable		224			
General Obligation Bonds Payable	59,928			207,031	
Revenue Bonds Payable	125,319	16,537	38,882		
Liabilities Payable from Restricted Assets					
Other Current Liabilities		706		38	
Total Current Liabilities	<u>280,108</u>	<u>173,444</u>	<u>64,966</u>	<u>252,428</u>	<u>10,203</u>
Noncurrent Liabilities:					
Employees' Compensable Leave		480			35
Notes and Loans Payable		108,242			
General Obligation Bonds Payable	1,083,503			2,746,469	
Revenue Bonds Payable	5,867,218	1,711,920	2,934,887		
Liabilities Payable from Restricted Assets					
Hedging Derivative Liability		5,599		275,886	
Assets Held for Othes					
Other Noncurrent Liabilities		136,881			
Total Noncurrent Liabilities	<u>6,950,721</u>	<u>1,963,122</u>	<u>2,934,887</u>	<u>3,022,355</u>	<u>35</u>
Total Liabilities	<u>7,230,829</u>	<u>2,136,566</u>	<u>2,999,853</u>	<u>3,274,783</u>	<u>10,238</u>
NET POSITION					
Net Investment in Capital Assets		99	579,689	103,671	783
Restricted for:					
Debt Service		222,461	128,820		
Capital Projects					
Veteran Land Board Housing Programs				706,050	
Funds Held as Permanent Investments:					
Nonexpendable					
Other	4,921,172		153,959		
Unrestricted		132,138	(469,346)	115	49,388
Total Net Position	<u>\$ 4,921,172</u>	<u>\$ 354,698</u>	<u>\$ 393,122</u>	<u>\$ 809,836</u>	<u>\$ 50,171</u>

Concluded on the following page

STATE OF TEXAS

Combining Statement of Net Position – Nonmajor Enterprise Funds (concluded)

August 31, 2019 (Amounts in Thousands)

	Texas Prepaid Tuition Plans	Grand Parkway Transportation Corporation	Other Nonmajor Enterprise Funds	Totals
LIABILITIES				
Current Liabilities:				
Payables:				
Accounts Payable	\$ 568	\$ 40,404	\$ 15,667	\$ 99,652
Payroll			3,444	5,182
Investment Trades	11			11
Interest		68,313	650	177,781
Due To Other Funds		2,184	9	8,527
Interfund Payable				38
Unearned Revenue	1,718		132	8,674
Obligations/Securities Lending				29,283
Short-Term Debt				134,330
Employees' Compensable Leave	84		941	3,131
Notes and Loans Payable		10,532		10,756
General Obligation Bonds Payable				266,959
Revenue Bonds Payable		4,223	315	185,276
Liabilities Payable from Restricted Assets	304,598			304,598
Other Current Liabilities		2,090		2,834
Total Current Liabilities	<u>306,979</u>	<u>127,746</u>	<u>21,158</u>	<u>1,237,032</u>
Noncurrent Liabilities:				
Employees' Compensable Leave	62		594	1,171
Notes and Loans Payable		1,564,374		1,672,616
General Obligation Bonds Payable				3,829,972
Revenue Bonds Payable		3,145,819	262,623	13,922,467
Liabilities Payable from Restricted Assets	1,480,370			1,480,370
Hedging Derivative Liability				281,485
Assets Held for Others			4,782	4,782
Other Noncurrent Liabilities				136,881
Total Noncurrent Liabilities	<u>1,480,432</u>	<u>4,710,193</u>	<u>267,999</u>	<u>21,329,744</u>
Total Liabilities	<u>1,787,411</u>	<u>4,837,939</u>	<u>289,157</u>	<u>22,566,776</u>
NET POSITION				
Net Investment in Capital Assets			192,464	876,706
Restricted for:				
Debt Service		22,984	5,485	379,750
Capital Projects			6,477	6,477
Veteran Land Board Housing Programs				706,050
Funds Held as Permanent Investments:				
Nonexpendable			227	227
Other		61,344	3,409	5,139,884
Unrestricted	(270,566)	(286,364)	104,476	(740,159)
Total Net Position	<u>\$ (270,566)</u>	<u>\$ (202,036)</u>	<u>\$ 312,538</u>	<u>\$ 6,368,935</u>

STATE OF TEXAS

Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor Enterprise Funds

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Texas Water Development Board Funds	Texas Department of Housing and Community Affairs	Texas Transportation Commission	Veterans Land Board Loan Program Funds	Texas Department of Criminal Justice Institutional Division
OPERATING REVENUES					
Auxiliary Enterprises – Pledged	\$	\$	\$	\$	\$ 122,166
Other Sales of Goods and Services			21	6,940	
Other Sales of Goods and Services – Pledged			228,172	24,436	
Discounts and Allowances			(7,482)		
Interest and Investment Income	276,237	104,105		103,796	
Interest and Investment Income – Pledged	(87,267)				
Federal Revenue				70,499	
Other Revenues	9,514	78,888	32,755	584	2,091
Other Revenues – Pledged			5		
Total Operating Revenues	<u>198,484</u>	<u>182,993</u>	<u>253,471</u>	<u>206,255</u>	<u>124,257</u>
OPERATING EXPENSES					
Cost of Goods Sold					85,986
Salaries and Wages	5,405	10,997	1,485		14,513
Payroll Related Costs	1,029	4,067			5,676
Professional Fees and Services	8,418	1,866	10,571	86,136	5
Travel	74	285	7	134	68
Materials and Supplies	5	183	1,611	5,688	1,785
Communication and Utilities	23	169	709	31	2
Repairs and Maintenance		480	7,818	3,594	322
Rentals and Leases	57	76	3		836
Printing and Reproduction	10	66		5	25
Depreciation and Amortization		37	54,485	6,537	82
Bad Debt Expense		1,663			8
Interest Expense	278,680	64,532		83,705	
Employee/Participant Benefit Payments					
Other	212	49,786	33,125	8,599	133
Total Operating Expenses	<u>293,913</u>	<u>134,207</u>	<u>109,814</u>	<u>194,429</u>	<u>109,441</u>
Operating Income (Loss)	<u>(95,429)</u>	<u>48,786</u>	<u>143,657</u>	<u>11,826</u>	<u>14,816</u>

Continued on the following page

STATE OF TEXAS

Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor Enterprise Funds (continued)

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Texas Prepaid Tuition Plans	Grand Parkway Transportation Corporation	Other Nonmajor Enterprise Funds	Totals
OPERATING REVENUES				
Auxiliary Enterprises – Pledged	\$	\$	\$	\$ 122,166
Other Sales of Goods and Services	24,146		11,415	42,522
Other Sales of Goods and Services – Pledged		203,656		456,264
Discounts and Allowances		(2,448)		(9,930)
Interest and Investment Income			318	484,456
Interest and Investment Income – Pledged				(87,267)
Federal Revenue				70,499
Other Revenues	1,322		32,658	157,812
Other Revenues – Pledged		5		10
Total Operating Revenues	<u>25,468</u>	<u>201,213</u>	<u>44,391</u>	<u>1,236,532</u>
OPERATING EXPENSES				
Cost of Goods Sold			1,981	87,967
Salaries and Wages	1,109	1,778	14,827	50,114
Payroll Related Costs	306		3,853	14,931
Professional Fees and Services	5,327	2,169	9,818	124,310
Travel	12	7	224	811
Materials and Supplies	54	352	3,516	13,194
Communication and Utilities	20	196	1,863	3,013
Repairs and Maintenance	38	11,204	2,050	25,506
Rentals and Leases	22	2	1,159	2,155
Printing and Reproduction	1		97	204
Depreciation and Amortization		64,167	312	125,620
Bad Debt Expense				1,671
Interest Expense			107	427,024
Employee/Participant Benefit Payments	26,789			26,789
Other	29,803	28,001	5,583	155,242
Total Operating Expenses	<u>63,481</u>	<u>107,876</u>	<u>45,390</u>	<u>1,058,551</u>
Operating Income (Loss)	<u>(38,013)</u>	<u>93,337</u>	<u>(999)</u>	<u>177,981</u>

Continued on the following page

STATE OF TEXAS

Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor Enterprise Funds (continued)

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Texas Water Development Board Funds	Texas Department of Housing and Community Affairs	Texas Transportation Commission	Veterans Land Board Loan Program Funds	Texas Department of Criminal Justice Institutional Division
NONOPERATING REVENUES (EXPENSES)					
Federal Revenue	\$ 154,487	\$	\$	\$ 10,789	\$
Gifts				31	
Land			14		
Interest and Investment Income			21,347	40,564	
Loan Premium and Fees on Securities Lending					
Investing Activities Expense					
Depreciation and Amortization			12,167		
Interest Expense			(141,403)		
Borrower Rebates and Agent Fees				(50)	
Gain/(Loss) on Sale of Capital Assets		(4)		(9)	3
Settlement of Claims					1
Claims and Judgments					
Other Expenses	(50,166)		(42)		
Total Nonoperating Revenues (Expenses)	<u>104,321</u>	<u>(4)</u>	<u>(107,917)</u>	<u>51,325</u>	<u>4</u>
Income (Loss) Before Capital Contributions, Endowments and Transfers	<u>8,892</u>	<u>48,782</u>	<u>35,740</u>	<u>63,151</u>	<u>14,820</u>
CAPITAL CONTRIBUTIONS, ENDOWMENTS AND TRANSFERS					
Capital Contributions – Other			1,530		
Transfer In	215,815	2,539	2,614	3,995	5,384
Transfer Out	(10,901)			(30,238)	(16,248)
Total Capital Contributions, Endowments and Transfers	<u>204,914</u>	<u>2,539</u>	<u>4,144</u>	<u>(26,243)</u>	<u>(10,864)</u>
Change in Net Position	<u>213,806</u>	<u>51,321</u>	<u>39,884</u>	<u>36,908</u>	<u>3,956</u>
Net Position, September 1, 2018	4,707,366	303,377	353,238	772,597	46,215
Restatements				331	
Net Position, September 1, 2018, as Restated	<u>4,707,366</u>	<u>303,377</u>	<u>353,238</u>	<u>772,928</u>	<u>46,215</u>
Net Position, August 31, 2019	<u>\$ 4,921,172</u>	<u>\$ 354,698</u>	<u>\$ 393,122</u>	<u>\$ 809,836</u>	<u>\$ 50,171</u>

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STATE OF TEXAS

Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor Enterprise Funds (concluded)

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Texas Prepaid Tuition Plans	Grand Parkway Transportation Corporation	Other Nonmajor Enterprise Funds	Totals
NONOPERATING REVENUES (EXPENSES)				
Federal Revenue	\$	\$	\$ 21	\$ 165,297
Gifts			2,368	2,399
Land				14
Interest and Investment Income	45,863	52,639	4,443	164,856
Loan Premium and Fees on Securities Lending	2			2
Investing Activities Expense	(496)			(496)
Depreciation and Amortization		14,755	315	27,237
Interest Expense		(218,076)	(6,301)	(365,780)
Borrower Rebates and Agent Fees	(4)			(54)
Gain/(Loss) on Sale of Capital Assets				(10)
Settlement of Claims				1
Claims and Judgments			(6)	(6)
Other Expenses		(1,188)	(246)	(51,642)
Total Nonoperating Revenues (Expenses)	<u>45,365</u>	<u>(151,870)</u>	<u>594</u>	<u>(58,182)</u>
Income (Loss) Before Capital Contributions, Endowments and Transfers				
	<u>7,352</u>	<u>(58,533)</u>	<u>(405)</u>	<u>119,799</u>
CAPITAL CONTRIBUTIONS, ENDOWMENTS AND TRANSFERS				
Capital Contributions – Other			202,911	204,441
Transfer In	210,981		2,122	443,450
Transfer Out			(1,162)	(58,549)
Total Capital Contributions, Endowments and Transfers	<u>210,981</u>	<u>0</u>	<u>203,871</u>	<u>589,342</u>
Change in Net Position	<u>218,333</u>	<u>(58,533)</u>	<u>203,466</u>	<u>709,141</u>
Net Position, September 1, 2018	(488,899)	(143,503)	109,049	5,659,440
Restatements			23	354
Net Position, September 1, 2018, as Restated	<u>(488,899)</u>	<u>(143,503)</u>	<u>109,072</u>	<u>5,659,794</u>
Net Position, August 31, 2019	<u>\$ (270,566)</u>	<u>\$ (202,036)</u>	<u>\$ 312,538</u>	<u>\$ 6,368,935</u>

STATE OF TEXAS

Combining Statement of Cash Flows – Nonmajor Enterprise Funds

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Texas Water Development Board Funds	Texas Department of Housing and Community Affairs	Texas Transportation Commission	Veterans Land Board Loan Program Funds	Texas Department of Criminal Justice Institutional Division
CASH FLOWS FROM OPERATING ACTIVITIES					
Proceeds from Customers	\$	\$	\$ 237,970	\$ 99,867	\$ 123,083
Proceeds from Gifts				26	
Proceeds from Loan Programs		1,479,756		601,470	
Proceeds from Other Operating Revenues		90,468		771	2,090
Payments to Suppliers for Goods and Services	(363)	(118,714)	(50,426)	(102,839)	(85,281)
Payments to Employees	(6,173)	(14,997)			(20,238)
Payments for Loans Provided		(1,466,073)		(852,943)	
Payments for Other Operating Expenses				(137)	(3,178)
Net Cash Provided (Used) by Operating Activities	(6,536)	(29,560)	187,544	(253,785)	16,476
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Proceeds from Debt Issuance	2,116,000	4,829,224		250,000	
Proceeds from Transfers from Other Funds	2,339,643	2,539			5,384
Proceeds from Interfund Payables	8,333				
Proceeds from Grant Receipts	154,349				
Proceeds from Other Noncapital Financing Activities	212,190			4,910	
Payments of Principal on Debt Issuance	(372,206)	(4,326,646)		(257,155)	
Payments of Interest	(277,035)	(63,975)		(87,132)	
Payments of Other Costs on Debt Issuance	(1,976)	(5,503)			
Payments for Transfers to Other Funds	(2,124,382)			(28,286)	(22,100)
Payments for Grant Disbursements	(60,005)				
Payments for Interfund Receivables	(8,168)				
Payments for Other Noncapital Financing Uses	(46)				
Net Cash Provided (Used) by Noncapital Financing Activities	1,986,697	435,639	0	(117,663)	(16,716)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from Sale of Capital Assets					
Proceeds from Debt Issuance					
Proceeds from Federal Grants and Contracts				19,300	
Proceeds from Gifts				5	
Proceeds from Other Capital and Related Financing Activities			13		
Payments for Additions to Capital Assets		(25)	(47,622)	(19,163)	(166)
Payments of Principal on Debt Issuance			(20,365)		
Payments of Interest on Debt Issuance			(107,051)		
Payments of Other Costs on Debt Issuance					
Payments for Interfund Receivables			(254)		
Net Cash Provided (Used) by Capital and Related Financing Activities	0	(25)	(175,279)	142	(166)

Continued on the following page

STATE OF TEXAS

Combining Statement of Cash Flows – Nonmajor Enterprise Funds (continued)

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Texas Prepaid Tuition Plans	Grand Parkway Transportation Corporation	Other Nonmajor Enterprise Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Proceeds from Customers	\$ 46,709	\$ 198,918	\$ 11,493	\$ 718,040
Proceeds from Gifts				26
Proceeds from Loan Programs				2,081,226
Proceeds from Other Operating Revenues	1,296		33,542	128,167
Payments to Suppliers for Goods and Services	(5,626)	(42,512)	(2,339)	(408,100)
Payments to Employees	(1,403)		(19,657)	(62,468)
Payments for Loans Provided				(2,319,016)
Payments for Other Operating Expenses	(219,805)		(22,688)	(245,808)
Net Cash Provided (Used) by Operating Activities	<u>(178,829)</u>	<u>156,406</u>	<u>351</u>	<u>(107,933)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from Debt Issuance				7,195,224
Proceeds from Transfers from Other Funds	210,982		1,607	2,560,155
Proceeds from Interfund Payables				8,333
Proceeds from Grant Receipts				154,349
Proceeds from Other Noncapital Financing Activities			2,392	219,492
Payments of Principal on Debt Issuance			(5,000)	(4,961,007)
Payments of Interest		(151,792)	(100)	(580,034)
Payments of Other Costs on Debt Issuance		(1,119)		(8,598)
Payments for Transfers to Other Funds			(575)	(2,175,343)
Payments for Grant Disbursements				(60,005)
Payments for Interfund Receivables				(8,168)
Payments for Other Noncapital Financing Uses		(244,589)	(2)	(244,637)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>210,982</u>	<u>(397,500)</u>	<u>(1,678)</u>	<u>2,099,761</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Capital Assets			284	284
Proceeds from Debt Issuance			260,960	260,960
Proceeds from Federal Grants and Contracts				19,300
Proceeds from Gifts				5
Proceeds from Other Capital and Related Financing Activities			11,879	11,892
Payments for Additions to Capital Assets			(98,937)	(165,913)
Payments of Principal on Debt Issuance				(20,365)
Payments of Interest on Debt Issuance			(3,358)	(110,409)
Payments of Other Costs on Debt Issuance			(1,568)	(1,568)
Payments for Interfund Receivables				(254)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>0</u>	<u>0</u>	<u>169,260</u>	<u>(6,068)</u>

Continued on the following page

STATE OF TEXAS

Combining Statement of Cash Flows – Nonmajor Enterprise Funds (continued)

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Texas Water Development Board Funds	Texas Department of Housing and Community Affairs	Texas Transportation Commission	Veterans Land Board Loan Program Funds	Texas Department of Criminal Justice Institutional Division
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from Sale of Investments	\$	\$ 486,216	\$ 382,832	\$ 543,124	\$ 24,442
Proceeds from Interest and Investment Income	1,063,011	42,827	17,494	13,840	484
Proceeds from Principal Payments on Loans	813,882				
Payments to Acquire Investments		(983,850)	(345,885)	(551,236)	(24,520)
Payments for Nonprogram Loans Provided	(3,688,529)				
Net Cash Provided (Used) by Investing Activities	(1,811,636)	(454,807)	54,441	5,728	406
Net Increase (Decrease) in Cash and Cash Equivalents	168,525	(48,753)	66,706	(365,578)	
Cash and Cash Equivalents, September 1, 2018	449,280	193,104	321,525	608,179	
Restatements					
Cash and Cash Equivalents, September 1, 2018, as Restated	449,280	193,104	321,525	608,179	0
Cash and Cash Equivalents, August 31, 2019	\$ 617,805	\$ 144,351	\$ 388,231	\$ 242,601	\$ 0
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (95,429)	\$ 48,786	\$ 143,657	\$ 11,826	\$ 14,816
Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used) by Operating Activities:					
Depreciation and Amortization		37	54,485	6,537	82
Bad Debt Expense		1,663			8
Operating Income (Loss) and Cash Flow Categories Classification Differences		(71,092)	2,614	83,824	
Changes in Assets and Liabilities:					
(Increase) Decrease in Receivables	130,292	1,747	(15,501)	(1,544)	885
Decrease in Due From Other Funds	64,595				31
(Increase) Decrease in Inventories			(175)		181
(Increase) in Loans and Contracts	(1,704,754)	(10,823)		(387,554)	
(Increase) Decrease in Other Assets	209,236	(8,921)		(1,564)	
Decrease in Prepaid Expenses				25,151	
Increase (Decrease) in Payables	(25,336)	(75)	3,991	758	223
(Decrease) in Deposits	(286,875)				
Increase (Decrease) in Due To Other Funds			(1,527)		300
Increase (Decrease) in Unearned Revenue	(64,853)	75			
Increase (Decrease) in Employees' Compensable Leave					(50)
Increase in Other Liabilities	1,766,588	9,043		8,781	
Total Adjustments	88,893	(78,346)	43,887	(265,611)	1,660
Net Cash Provided (Used) by Operating Activities	\$ (6,536)	\$ (29,560)	\$ 187,544	\$ (253,785)	\$ 16,476
NONCASH TRANSACTIONS					
Donation of Capital Assets	\$	\$	\$ 1,530	\$	\$
Net Change in Fair Value of Investments	\$ 23,727	\$ 26,828	\$ (87)	\$ 21,414	\$
Other	\$	\$	\$ 12,540	\$	\$

Concluded on the following page

STATE OF TEXAS

Combining Statement of Cash Flows – Nonmajor Enterprise Funds (concluded)

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Texas Prepaid Tuition Plans	Grand Parkway Transportation Corporation	Other Nonmajor Enterprise Funds	Totals
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sale of Investments	\$ 723,853	\$1,356,800	\$ 14,155	\$ 3,531,422
Proceeds from Interest and Investment Income	36,478	34,380	3,718	1,212,232
Proceeds from Principal Payments on Loans			2,897	816,779
Payments to Acquire Investments	(698,963)	(1,730,769)	(133,194)	(4,468,417)
Payments for Nonprogram Loans Provided				(3,688,529)
Net Cash Provided (Used) by Investing Activities	61,368	(339,589)	(112,424)	(2,596,513)
Net Increase (Decrease) in Cash and Cash Equivalents	93,521	(580,683)	55,509	(610,753)
Cash and Cash Equivalents, September 1, 2018	116,777	1,391,638	101,815	3,182,318
Restatements			23	23
Cash and Cash Equivalents, September 1, 2018, as Restated	116,777	1,391,638	101,838	3,182,341
Cash and Cash Equivalents, August 31, 2019	\$ 210,298	\$ 810,955	\$ 157,347	\$ 2,571,588
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (38,013)	\$ 93,337	\$ (999)	\$ 177,981
Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used) by Operating Activities:				
Depreciation and Amortization		64,167	312	125,620
Bad Debt Expense				1,671
Operating Income (Loss) and Cash Flow Categories Classification Differences			(215)	15,131
Changes in Assets and Liabilities:				
(Increase) Decrease in Receivables	1,064	(2,294)	713	115,362
Decrease in Due From Other Funds			203	64,829
(Increase) Decrease in Inventories		(140)	(52)	(186)
(Increase) in Loans and Contracts				(2,103,131)
(Increase) Decrease in Other Assets				198,751
Decrease in Prepaid Expenses			385	25,536
Increase (Decrease) in Payables	(141,949)	3,513	(1,118)	(159,993)
(Decrease) in Deposits				(286,875)
Increase (Decrease) in Due To Other Funds		(2,177)	(356)	(3,760)
Increase (Decrease) in Unearned Revenue			46	(64,732)
Increase (Decrease) in Employees' Compensable Leave	13		(4)	(41)
Increase in Other Liabilities	56		1,436	1,785,904
Total Adjustments	(140,816)	63,069	1,350	(285,914)
Net Cash Provided (Used) by Operating Activities	\$ (178,829)	\$ 156,406	\$ 351	\$ (107,933)
NONCASH TRANSACTIONS				
Donation of Capital Assets	\$	\$	\$ 190,317	\$ 191,847
Net Change in Fair Value of Investments	\$ 3,116	\$ 3,758	\$ 314	\$ 79,070
Other	\$	\$ 45,781	\$ 14,448	\$ 72,769



Colleges and Universities – Major Enterprise Fund

There are six university systems and five independent universities in Texas' primary government presented in a single-column as a major fund on the basic financial statements. Schedules were prepared to report the breakdown of the following universities:

University of Texas System
Texas A&M University System
Texas Tech University System
University of Houston System
Texas State University System
University of North Texas System
Texas Woman's University
Stephen F. Austin State University
Texas Southern University
Midwestern State University
Texas State Technical College

Schedule of Net Position

Colleges and Universities – Major Enterprise Fund

August 31, 2019 (Amounts in Thousands)

	University of Texas System	Texas A&M University System	Texas Tech University System	University of Houston System	Texas State University System	University of North Texas System
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 3,195,116	\$ 1,082,998	\$ 233,273	\$ 224,707	\$ 410,811	\$ 219,429
Short-Term Investments				199,485		
Securities Lending Collateral	453,059					
Restricted:						
Cash and Cash Equivalents	850,442	446,628	36,663	223,397	51,405	54,458
Short-Term Investments					12,323	
Receivables:						
Federal	544,123	162,796	18,698	20,395	16,108	10,319
Other Intergovernmental	131,404	4,048			1,999	858
Accounts	1,379,825	207,783	72,945	57,542	121,572	100,048
Interest and Dividends	85,645	13,262	1,820	1,420	51	2,037
Gifts	122,818	73,387	33,056	86,628	1,468	436
Investment Trades	720,788	64,139				
Other	487,051	2,232	9,769	1,950	9,035	9,238
Due From Other Funds	195,410	217,618	241,475	175,776	135,058	141,686
Interfund Receivable		69,302				
Inventories	161,425	25,297	4,387	889	1,779	3,134
Prepaid Items			66,641	57,267	56,475	54,187
Loans and Contracts	56,229	17,558	1,356	23,616	21,156	6,919
Other Current Assets	292,012	131,037	784		16,546	255
Total Current Assets	<u>8,675,347</u>	<u>2,518,085</u>	<u>720,867</u>	<u>1,073,072</u>	<u>855,786</u>	<u>603,004</u>
Noncurrent Assets:						
Restricted:						
Cash and Cash Equivalents	3,645		68,833		15,460	
Short-Term Investments						
Investments	43,228,099	1,156,727	1,190,347		256,938	80,800
Receivables				99,581	842	
Loans and Contracts	55,460	4,388	2,210	2,302		
Other						
Loans and Contracts		14,500			118	3,394
Investments	11,219,171	3,524,666	1,111,726	977,618	298,507	282,296
Interfund Receivable		1,224,283				
Gifts Receivable	266,538	340,467	75,253		3,483	3,771
Capital Assets:						
Non-Depreciable or Non-Amortizable	3,172,814	1,434,684	253,830	475,535	504,959	160,008
Depreciable or Amortizable, Net	14,374,026	5,256,654	1,525,463	1,479,423	1,606,342	1,233,131
Assets Held in Trust		362				
Other Noncurrent Assets	320,707	13,867				
Total Noncurrent Assets	<u>72,640,460</u>	<u>12,970,598</u>	<u>4,227,662</u>	<u>3,034,459</u>	<u>2,686,649</u>	<u>1,763,400</u>
Total Assets	<u>81,315,807</u>	<u>15,488,683</u>	<u>4,948,529</u>	<u>4,107,531</u>	<u>3,542,435</u>	<u>2,366,404</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows of Resources	3,376,021	939,296	796,317	790,992	795,919	491,095
Total Deferred Outflows of Resources	<u>3,376,021</u>	<u>939,296</u>	<u>796,317</u>	<u>790,992</u>	<u>795,919</u>	<u>491,095</u>

Continued on the following page

STATE OF TEXAS

Schedule of Net Position Colleges and Universities – Major Enterprise Fund (continued)

August 31, 2019 (Amounts in Thousands)

	Texas Woman's University	Stephen F. Austin State University	Texas Southern University	Midwestern State University	Texas State Technical College	Totals
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 8,664	\$ 59,968	\$ 77,481	\$ 4,723	\$ 30,762	\$ 5,547,932
Short-Term Investments	108,749			13,355	14,274	335,863
Securities Lending Collateral						453,059
Restricted:						
Cash and Cash Equivalents	9,201	50,346	21,413	4,250	3,203	1,751,406
Short-Term Investments	66,925	190	13,623		1,269	94,330
Receivables:						
Federal	11,162	3,016	3,553	235	19,075	809,480
Other Intergovernmental Accounts	24,478	17,430	20,425	10,603	11,667	2,024,318
Interest and Dividends	178			11	26	104,450
Gifts				401		318,194
Investment Trades						784,927
Other	4,133		664	2,117		526,189
Due From Other Funds	62,952	14,329	19,800	2,794	40,250	1,247,148
Interfund Receivable						69,302
Inventories	1,170	938	448	183	954	200,604
Prepaid Items	697	15,495		10,398		261,160
Loans and Contracts	2,343	2,721				131,898
Other Current Assets						440,634
Total Current Assets	<u>300,652</u>	<u>164,593</u>	<u>162,213</u>	<u>49,435</u>	<u>121,480</u>	<u>15,244,534</u>
Noncurrent Assets:						
Restricted:						
Cash and Cash Equivalents					282	88,220
Short-Term Investments					301	301
Investments	181,293	96,270	58,038	(17,126)		46,231,386
Receivables		1,817				102,240
Loans and Contracts		2,375	515			67,250
Other			15,011			15,011
Loans and Contracts						18,012
Investments	11	82,292		84,879		17,581,166
Interfund Receivable						1,224,283
Gifts Receivable				1,115		690,627
Capital Assets:						
Non-Depreciable or Non-Amortizable	78,215	17,782	20,185	23,382	21,988	6,163,382
Depreciable or Amortizable, Net	200,021	200,320	279,311	170,856	197,670	26,523,217
Assets Held in Trust						362
Other Noncurrent Assets						334,574
Total Noncurrent Assets	<u>459,540</u>	<u>400,856</u>	<u>373,060</u>	<u>263,106</u>	<u>220,241</u>	<u>99,040,031</u>
Total Assets	<u>760,192</u>	<u>565,449</u>	<u>535,273</u>	<u>312,541</u>	<u>341,721</u>	<u>114,284,565</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows of Resources	130,585	141,824	95,823	54,028	37,789	7,649,689
Total Deferred Outflows of Resources	<u>130,585</u>	<u>141,824</u>	<u>95,823</u>	<u>54,028</u>	<u>37,789</u>	<u>7,649,689</u>

Continued on the following page

Schedule of Net Position**Colleges and Universities – Major Enterprise Fund (continued)**

August 31, 2019 (Amounts in Thousands)

	University of Texas System	Texas A&M University System	Texas Tech University System	University of Houston System	Texas State University System	University of North Texas System
LIABILITIES						
Current Liabilities:						
Payables:						
Accounts	\$ 1,400,491	\$ 301,375	\$ 61,022	\$ 58,643	\$ 71,567	\$ 66,751
Payroll	645,437	151,069	93,102	61,230	33,006	44,297
Other Intergovernmental	36					
Federal	49,295			120	16	
Investment Trades	1,219,092	82,177				
Interest					18,056	12,996
Due To Other Funds	25,318	1,981	636	576	1,036	50
Interfund Payable	70,718	2,315				
Unearned Revenue	1,832,416	757,209	239,027	296,664	415,615	261,063
Obligations/Securities Lending	453,059					
Short-Term Debt	1,490,522		50,795	94,972	124,980	49,180
Claims and Judgments	140,388	3,184	8,819	339		511
Capital Lease Obligations	6,578	8,992	263	550		1,879
Employees' Compensable Leave	428,377	20,482	7,223	13,611	13,601	4,854
Notes and Loans Payable		11,303				
General Obligation Bonds Payable						
Revenue Bonds Payable	1,789,491	250,189	66,019	78,518	69,538	51,000
Liabilities Payable from Restricted Assets		57,432				
Funds Held for Others	4,595	85,831	24,752	22,761	6,620	2,198
OPEB Liability	230,594	48,229	17,787	12,898	13,673	8,969
Other Current Liabilities	229,282	16,720	5,359	3,340	861	4,958
Total Current Liabilities	<u>10,015,689</u>	<u>1,798,488</u>	<u>574,804</u>	<u>644,222</u>	<u>768,569</u>	<u>508,706</u>
Noncurrent Liabilities:						
Interfund Payable	1,225,343	10,296				
Claims and Judgments	28,031	7,807	4,850			323
Capital Lease Obligations	151,301	74,578	291	5,121		4,831
Employees' Compensable Leave	244,174	89,601	47,412	13,470	13,051	21,420
Notes and Loans Payable	19,000	251,682				
General Obligation Bonds Payable						
Revenue Bonds Payable	7,710,948	4,219,154	646,174	1,299,149	1,013,889	819,475
Liabilities Payable from Restricted Assets		3,480				
Pollution Remediation Obligation			1,023			
Asset Retirement Obligation	26,309	12,677				2,428
OPEB Liability	10,125,192	1,804,298	783,202	567,909	602,046	394,915
Pension Liability	4,919,537	712,411	334,730	407,614	337,154	191,697
Hedging Derivative Liability	325,363					
Investment Derivative Instrument	103,797					
Assets Held for Others	991,784	114,890				
Other Noncurrent Liabilities	181,154	25,750	201		2,811	1,865
Total Noncurrent Liabilities	<u>26,051,933</u>	<u>7,326,624</u>	<u>1,817,883</u>	<u>2,293,263</u>	<u>1,968,951</u>	<u>1,436,954</u>
Total Liabilities	<u>36,067,622</u>	<u>9,125,112</u>	<u>2,392,687</u>	<u>2,937,485</u>	<u>2,737,520</u>	<u>1,945,660</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows of Resources	2,761,592	714,589	360,314	259,567	270,740	192,255
Total Deferred Inflows of Resources	<u>2,761,592</u>	<u>714,589</u>	<u>360,314</u>	<u>259,567</u>	<u>270,740</u>	<u>192,255</u>
NET POSITION						
Net Investment in Capital Assets	6,747,250	2,318,447	1,081,350	688,270	904,317	472,338
Restricted for:						
Education	2,391,225	384,246	379,343	317,650	71,529	53,265
Debt Service	803		66,814	421	1,661	
Capital Projects	221,354	312,903	22,603	14,795	43,223	
Funds Held as Permanent Investments:						
Nonexpendable	26,166,429	408,026	758,054	492,925	152,798	55,359
Expendable	11,864,324	372,098	106,030	48,489	64,734	32,475
Unrestricted	(1,528,771)	2,792,558	577,651	138,921	91,832	106,147
Total Net Position	<u>45,862,614</u>	<u>6,588,278</u>	<u>2,991,845</u>	<u>1,701,471</u>	<u>1,330,094</u>	<u>719,584</u>

Concluded on the following page

Schedule of Net Position**Colleges and Universities – Major Enterprise Fund (concluded)**

August 31, 2019 (Amounts in Thousands)

	Texas Woman's University	Stephen F. Austin State University	Texas Southern University	Midwestern State University	Texas State Technical College	Totals
LIABILITIES						
Current Liabilities:						
Payables:						
Accounts	\$ 24,625	\$ 4,850	\$ 16,522	\$ 10,935	\$ 4,772	\$ 2,021,553
Payroll	6,437	10,470	8,026	4,580	7,271	1,064,925
Other Intergovernmental	3,213					3,249
Federal	2,043				62	51,536
Investment Trades						1,301,269
Interest		4,605	1,469		1,287	38,413
Due To Other Funds	380	520	34			30,531
Interfund Payable		1,506		289	801	75,629
Unearned Revenue	61,938	76,894	59,682	33,624	21,166	4,055,298
Obligations/Securities Lending						453,059
Short-Term Debt						1,810,449
Claims and Judgments						153,241
Capital Lease Obligations		60	126		1,330	19,778
Employees' Compensable Leave	2,437	462	2,992	223	854	495,116
Notes and Loans Payable		1,269	4,987		120	17,679
General Obligation Bonds Payable					2,582	2,582
Revenue Bonds Payable	11,111	14,167	9,918	6,691	5,262	2,351,904
Liabilities Payable from Restricted Assets						57,432
Funds Held for Others	2,640	9,763		410	1,009	160,579
Net OPEB Liability	2,462	2,836	1,447	1,048	642	340,585
Other Current Liabilities	2,137	3,196	14,171		1,360	281,384
Total Current Liabilities	<u>119,423</u>	<u>130,598</u>	<u>119,374</u>	<u>57,800</u>	<u>48,518</u>	<u>14,786,191</u>
Noncurrent Liabilities:						
Interfund Payable		1,655		135	2,747	1,240,176
Claims and Judgments						41,011
Capital Lease Obligations		89	118		6,238	242,567
Employees' Compensable Leave	1,501	4,503	3,124	1,834	4,830	444,920
Notes and Loans Payable		8,723	86,873		1,120	367,398
General Obligation Bonds Payable					17,571	17,571
Revenue Bonds Payable	149,533	234,141	88,042	141,773	77,938	16,400,216
Liabilities Payable from Restricted Assets						3,480
Pollution Remediation Obligation						1,023
Asset Retirement Obligation			296			41,710
OPEB Liability	108,401	124,863	63,696	46,166	28,248	14,648,936
Pension Liability	45,435	64,565	39,736	17,048	13,951	7,083,878
Hedging Derivative Liability						325,363
Investment Derivative Instrument						103,797
Assets Held for Others						1,106,674
Other Noncurrent Liabilities				102		211,883
Total Noncurrent Liabilities	<u>304,870</u>	<u>438,539</u>	<u>281,885</u>	<u>207,058</u>	<u>152,643</u>	<u>42,280,603</u>
Total Liabilities	<u>424,293</u>	<u>569,137</u>	<u>401,259</u>	<u>264,858</u>	<u>201,161</u>	<u>57,066,794</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows of Resources	46,667	58,852	29,009	19,557	17,337	4,730,479
Total Deferred Inflows of Resources	<u>46,667</u>	<u>58,852</u>	<u>29,009</u>	<u>19,557</u>	<u>17,337</u>	<u>4,730,479</u>
NET POSITION						
Net Investment in Capital Assets	117,928	73,356	129,320	54,360	107,112	12,694,048
Restricted for:						
Education	2,981	22,148	3,218		188	3,625,793
Debt Service	3		857			70,559
Capital Projects	129,766	845		1,111	1,391	747,991
Funds Held as Permanent Investments:						
Nonexpendable	16,081	6,038		4,998	583	28,061,291
Expendable		3,593	58,397	13,913		12,564,053
Unrestricted	153,058	(26,696)	9,036	7,772	51,738	2,373,246
Total Net Position	<u>419,817</u>	<u>79,284</u>	<u>200,828</u>	<u>82,154</u>	<u>161,012</u>	<u>60,136,981</u>

STATE OF TEXAS

Schedule of Revenues, Expenses and Changes in Net Position Colleges and Universities – Major Enterprise Fund

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	University of Texas System	Texas A&M University System	Texas Tech University System	University of Houston System	Texas State University System	University of North Texas System
OPERATING REVENUES						
Tuition Revenue	\$	\$ 79,853	\$ 12,658	\$	\$	\$
Tuition Revenue – Pledged	2,572,448	1,484,517	574,853	730,267	780,435	500,762
Discounts and Allowances	(761,302)	(402,525)	(146,022)	(180,565)	(217,162)	(118,491)
Hospital Revenue – Pledged	16,469,453					
Discounts and Allowances	(9,452,270)					
Professional Fees	7,169,263	139	526,484			
Professional Fees – Pledged		5,106	764			25,431
Discounts and Allowances	(5,142,582)		(239,857)			(14,012)
Auxiliary Enterprises						
Auxiliary Enterprises – Pledged	701,578	362,958	185,615	115,286	161,546	80,315
Discounts and Allowances	(12,191)	(38,547)		(12,023)	(8,157)	
Other Sales of Goods and Services		9,357	6,894			2,065
Other Sales of Goods and Services – Pledged	560,505	312,737	14,628	96,546	20,360	72,186
Discounts and Allowances	(279)	(7,613)				
Interest and Investment Income		579				
Interest and Investment Income – Pledged						
Federal Revenue	1,492,760	465,270	64,197	69,964	48,060	61,066
State Grant Revenue		5,629	2,081	13,980	2,388	2,176
Other Operating Grant Revenue	472,302	249,984	241,026		12,296	8,859
Other Operating Grant Revenue – Pledged	1,119,540	30,660	4,330	40,262		1,252
Other Revenues	12,376	25,701	22,518			642
Other Revenues – Pledged	436,957	47,304		6,247	9,588	2,772
Total Operating Revenues	<u>15,638,558</u>	<u>2,631,109</u>	<u>1,270,169</u>	<u>879,964</u>	<u>809,354</u>	<u>625,023</u>
OPERATING EXPENSES						
Cost of Goods Sold	58,093	6,322	14,616	2,459	733	8,713
Salaries and Wages	9,234,959	1,986,283	999,377	685,268	604,971	477,639
Payroll Related Costs	2,901,218	55,954	391,058	309,068	314,609	204,777
Professional Fees and Services	632,611	424,233	86,413	129,672	73,355	71,917
Travel	168,111	91,755	37,982	18,149	24,764	14,061
Materials and Supplies	2,491,464	246,645	77,859	42,009	121,071	55,148
Communication and Utilities	365,930	142,209	55,101	47,155	41,485	23,554
Repairs and Maintenance	347,182	158,640	46,296	18,566	20,795	44,597
Rentals and Leases	175,312	87,707	24,215	28,390	6,653	14,297
Printing and Reproduction	38,668	13,364	5,291	4,203	4,188	6,201
Depreciation and Amortization	1,536,019	424,423	132,919	109,182	112,751	84,678
Bad Debt Expense	3,282	282	1,012		3,273	
Interest Expense		122	15	133	22	
Scholarships	472,850	271,739	89,467	113,056	131,853	101,366
Claims and Judgments	277,230	6,797	7,483	684	1,148	(611)
Net Change in Asset Retirement Obligation	2,395					103
Other Expenses	1,510,665	301,729	142,370	58,380	28,767	30,674
Total Operating Expenses	<u>20,215,989</u>	<u>4,218,204</u>	<u>2,111,474</u>	<u>1,566,374</u>	<u>1,490,438</u>	<u>1,137,114</u>
Operating Income (Loss)	<u>(4,577,431)</u>	<u>(1,587,095)</u>	<u>(841,305)</u>	<u>(686,410)</u>	<u>(681,084)</u>	<u>(512,091)</u>

Continued on the following page

STATE OF TEXAS

Schedule of Revenues, Expenses and Changes in Net Position Colleges and Universities – Major Enterprise Fund (continued)

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Texas Woman's University	Stephen F. Austin State University	Texas Southern University	Midwestern State University	Texas State Technical College	Totals
OPERATING REVENUES						
Tuition Revenue	\$	\$ 4,431	\$	\$	\$ 8,050	\$ 104,992
Tuition Revenue – Pledged	116,814	119,980	107,978	52,917	41,684	7,082,655
Discounts and Allowances	(39,273)	(36,469)	(38,870)	(17,409)	(20,981)	(1,979,069)
Hospital Revenue – Pledged						16,469,453
Discounts and Allowances						(9,452,270)
Professional Fees						7,695,886
Professional Fees – Pledged						31,301
Discounts and Allowances						(5,396,451)
Auxiliary Enterprises		2,034			931	2,965
Auxiliary Enterprises – Pledged	31,073	41,689	17,734	13,884	11,140	1,722,818
Discounts and Allowances	(8,091)	(12,963)			(3,557)	(95,529)
Other Sales of Goods and Services		839				19,155
Other Sales of Goods and Services – Pledged		5,695	100	1,628	6,542	1,090,927
Discounts and Allowances						(7,892)
Interest and Investment Income					9	588
Interest and Investment Income – Pledged					915	915
Federal Revenue	2,491	2,353	19,375	2,004	1,575	2,229,115
State Grant Revenue	624		982			27,860
Other Operating Grant Revenue	959	1,305		2,201	1,575	990,507
Other Operating Grant Revenue – Pledged			463			1,196,507
Other Revenues	1,363	157				62,757
Other Revenues – Pledged		146	6,870	5,026		514,910
Total Operating Revenues	<u>105,960</u>	<u>129,197</u>	<u>114,632</u>	<u>60,251</u>	<u>47,883</u>	<u>22,312,100</u>
OPERATING EXPENSES						
Cost of Goods Sold	12	11,427			3,135	105,510
Salaries and Wages	104,741	102,836	97,082	43,462	80,881	14,417,499
Payroll Related Costs	54,409	58,498	41,070	23,562	34,702	4,388,925
Professional Fees and Services	3,079	2,197	10,993	5,987	915	1,441,372
Travel	2,934	3,092	3,816	2,073	1,339	368,076
Materials and Supplies	15,301	13,140	9,354	8,797	12,823	3,093,611
Communication and Utilities	7,124	8,449	6,968	2,519	6,050	706,544
Repairs and Maintenance	5,755	5,167	7,826	3,815	3,081	661,720
Rentals and Leases	3,176	3,194	1,636	1,302	2,360	348,242
Printing and Reproduction	638	449	522	274	146	73,944
Depreciation and Amortization	16,326	18,712	19,810	14,740	15,243	2,484,803
Bad Debt Expense	2,023	56		113		10,041
Interest Expense				3		295
Scholarships	12,943	27,293	22,450	12,698	16,760	1,272,475
Claims and Judgments		250				292,981
Net Change in Asset Retirement Obligation			13			2,511
Other Expenses	8,568	305	8,518		7,366	2,097,342
Total Operating Expenses	<u>237,029</u>	<u>255,065</u>	<u>230,058</u>	<u>119,345</u>	<u>184,801</u>	<u>31,765,891</u>
Operating Income (Loss)	<u>(131,069)</u>	<u>(125,868)</u>	<u>(115,426)</u>	<u>(59,094)</u>	<u>(136,918)</u>	<u>(9,453,791)</u>

Continued on the following page

STATE OF TEXAS

Schedule of Revenues, Expenses and Changes in Net Position Colleges and Universities – Major Enterprise Fund (continued)

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	University of Texas System	Texas A&M University System	Texas Tech University System	University of Houston System	Texas State University System	University of North Texas System
NONOPERATING REVENUES (EXPENSES)						
Federal Revenue	\$ 405,928	\$ 267,175	\$ 58,991	\$ 129,542	\$ 137,620	\$ 65,869
Gifts	411,265	159,566	35,202		30,094	18,948
Gifts – Pledged	25,239	49,009	1,216	136,719	494	
Interest and Investment Income	1,089,801	70,341	11,594		(5,611)	(1,382)
Interest and Investment Income – Pledged	805,917	217,247	30,638	50,318	20,515	19,283
Investing Activities Expense	(177,288)	(17,087)			(53)	
Interest Expense	(334,790)	(171,799)	(25,186)	(52,943)	(43,238)	(29,984)
Borrower Rebates and Agent Fees	(1,642)	(4,006)				
Gain (Loss) on Sale of Capital Assets	(36,718)	(11,355)	(614)		(561)	(2,189)
Settlement of Claims					195	
Claims and Judgments		(2,727)				
Other Revenues	29,446	39,624	2,893	28	2,180	20
Other Revenues – Pledged	79,920	21,666	7,891	33,332	926	793
Other Expenses	(18,288)	(74,295)	(9,075)	(32,478)	(4,991)	(3,141)
Total Nonoperating Revenues (Expenses)	<u>2,278,790</u>	<u>543,359</u>	<u>113,550</u>	<u>264,518</u>	<u>137,570</u>	<u>68,217</u>
Gain (Loss) Before Capital Contributions, Endowments and Transfers	<u>(2,298,641)</u>	<u>(1,043,736)</u>	<u>(727,755)</u>	<u>(421,892)</u>	<u>(543,514)</u>	<u>(443,874)</u>
CAPITAL CONTRIBUTIONS, ENDOWMENTS AND TRANSFERS						
Capital Contributions – Federal	848					
Capital Contributions – Other	291,955	13,865	61,531			3,061
Contributions to Permanent and Term Endowments	224,282	5,187	24,326	11,529	8,086	2,226
Transfer In	2,792,466	1,861,110	609,795	456,070	475,732	356,191
Transfer Out	(539,085)	(6,440)	(861)	(2,578)	(1,986)	(689)
Other						
Total Capital Contributions, Endowments and Transfers	<u>2,770,466</u>	<u>1,873,722</u>	<u>694,791</u>	<u>465,021</u>	<u>481,832</u>	<u>360,789</u>
Change in Net Position	<u>471,825</u>	<u>829,986</u>	<u>(32,964)</u>	<u>43,129</u>	<u>(61,682)</u>	<u>(83,085)</u>
Net Position, September 1, 2018	45,410,564	5,770,482	3,019,406	1,658,514	1,391,845	803,145
Restatements	(19,775)	(12,190)	5,403	(172)	(69)	(476)
Net Position, September 1, 2018, as Restated	<u>45,390,789</u>	<u>5,758,292</u>	<u>3,024,809</u>	<u>1,658,342</u>	<u>1,391,776</u>	<u>802,669</u>
Net Position, August 31, 2019	<u>\$ 45,862,614</u>	<u>\$ 6,588,278</u>	<u>\$ 2,991,845</u>	<u>\$ 1,701,471</u>	<u>\$ 1,330,094</u>	<u>\$ 719,584</u>

Concluded on the following page

STATE OF TEXAS

Schedule of Revenues, Expenses and Changes in Net Position Colleges and Universities – Major Enterprise Fund (concluded)

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Texas Woman's University	Stephen F. Austin State University	Texas Southern University	Midwestern State University	Texas State Technical College	Totals
NONOPERATING REVENUES (EXPENSES)						
Federal Revenue	\$ 23,205	\$ 23,012	\$ 31,448	\$ 10,413	\$ 29,940	\$ 1,183,143
Gifts	4,523	4,578		5,605	308	670,089
Gifts – Pledged			1,403		1,086	215,166
Interest and Investment Income	311	1,491			93	1,166,638
Interest and Investment Income – Pledged	10,721	5,257	3,745	2,609	315	1,166,565
Investing Activities Expense		(364)	(498)			(195,290)
Interest Expense	(5,046)	(7,413)	(6,705)	(5,304)	(4,000)	(686,408)
Borrower Rebates and Agent Fees		184				(5,464)
Gain (Loss) on Sale of Capital Assets	(23)	(103)		(11)	(2,786)	(54,360)
Settlement of Claims		616			1,254	2,065
Claims and Judgments	(352)					(3,079)
Other Revenues	39	355		2	1	74,588
Other Revenues – Pledged		270	(322)			144,476
Other Expenses	(1)	(22)	(1)		(2,495)	(144,787)
Total Nonoperating Revenues (Expenses)	<u>33,377</u>	<u>27,861</u>	<u>29,070</u>	<u>13,314</u>	<u>23,716</u>	<u>3,533,342</u>
Gain (Loss) Before Capital Contributions, Endowments and Transfers	<u>(97,692)</u>	<u>(98,007)</u>	<u>(86,356)</u>	<u>(45,780)</u>	<u>(113,202)</u>	<u>(5,920,449)</u>
CAPITAL CONTRIBUTIONS, ENDOWMENTS AND TRANSFERS						
Capital Contributions – Federal						848
Capital Contributions – Other		11		6,507	3,414	380,344
Contributions to Permanent and Term Endowments		19	449	172		276,276
Transfer In	91,173	76,224	86,517	35,978	140,353	6,981,609
Transfer Out	(17)	(7)	(419)	(1,320)	(3,414)	(556,816)
Other						
Total Capital Contributions, Endowments and Transfers	<u>91,156</u>	<u>76,247</u>	<u>86,547</u>	<u>41,337</u>	<u>140,353</u>	<u>7,082,261</u>
Change in Net Position	<u>(6,536)</u>	<u>(21,760)</u>	<u>191</u>	<u>(4,443)</u>	<u>27,151</u>	<u>1,161,812</u>
Net Position, September 1, 2018	425,869	101,114	200,786	86,597	133,862	59,002,184
Restatements	484	(70)	(149)		(1)	(27,015)
Net Position, September 1, 2018, as Restated	<u>426,353</u>	<u>101,044</u>	<u>200,637</u>	<u>86,597</u>	<u>133,861</u>	<u>58,975,169</u>
Net Position, August 31, 2019	<u>\$ 419,817</u>	<u>\$ 79,284</u>	<u>\$ 200,828</u>	<u>\$ 82,154</u>	<u>\$ 161,012</u>	<u>\$ 60,136,981</u>

Schedule of Cash Flows

Colleges and Universities – Major Enterprise Fund

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	University of Texas System	Texas A&M University System	Texas Tech University System	University of Houston System	Texas State University System	University of North Texas System
CASH FLOWS FROM OPERATING ACTIVITIES						
Proceeds from Customers	\$ 8,985,690	\$ 338,578	\$ 333,619	\$ 90,182	\$ 16,137	\$ 88,625
Proceeds from Tuition and Fees	1,865,803	1,163,469	447,827	563,977	537,163	385,900
Proceeds from Research Grants and Contracts	3,129,338	798,668	311,839	145,699	59,747	82,213
Proceeds from Loan Programs	129,889	3,492	5,740	142,696	20,856	6
Proceeds from Auxiliaries	694,589	320,457	185,392	105,261	154,535	80,315
Proceeds from Other Operating Revenues	951,608	113,875		6,247	15,241	3,192
Payments to Suppliers for Goods and Services	(6,430,841)	(1,444,759)	(292,044)	(317,083)	(355,061)	(283,565)
Payments to Employees	(11,327,781)	(2,456,636)	(1,183,209)	(853,021)	(737,517)	(568,129)
Payments for Loans Provided	(109,586)	(1,852)	(5,677)	(149,417)	(21,189)	(475)
Payments for Other Operating Expenses		(341,479)	(353,338)	(178,185)	(114,807)	(136,151)
Net Cash (Used) by Operating Activities	<u>(2,111,291)</u>	<u>(1,506,187)</u>	<u>(549,851)</u>	<u>(443,644)</u>	<u>(424,895)</u>	<u>(348,069)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Proceeds from Gifts	420,611	238,760	62,022	81,936	33,444	20,552
Proceeds from Endowments	486,467	5,187		11,529	7,595	2,515
Proceeds from Transfers from Other Funds	3,251,673	1,761,492	598,743	494,813	459,158	352,901
Proceeds from Loan Programs						
Proceeds from Grant Receipts	458,282	263,701	58,977	129,542	144,269	65,869
Proceeds from Other Noncapital Financing Activities	145,276	100,831	384,527		2,884	811
Payments of Interest		(21)				
Payments of Other Costs on Debt Issuance		(1,532)				
Payments for Transfers to Other Funds	(1,286,662)	(3,567)	(36)	(36,366)	(1,664)	(682)
Payments for Grant Disbursements						
Payments for Other Noncapital Financing Uses	(28,877)	(87,318)	(378,397)		(4,549)	(135)
Net Cash Provided by Noncapital Financing Activities	<u>3,446,770</u>	<u>2,277,533</u>	<u>725,836</u>	<u>681,454</u>	<u>641,137</u>	<u>441,831</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from Sale of Capital Assets	3,945	655	172		150	110
Proceeds from Debt Issuance	1,854,957	994,548	19,500		348,095	236,729
Proceeds from State Grants and Contracts		43,564				
Proceeds from Gifts			29,526			
Proceeds from Other Capital and Related Financing Activities		12,575		280,557	2	
Proceeds from Capital Contributions	228,728	58				1,978
Payments for Additions to Capital Assets	(2,052,235)	(940,981)	(189,967)	(346,246)	(272,685)	(212,814)
Payments of Principal on Debt Issuance	(1,465,418)	(870,204)	(83,609)	(66,180)	(335,157)	(123,910)
Payments for Capital Leases		(17,178)	(45)	(547)		(2,116)
Payments of Interest on Debt Issuance	(412,168)	(196,851)	(27,191)	(52,315)	(44,455)	(27,608)
Payments of Other Costs on Debt Issuance	(4,433)	(5,358)	(100)	(277,470)		(1,156)
Payments for Interfund Receivables		(2,834)				
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,846,624)</u>	<u>(982,006)</u>	<u>(251,714)</u>	<u>(462,201)</u>	<u>(304,050)</u>	<u>(128,787)</u>

Continued on the following page

Schedule of Cash Flows**Colleges and Universities – Major Enterprise Fund (continued)**

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Texas Woman's University	Stephen F. Austin State University	Texas Southern University	Midwestern State University	Texas State Technical College	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Proceeds from Customers	\$	\$ 6,530	\$	\$	\$ 4,846	\$ 9,864,207
Proceeds from Tuition and Fees	75,574	88,036	75,362	35,027	31,564	5,269,702
Proceeds from Research Grants and Contracts	2,569	3,547	21,445	4,082	476	4,559,623
Proceeds from Loan Programs	3,217	530		2		306,428
Proceeds from Auxiliaries	22,982	30,822	17,734	13,781	2,635	1,628,503
Proceeds from Other Operating Revenues	1,055	303	7,110	6,654		1,105,285
Payments to Suppliers for Goods and Services	(52,438)	(63,171)	(69,335)	(24,601)	(52,807)	(9,385,705)
Payments to Employees	(125,745)	(97,069)	(105,101)	(53,158)	(92,646)	(17,600,012)
Payments for Loans Provided						(288,196)
Payments for Other Operating Expenses		(18,856)	(9,306)	(13,340)	(18,611)	(1,184,073)
Net Cash (Used) by Operating Activities	(72,786)	(49,328)	(62,091)	(31,553)	(124,543)	(5,724,238)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Proceeds from Gifts	4,523	4,578	1,852	4,266		872,544
Proceeds from Endowments				172		513,465
Proceeds from Transfers from Other Funds	100,736	41,744	78,129	34,741	108,945	7,283,075
Proceeds from Loan Programs	23,205	281				23,486
Proceeds from Grant Receipts		23,012	32,333	10,419	29,940	1,216,344
Proceeds from Other Noncapital Financing Activities	33	2,222			1	636,585
Payments of Interest						(21)
Payments of Other Costs on Debt Issuance						(1,532)
Payments for Transfers to Other Funds		(22)	(341)	(1,320)	(3)	(1,330,663)
Payments for Grant Disbursements	(21,422)					(21,422)
Payments for Other Noncapital Financing Uses	(352)				(2,495)	(502,123)
Net Cash Provided by Noncapital Financing Activities	106,723	71,815	111,973	48,278	136,388	8,689,738
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from Sale of Capital Assets		58				5,090
Proceeds from Debt Issuance	9,147	110,215	37			3,573,228
Proceeds from State Grants and Contracts						43,564
Proceeds from Gifts					1,086	30,612
Proceeds from Other Capital and Related Financing Activities		1,994		307	1,254	296,689
Proceeds from Capital Contributions		11		1,850		232,625
Payments for Additions to Capital Assets	(64,158)	(15,021)	(44,930)	(32,158)	(8,653)	(4,179,848)
Payments of Principal on Debt Issuance	(18,910)	(8,901)	(13,589)	(7,309)	(8,008)	(3,001,195)
Payments for Capital Leases		(58)			(3,383)	(23,327)
Payments of Interest on Debt Issuance	(6,428)	(4,602)	(7,737)	(5,159)	(4,886)	(789,400)
Payments of Other Costs on Debt Issuance	(143)					(288,660)
Payments for Interfund Receivables		(1,506)			(675)	(5,015)
Net Cash Provided (Used) by Capital and Related Financing Activities	(80,492)	82,190	(66,219)	(42,469)	(23,265)	(4,105,637)

Continued on the following page

Schedule of Cash Flows**Colleges and Universities – Major Enterprise Fund (continued)**

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	University of Texas System	Texas A&M University System	Texas Tech University System	University of Houston System	Texas State University System	University of North Texas System
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from Sale of Investments	\$ 31,989,572	\$ 3,790,511	\$ 286,726	\$ 1,164,223	\$ 248,672	\$ 874,668
Proceeds from Interest and Investment Income	2,010,674	157,121	107,222	46,438	38,727	22,851
Proceeds from Principal Payments on Loans						
Payments to Acquire Investments	(32,643,416)	(3,653,984)	(525,635)	(959,553)	(361,815)	(890,505)
Net Cash Provided (Used) by Investing Activities	1,356,830	293,648	(131,687)	251,108	(74,416)	7,014
Net Increase (Decrease) in Cash and Cash Equivalents	845,685	82,988	(207,416)	26,717	(162,224)	(28,011)
Cash and Cash Equivalents, September 1, 2018	3,203,518	1,446,638	546,185	421,387	639,900	301,898
Cash and Cash Equivalents, August 31, 2019	\$ 4,049,203	\$ 1,529,626	\$ 338,769	\$ 448,104	\$ 477,676	\$ 273,887
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES						
Operating (Loss)	\$ (4,577,431)	\$ (1,587,095)	\$ (841,305)	\$ (686,410)	\$ (681,084)	\$ (512,091)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities:						
Depreciation and Amortization	1,536,019	424,423	132,919	109,182	112,751	84,678
Bad Debt Expense	364,423	9,674	746		3,273	
Pension Expense	584,838	81,401	38,888	56,411	47,742	20,381
OPEB Expense	664,785	(423,484)	132,382	115,205	122,120	79,463
Operating (Loss) and Cash Flow Categories Classification Differences				(6,721)		
Changes in Assets and Liabilities:						
(Increase) Decrease in Receivables	(444,492)	4,114	(1,960)	21,848	1,463	2,453
(Increase) Decrease in Due From Other Funds		(5,149)	(1,082)		(147)	
(Increase) Decrease in Inventories	(21,863)	138	(8)	623	2,148	(18)
(Increase) Decrease in Notes Receivable			598		(593)	
(Increase) Decrease in Loans and Contracts	20,308	2,199			(83)	(469)
(Increase) in Other Assets	(82,862)	(1,682)		(2,228)	(2,089)	(179)
(Increase) in Deferred Outflows of Resources - Pensions	(1,832,591)	(263,809)	(119,672)	(216,439)	(174,205)	(68,556)
(Increase) in Deferred Outflows of Resources - OPEB	(364,049)	(101,712)	(632,039)	(546,273)	(579,234)	(376,591)
(Increase) Decrease in Prepaid Expenses		(12,217)	(4,614)	(6,193)	(5,733)	(5,314)
Increase (Decrease) in Payables	189,412	29,868	4,165	3,275	(8,647)	(14,608)
Increase (Decrease) in Deposits	(22,958)	(800)			27	
Increase (Decrease) in Due To Other Funds		(392)	(64)		(123)	
Increase (Decrease) in Unearned Revenue	141,837	39,743	8,301	14,130	9,767	12,754
Increase in Employees' Compensable Leave	32,008	5,292	626	143	647	
Increase (Decrease) in Benefits Payable			183	(30,751)	184	(1,500)
Increase in Liabilities to Employees for Defined Benefit Pensions	1,684,655	238,829	111,473	194,535	153,477	64,171
Increase (Decrease) in Liabilities to Employees for Defined Benefit OPEB	(1,026,111)	(37,856)	381,675	346,380	367,206	238,029
Increase (Decrease) in Other Liabilities	35,237	2,657	5,520	(3,604)	(222)	(241)
Increase (Decrease) in Deferred Inflows of Resources - Pensions	(172,639)	(23,589)	(13,175)	(5,206)	(3,917)	(7,761)
Increase in Deferred Inflows of Resources - OPEB	1,178,400	100,583	246,592	198,449	210,377	137,227
Increase in Asset Retirement Obligation	1,783	12,677				103
Total Adjustments	2,466,140	80,908	291,454	242,766	256,189	164,022
Net Cash (Used) by Operating Activities	\$ (2,111,291)	\$ (1,506,187)	\$ (549,851)	\$ (443,644)	\$ (424,895)	\$ (348,069)
NONCASH TRANSACTIONS						
Donation of Capital Assets	\$ 84,142	\$ 13,807	\$ 7,419	\$	\$ 3,346	\$ 1,083
Net Change in Fair Value of Investments	\$ (2,392,905)	\$ (45,867)	\$ 24,131	\$ 3,631	\$ (16,758)	\$ (4,236)
Borrowing Under Capital Lease Purchase	\$ 155,296	\$ 4,696	\$ 147	\$	\$	\$ 5,365
Other	\$ (39,567)	\$ 245,084	\$ (293)	\$	\$ (585)	\$ 25,725

Concluded on the following page

Schedule of Cash Flows**Colleges and Universities – Major Enterprise Fund (concluded)**

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Texas Woman's University	Stephen F. Austin State University	Texas Southern University	Midwestern State University	Texas State Technical College	Totals
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from Sale of Investments	\$ 33,943	\$ 15,662	\$ 19,349	\$ 67,891	\$ 2,761	\$ 38,493,978
Proceeds from Interest and Investment Income	13,100	4,089	4,842	2,335	1,338	2,408,737
Proceeds from Principal Payments on Loans			6			6
Payments to Acquire Investments		(82,112)		(44,113)	(6,278)	(39,167,411)
Net Cash Provided (Used) by Investing Activities	47,043	(62,361)	24,197	26,113	(2,179)	1,735,310
Net Increase (Decrease) in Cash and Cash Equivalents	488	42,316	7,860	369	(13,599)	595,173
Cash and Cash Equivalents, September 1, 2018	17,377	67,998	91,034	8,604	47,846	6,792,385
Cash and Cash Equivalents, August 31, 2019	\$ 17,865	\$ 110,314	\$ 98,894	\$ 8,973	\$ 34,247	\$ 7,387,558
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES						
Operating (Loss)	\$ (131,069)	\$ (125,868)	\$ (115,426)	\$ (59,094)	\$ (136,918)	\$ (9,453,791)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities:						
Depreciation and Amortization	16,326	18,712	19,810	14,740	15,243	2,484,803
Bad Debt Expense	2,023	56		113		380,308
Pension Expense	5,615	9,725	4,873	2,083	527	852,484
OPEB Expense	22,524	20,461	15,796	8,934	6,249	764,435
Operating (Loss) and Cash Flow Categories Classification Differences				1,732	(115)	(5,104)
Changes in Assets and Liabilities:						
(Increase) Decrease in Receivables	(12,904)	(1,373)	10,097	(146)	(5,571)	(426,471)
(Increase) Decrease in Due From Other Funds	83	(14)	1,282		(325)	(5,352)
(Increase) Decrease in Inventories	201	(4)	10	7	644	(18,122)
(Increase) Decrease in Notes Receivable						5
(Increase) Decrease in Loans and Contracts	3,217	530				25,702
(Increase) in Other Assets			(322)			(89,362)
(Increase) in Deferred Outflows of Resources - Pensions	(15,643)	(30,206)	(17,136)	(6,104)	(4,185)	(2,748,546)
(Increase) in Deferred Outflows of Resources - OPEB	(106,714)	(97,770)	(74,454)	(42,467)	(29,686)	(2,950,989)
(Increase) Decrease in Prepaid Expenses	(316)	(117)	(1,300)	(769)	583	(35,990)
Increase (Decrease) in Payables	12,084	265	3,269	2,163	(2,011)	219,235
Increase (Decrease) in Deposits		238			(1,830)	(25,323)
Increase (Decrease) in Due To Other Funds	(135)	36	(8)			(686)
Increase (Decrease) in Unearned Revenue	9,117	1,292	(4,315)	(557)	293	232,362
Increase in Employees' Compensable Leave	121	281	36	246	23	39,423
Increase (Decrease) in Benefits Payable		429	5,723			(25,732)
Increase in Liabilities to Employees for Defined Benefit Pensions	14,674	38,044	15,977	5,644	1,239	2,522,718
Increase (Decrease) in Liabilities to Employees for Defined Benefit OPEB	68,026	78,942	49,256	26,604	19,221	511,372
Increase (Decrease) in Other Liabilities	3,356	445	484	223	(512)	43,343
Increase (Decrease) in Deferred Inflows of Resources - Pensions	(1,792)	(2,079)	(1,233)	(598)	2,162	(229,827)
Increase in Deferred Inflows of Resources - OPEB	38,420	38,647	25,194	15,693	10,426	2,200,008
Increase in Asset Retirement Obligation			296			14,859
Total Adjustments	58,283	76,540	53,335	27,541	12,375	3,729,553
Net Cash (Used) by Operating Activities	\$ (72,786)	\$ (49,328)	\$ (62,091)	\$ (31,553)	\$ (124,543)	\$ (5,724,238)
NONCASH TRANSACTIONS						
Donation of Capital Assets	\$	\$	\$	\$ 4,657	\$ 3,414	\$ 117,868
Net Change in Fair Value of Investments	\$ (2,068)	\$ (812)	\$ (1,595)	\$ (439)	\$	\$ (2,436,918)
Borrowing Under Capital Lease Purchase	\$	\$	\$ 37	\$	\$ 866	\$ 166,407
Other	\$ (1,715)	\$	\$	\$ (11)	\$ (7,405)	\$ 221,233

Section Two (continued)

Fiduciary Funds

(And Similar Component Units)



Pension and Other Employee Benefit Trust Funds

The **Teacher Retirement System Trust Account** is for the accumulation of resources for pension benefit payments for qualified employees of public education in Texas.

The **State Employees Retirement System (S.E.R.S.) Trust Account** is for the accumulation of resources for pension benefit payments to qualified state employees or beneficiaries.

The **Law Enforcement and Custodial Officer Supplement Retirement Fund** provides supplemental retirement and death benefits for members of the Employees Retirement System of Texas who completed 20 or more years of service or became occupationally disabled or died while serving as commissioned law enforcement officers of a state agency.

The **Judicial Retirement System - Plan Two Trust Fund** accounts for receipt of monies for retirement and death benefits for certain state-paid judges and judicial officers.

The **Texas Emergency Services Retirement System Fund** accounts for the accumulation of resources for pension, death and disability benefits for eligible fire and emergency services personnel who serve without monetary reward.

The **Retired School Employees Group Insurance Trust** receives contributions and other funds authorized to be deposited in the fund to pay insurance premiums, to reimburse for claims paid by a non-state entity and

to pay administrative expenses. The Teacher Retirement System of Texas, as trustee, administers the fund for public school retirees and their dependents. The public school entities are not considered part of the reporting entity for the state of Texas.

The **State Retiree Health Plan Trust** accounts for the receipt of monies for postemployment health care, life and dental insurance benefits provided under the Group Benefits Program. The Employees Retirement System of Texas, as trustee, administers the fund for retired employees of the state and other non-state entities as specified by the Legislature.

The **Deferred Compensation Trust Fund** receives employee deferrals in accordance with Internal Revenue Code 457, appropriations by the state for the administration of the deferred compensation plan, trust income, and fees. The state of Texas is the only employer participating in the plan.

The **State Employee Cafeteria Plan Trust Fund** receives salary reduction payments and makes disbursements for benefits included in a cafeteria plan, other than Employees Uniform Group Insurance Program coverages. The fund also receives appropriations by the state for the administration of the cafeteria plan.

The **TexaSaver Administrative Trust Fund** receives deferrals, purchases qualified investments and pays expenses associated with administration of the deferred compensation plan.

STATE OF TEXAS

Combining Statement of Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds

August 31, 2019 (Amounts in Thousands)

	Teacher Retirement System Trust Account	S.E.R.S. Trust Account	Law Enforcement and Custodial Officer Supplement Retirement Fund	Judicial Retirement System - Plan Two Trust Fund	Texas Emergency Services Retirement System Fund	Retired School Employees Group Insurance Trust
ASSETS						
Cash and Cash Equivalents	\$ 1,002,597	\$ 83,449	\$ 6,669	\$ 1,835	\$ 818	\$ 1,172,783
Securities Lending Collateral	18,832,476	146,719	5,055	2,448		
Investments:						
U.S. Government	22,936,091	4,577,879	157,916	76,424	9,467	
Corporate Equity	15,890,635	4,734,369	163,315	79,036	66,958	
Corporate Obligations	162,763	1,517,349	52,342	25,331	15,448	
Foreign Securities	28,541,550	4,701,481	162,180	78,487	13,213	
Externally Managed Investments	73,111,857	8,900,484	307,027	148,586		
Other	18,238,945	2,371,103	81,771	39,523	7,315	
Receivables:						
Federal						
Interest and Dividends	257,264	98,388	3,399	1,642	225	3,712
Accounts	584,828	114,030	1,412	1,558	1,811	295,266
Investment Trades	2,165,472	1,011,420	34,889	16,885	2	
Due From Other Funds	2,243	12,979	52	14		
Prepaid Items	2,011	10				
Properties, at Cost, Net of Accumulated Depreciation or Amortization	71,496	14,840				3,700
Other Assets	103	2		1		
Total Assets	181,800,331	28,284,502	976,027	471,770	115,257	1,475,461
LIABILITIES						
Payables:						
Accounts	599,714	23,537	555	340	78	154,751
Investment Trades	3,977,692	768,027	26,493	12,822	23	
Payroll	5,604	131				428
Annuities	109,861					
Due To Other Funds	48,358	2,646	617	151		8,931
Unearned Revenue	8	733	91	16		
Employees' Compensable Leave	11,455	3,453				533
Obligations/Securities Lending	18,821,815	134,751	4,648	2,249		
Other Liabilities	160,379		1			18,843
Total Liabilities	23,734,886	933,278	32,405	15,578	101	183,486
NET POSITION						
Restricted for Pensions	158,065,445	27,351,224	943,622	456,192	115,156	
Restricted for OPEB*						1,291,975
Other Purposes						
Total Net Position	\$ 158,065,445	\$ 27,351,224	\$ 943,622	\$ 456,192	\$ 115,156	\$ 1,291,975

Concluded on the following page

* Other Post Employment Benefits (OPEB)

STATE OF TEXAS

Combining Statement of Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds (concluded)

	State Retiree Health Plan Trust	Deferred Compensation Trust Fund	State Employee Cafeteria Plan Trust Fund	TexasSaver Administrative Trust Fund	Totals
ASSETS					
Cash and Cash Equivalents	\$ 10,401	\$ 3,118	\$ 3,140	\$ 1,916	\$ 2,286,726
Securities Lending Collateral					18,986,698
Investments:					
U.S. Government					27,757,777
Corporate Equity					20,934,313
Corporate Obligations					1,773,233
Foreign Securities					33,496,911
Externally Managed Investments					82,467,954
Other	12,085		17,295		20,768,037
Receivables:					
Federal	145,014				145,014
Interest and Dividends	150	6	38	4	364,828
Accounts	16,207	199	5,497	49	1,020,857
Investment Trades					3,228,668
Due From Other Funds	28,706	10	8	9	44,021
Prepaid Items					2,021
Properties, at Cost, Net of Accumulated Depreciation or Amortization					90,036
Other Assets					106
Total Assets	<u>212,563</u>	<u>3,333</u>	<u>25,978</u>	<u>1,978</u>	<u>213,367,200</u>
LIABILITIES					
Payables:					
Accounts	150,951	23	8,460	64	938,473
Investment Trades					4,785,057
Payroll		(4)			6,159
Annuities					109,861
Due To Other Funds	1,171	37	36	46	61,993
Unearned Revenue		2			850
Employees' Compensable Leave					15,441
Obligations/Securities Lending					18,963,463
Other Liabilities			1		179,224
Total Liabilities	<u>152,122</u>	<u>58</u>	<u>8,497</u>	<u>110</u>	<u>25,060,521</u>
NET POSITION					
Restricted for Pensions					
Restricted for OPEB*	60,441				
Other Purposes		3,275	17,481	1,868	188,306,679
Total Net Position	<u>\$ 60,441</u>	<u>\$ 3,275</u>	<u>\$ 17,481</u>	<u>\$ 1,868</u>	<u>\$ 188,306,679</u>

* Other Post Employment Benefits (OPEB)

Combining Statement of Changes in Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Teacher Retirement System Trust Account	S.E.R.S. Trust Account	Law Enforcement and Custodial Officer Supplement Retirement Fund	Judicial Retirement System - Plan Two Trust Fund	Texas Emergency Services Retirement System Fund	Retired School Employees Group Insurance Trust
ADDITIONS						
Contributions:						
Member Contributions	\$ 3,502,813	\$ 694,789	\$ 9,098	\$ 6,463	\$ 3,481	\$ 227,338
State Contributions	2,512,869	678,069	25,864	13,100		478,578
Federal Contributions						220,784
Other Contributions	1,601,221					661,803
Total Contributions	<u>7,616,903</u>	<u>1,372,858</u>	<u>34,962</u>	<u>19,563</u>	<u>3,481</u>	<u>1,588,503</u>
Investment Income:						
From Investing Activities:						
Net Increase in Fair Value of Investments	1,166,097	117,824	4,031	2,206	(918)	
Interest, Dividend and Other	6,659,550	674,823	23,429	11,165	2,501	25,390
Total Investing Income	7,825,647	792,647	27,460	13,371	1,583	25,390
Less Investing Activities Expense	206,415	38,815	1,385	621	446	
Net Income from Investing Activities	<u>7,619,232</u>	<u>753,832</u>	<u>26,075</u>	<u>12,750</u>	<u>1,137</u>	<u>25,390</u>
From Securities Lending Activities:						
Securities Lending Income	519,727	5,164	179	85		
Less Securities Lending Expense:						
Borrower Rebates*	464,395	1,802	63	30		
Management Fees	5,534	326	11	5		
Net Income from Securities Lending	<u>49,798</u>	<u>3,036</u>	<u>105</u>	<u>50</u>	<u>0</u>	<u>0</u>
Total Net Investment Income	<u>7,669,030</u>	<u>756,868</u>	<u>26,180</u>	<u>12,800</u>	<u>1,137</u>	<u>25,390</u>
Other Additions:						
Settlement of Claims		2,001	69	33		
Other Revenue	(6,236)	217	3		1,333	(343)
Transfer In	27,760	103,045				
Total Other Additions	<u>21,524</u>	<u>105,263</u>	<u>72</u>	<u>33</u>	<u>1,333</u>	<u>(343)</u>
Total Additions	<u>15,307,457</u>	<u>2,234,989</u>	<u>61,214</u>	<u>32,396</u>	<u>5,951</u>	<u>1,613,550</u>
DEDUCTIONS						
Benefits	11,256,781	2,440,125	78,485	29,007	6,432	1,036,415
Refunds of Contributions	486,461	142,303	3,768	214		
Transfer Out	103,045	26,464				
Administrative Expenses	44,090	24,405	2,063	342	223	5,994
Depreciation and Amortization Expense	14,583	820				
Interest Expense						1
Gain/Loss on Sale of Capital Assets		456				
Other Expenses	1,813	2,526	105	21	4	77,740
Total Deductions	<u>11,906,773</u>	<u>2,637,099</u>	<u>84,421</u>	<u>29,584</u>	<u>6,659</u>	<u>1,120,150</u>
INCREASE (DECREASE) IN NET POSITION	<u>3,400,684</u>	<u>(402,110)</u>	<u>(23,207)</u>	<u>2,812</u>	<u>(708)</u>	<u>493,400</u>
NET POSITION						
Net Position, September 1, 2018	154,666,414	27,749,566	966,697	453,318	115,864	798,575
Restatements	(1,653)	3,768	132	62		
Net Position, September 1, 2018, as Restated	154,664,761	27,753,334	966,829	453,380	115,864	798,575
Net Position, August 31, 2019	<u>\$ 158,065,445</u>	<u>\$ 27,351,224</u>	<u>\$ 943,622</u>	<u>\$ 456,192</u>	<u>\$ 115,156</u>	<u>\$ 1,291,975</u>

* The pension funds of the Employees Retirement System of Texas received rebates from borrowers in excess of payments made to borrowers due to increased demand in the securities lending market.

Concluded on the following page

Combining Statement of Changes in Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds (concluded)

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	State Retiree Health Plan Trust	Deferred Compensation Trust Fund	State Employee Cafeteria Plan Trust Fund	TexasSaver Administrative Trust Fund	Totals
ADDITIONS					
Contributions:					
Member Contributions	\$ 140	\$	\$ 72,456	\$	\$ 4,516,578
State Contributions	401,285				4,109,765
Federal Contributions	89,389				310,173
Other Contributions			951		2,263,975
Total Contributions	<u>490,814</u>	<u>0</u>	<u>73,407</u>	<u>0</u>	<u>11,200,491</u>
Investment Income:					
From Investing Activities:					
Net Increase in Fair Value of Investments					1,289,240
Interest, Dividend and Other	3,342	99	342	90	7,400,731
Total Investing Income	3,342	99	342	90	8,689,971
Less Investing Activities Expense	6	24	7	19	247,738
Net Income from Investing Activities	<u>3,336</u>	<u>75</u>	<u>335</u>	<u>71</u>	<u>8,442,233</u>
From Securities Lending Activities:					
Securities Lending Income					525,155
Less Securities Lending Expense:					
Borrower Rebates*					466,290
Management Fees					5,876
Net Income from Securities Lending	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>52,989</u>
Total Net Investment Income	<u>3,336</u>	<u>75</u>	<u>335</u>	<u>71</u>	<u>8,495,222</u>
Other Additions:					
Settlement of Claims		13		52	2,168
Other Revenue	85	883		434	(3,624)
Transfer In					130,805
Total Other Additions	<u>85</u>	<u>896</u>	<u>0</u>	<u>486</u>	<u>129,349</u>
Total Additions	<u>494,235</u>	<u>971</u>	<u>73,742</u>	<u>557</u>	<u>19,825,062</u>
DEDUCTIONS					
Benefits	808,684		71,301		15,727,230
Refunds of Contributions					632,746
Transfer Out					129,509
Administrative Expenses	5,442	506	237	461	83,763
Depreciation and Amortization Expense					15,403
Interest Expense					1
Gain/Loss on Sale of Capital Assets					456
Other Expenses	569	17	1,215	29	84,039
Total Deductions	<u>814,695</u>	<u>523</u>	<u>72,753</u>	<u>490</u>	<u>16,673,147</u>
INCREASE (DECREASE) IN NET POSITION	<u>(320,460)</u>	<u>448</u>	<u>989</u>	<u>67</u>	<u>3,151,915</u>
NET POSITION					
Net Position, September 1, 2018	380,901	2,827	16,492	1,801	185,152,455
Restatements					2,309
Net Position, September 1, 2018, as Restated	<u>380,901</u>	<u>2,827</u>	<u>16,492</u>	<u>1,801</u>	<u>185,154,764</u>
Net Position, August 31, 2019	<u>\$ 60,441</u>	<u>\$ 3,275</u>	<u>\$ 17,481</u>	<u>\$ 1,868</u>	<u>\$ 188,306,679</u>

* The pension funds of the Employees Retirement System of Texas received rebates from borrowers in excess of payments made to borrowers due to increased demand in the securities lending market.

Private-Purpose Trust Funds

The **Tobacco Settlement Permanent Trust (Political Subdivisions)** holds the portion of the money received in the settlement of the State of Texas v. The American Tobacco Co., et. al., designated for the exclusive benefit of other political subdivisions. Other political subdivisions include cities, counties and/or local hospital districts that are responsible for indigent health care. The fund is administered by the Treasury Operations Division of the Texas Comptroller of Public Accounts.

The **Texas Insurance Companies Assets Account - Reserve and Custodial Fund** holds assets in trust for claims associated with insurance company liquidations. Additionally, the fund holds certain insurance company statutory deposits. Most balances are normally held outside the Treasury. The Department of Insurance administers the fund.

The **Catastrophe Reserve Trust Fund** is a state fund created to provide relief to insurance companies within the state in the event of certain catastrophic losses. Certain property insurers authorized to transact property insurance in Texas make payments to the fund.

The **Inmate Trust and Employee Service Option Fund** holds funds for offender commissary accounts along with the Texas Department of Criminal Justice employee commissary contributions.

The **Texas College Savings Plans** receive money contributed by account holders, money acquired from private sources and income from investment of deposits. The plans may be used only to pay costs of program administration and operations, make payments to state, private or independent institutions of higher education and make refunds to account holders.

STATE OF TEXAS

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

August 31, 2019 (Amounts in Thousands)

	Tobacco Settlement Permanent Trust (Political Subdivisions)	Texas Insurance Companies Assets Account - Reserve and Custodial Fund	Catastrophe Reserve Trust Fund	Inmate Trust and Employee Service Option Fund	Texas College Savings Plans	Other Private- Purpose Trust Funds	Totals
ASSETS							
Cash and Cash Equivalents	\$	\$ 389,607	\$ 120,505	\$ 12,093	\$ 1,196	\$ 60,770	\$ 584,171
Restricted Cash and Cash Equivalents						14	14
Investments:							
U.S. Government		28,002		24,520		3,386	55,908
Corporate Equity	4,556	153				12,019	16,728
Corporate Obligations						3,392	3,392
Foreign Securities						8,425	8,425
Other Receivable	2,610,893				750,299	10,829	3,372,021
Interest and Dividends Accounts	423	38	14		452	78	1,005
Other					602	478	478
Loans and Contracts					1,356		1,356
Properties, at Cost, Net of Accumulated Depreciation or Amortization						572	572
Total Assets	<u>2,615,872</u>	<u>417,800</u>	<u>120,519</u>	<u>36,613</u>	<u>753,905</u>	<u>99,963</u>	<u>4,044,672</u>
LIABILITIES							
Payables:							
Accounts	1,337			2,046	452	21,776	25,611
Investment Trades	742						742
Interest						19	19
Unearned Revenue					735	277	1,012
Funds Held for Others						80	80
Payables from Restricted Assets					1,322		1,322
Other Liabilities		229,683			1,483		231,166
Total Liabilities	<u>2,079</u>	<u>229,683</u>	<u>0</u>	<u>2,046</u>	<u>3,992</u>	<u>22,152</u>	<u>259,952</u>
NET POSITION							
Held in Trust for Individuals, Organizations and Other Governments	<u>2,613,793</u>	<u>188,117</u>	<u>120,519</u>	<u>34,567</u>	<u>749,913</u>	<u>77,811</u>	<u>3,784,720</u>
Total Net Position	<u>\$ 2,613,793</u>	<u>\$ 188,117</u>	<u>\$ 120,519</u>	<u>\$ 34,567</u>	<u>\$ 749,913</u>	<u>\$ 77,811</u>	<u>\$ 3,784,720</u>

* Other Post Employment Benefits (OPEB)

STATE OF TEXAS

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

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Tobacco Settlement Permanent Trust (Political Subdivisions)	Texas Insurance Companies Assets Account - Reserve and Custodial Fund	Catastrophe Reserve Trust Fund	Inmate Trust and Employee Service Option Fund	Texas College Savings Plans	Other Private- Purpose Trust Funds	Totals
ADDITIONS							
Contributions:							
Federal Contributions	\$	\$	\$	\$	\$	\$ 5,497	\$ 5,497
Other Contributions					238,965	2,680	241,645
Total Contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>238,965</u>	<u>8,177</u>	<u>247,142</u>
Investment Income:							
From Investing Activities:							
Net Increase in Fair Value of Investments	65,680				(12,165)	(1,791)	51,724
Interest, Dividend and Other	34,070	59,391	1,239		29,617	3,592	127,909
Total Investing Income	<u>99,750</u>	<u>59,391</u>	<u>1,239</u>	<u>0</u>	<u>17,452</u>	<u>1,801</u>	<u>179,633</u>
Less Investing Activities Expense					4,759		4,759
Net Income from Investing Activities	<u>99,750</u>	<u>59,391</u>	<u>1,239</u>	<u>0</u>	<u>12,693</u>	<u>1,801</u>	<u>174,874</u>
Total Net Investment Income	<u>99,750</u>	<u>59,391</u>	<u>1,239</u>	<u>0</u>	<u>12,693</u>	<u>1,801</u>	<u>174,874</u>
Other Additions:							
Settlement of Claims						4,259	4,259
Other Revenue		124,387	114,851	158,255	469	5,428	403,390
Total Other Additions	<u>0</u>	<u>124,387</u>	<u>114,851</u>	<u>158,255</u>	<u>469</u>	<u>9,687</u>	<u>407,649</u>
Total Additions	<u>99,750</u>	<u>183,778</u>	<u>116,090</u>	<u>158,255</u>	<u>252,127</u>	<u>19,665</u>	<u>829,665</u>
DEDUCTIONS							
Benefits					224,191	1,301	225,492
Intergovernmental Payments	71,913					7,447	79,360
Administrative Expenses	6,979	13,758			350	168	21,255
Depreciation and Amortization Expense						39	39
Settlement of Claims		11,745				4,617	16,362
Interest Expense						19	19
Other Expenses		38,396	10	155,381	138	1,177	195,071
Total Deductions	<u>78,892</u>	<u>63,899</u>	<u>10</u>	<u>155,381</u>	<u>224,679</u>	<u>14,768</u>	<u>537,629</u>
INCREASE (DECREASE) IN NET POSITION	<u>20,858</u>	<u>119,878</u>	<u>116,080</u>	<u>2,874</u>	<u>27,448</u>	<u>4,897</u>	<u>292,036</u>
NET POSITION							
Net Position, September 1, 2018	<u>2,592,935</u>	<u>68,238</u>	<u>4,439</u>	<u>31,693</u>	<u>722,465</u>	<u>72,914</u>	<u>3,492,684</u>
Net Position, August 31, 2019	<u>\$ 2,613,793</u>	<u>\$ 188,117</u>	<u>\$ 120,519</u>	<u>\$ 34,567</u>	<u>\$ 749,913</u>	<u>\$ 77,811</u>	<u>\$ 3,784,720</u>

Agency Funds

The **Texas Public Finance Authority Bond Escrow Account** is used to hold funds for various defeased or refunded bonds.

The **Life, Health, Accident and Casualty Insurance Companies Trust Account** holds cash or securities deposited with the state by insurance companies as required by law.

The **Texas Workers' Compensation Self-Insurance Fund** is used to deposit certified self-insurer security deposits. These deposits may be applied to the self-insurer's incurred liabilities for compensation.

The **City, County, Metropolitan Transit Authority (MTA) and Special Purpose District (SPD) Sales Tax Trust Account** is used to record the receipt of local sales and use tax collected by the Texas Comptroller of Public Accounts for each city, county, metropolitan transit authority and special purpose district authorizing the collection.

STATE OF TEXAS

Combining Statement of Fiduciary Net Position – Agency Funds

August 31, 2019 (Amounts in Thousands)

	Texas Public Finance Authority Bond Escrow Account	Life, Health, Accident and Casualty Insurance Companies Trust Account	Texas Workers' Compensation Self-Insurance Fund	City, County, MTA and SPD Sales Tax Trust Account	Other Agency Funds	Totals
ASSETS						
Cash and Cash Equivalents	\$ 11,162	\$ 654	\$ 9,250	\$ 1,233,995	\$ 627,479	\$ 1,882,540
Investments:						
U.S. Government	342,722				27,021	369,743
Corporate Equity					194,083	194,083
Corporate Obligations					423	423
Repurchase Agreements					34,397	34,397
Other					177,327	177,327
Receivables:						
Interest and Dividends	4,664				3	4,667
Accounts					7,746	7,746
Taxes					20	20
Other Assets		854,407	375,886		213,920	1,444,213
Total Assets	<u>\$ 358,548</u>	<u>\$ 855,061</u>	<u>\$ 385,136</u>	<u>\$ 1,233,995</u>	<u>\$ 1,282,419</u>	<u>\$ 4,115,159</u>
LIABILITIES						
Payables:						
Accounts	\$	\$	\$	\$	\$ 410	\$ 410
Other Intergovernmental				1,233,995		1,233,995
Due To Other Funds					734	734
Funds Held for Others	358,548	855,061	385,136		1,281,275	2,880,020
Total Liabilities	<u>\$ 358,548</u>	<u>\$ 855,061</u>	<u>\$ 385,136</u>	<u>\$ 1,233,995</u>	<u>\$ 1,282,419</u>	<u>\$ 4,115,159</u>

Combining Statement of Changes in Assets and Liabilities – Agency Funds

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Balance September 1, 2018	Additions	Deductions	Balance August 31, 2019
Texas Public Finance Authority				
Bond Escrow Account				
ASSETS				
Cash and Cash Equivalents	\$ 12	\$ 11,150	\$	\$ 11,162
Investments	201,595	141,127		342,722
Interest and Dividends Receivable	934	3,730		4,664
Total Assets	<u>\$ 202,541</u>	<u>\$ 156,007</u>	<u>\$ 0</u>	<u>\$ 358,548</u>
LIABILITIES				
Funds Held for Others	\$ 202,541	\$ 156,007	\$	\$ 358,548
Total Liabilities	<u>\$ 202,541</u>	<u>\$ 156,007</u>	<u>\$ 0</u>	<u>\$ 358,548</u>
Life, Health, Accident and Casualty				
Insurance Companies Trust Account				
ASSETS				
Cash and Cash Equivalents	\$ 654	\$ 679	\$ 679	\$ 654
Other Assets	889,260	92,753	127,606	854,407
Total Assets	<u>\$ 889,914</u>	<u>\$ 93,432</u>	<u>\$ 128,285</u>	<u>\$ 855,061</u>
LIABILITIES				
Accounts Payable	\$	\$ 25	\$ 25	\$
Funds Held for Others	889,914	93,432	128,285	855,061
Total Liabilities	<u>\$ 889,914</u>	<u>\$ 93,457</u>	<u>\$ 128,310</u>	<u>\$ 855,061</u>
Texas Workers' Compensation				
Self-Insurance Fund				
ASSETS				
Cash and Cash Equivalents	\$ 9,850	\$ 10,328	\$ 10,928	\$ 9,250
Other Assets	392,466		16,580	375,886
Total Assets	<u>\$ 402,316</u>	<u>\$ 10,328</u>	<u>\$ 27,508</u>	<u>\$ 385,136</u>
LIABILITIES				
Accounts Payable	\$	\$ 839	\$ 839	\$
Funds Held for Others	402,316	478	17,658	385,136
Total Liabilities	<u>\$ 402,316</u>	<u>\$ 1,317</u>	<u>\$ 18,497</u>	<u>\$ 385,136</u>
City, County, MTA and SPD Sales				
Tax Trust Account				
ASSETS				
Cash and Cash Equivalents	\$ 1,116,545	\$ 11,384,211	\$ 11,266,761	\$ 1,233,995
Total Assets	<u>\$ 1,116,545</u>	<u>\$ 11,384,211</u>	<u>\$ 11,266,761</u>	<u>\$ 1,233,995</u>
LIABILITIES				
Payables:				
Accounts	\$	\$ 9,750,645	\$ 9,750,645	\$
Other Intergovernmental	1,116,545	1,233,995	1,116,545	1,233,995
Funds Held for Others		12,500,756	12,500,756	
Total Liabilities	<u>\$ 1,116,545</u>	<u>\$ 23,485,396</u>	<u>\$ 23,367,946</u>	<u>\$ 1,233,995</u>

Concluded on the following page

Combining Statement of Changes in Assets and Liabilities – Agency Funds (concluded)

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Balance September 1, 2018	Additions	Deductions	Balance August 31, 2019
Other Agency Funds				
ASSETS				
Cash and Cash Equivalents	\$ 566,077	\$ 11,132,649	\$ 11,071,247	\$ 627,479
Restricted Cash and Cash Equivalents	103	146	249	
Investments	632,797	377,844	577,390	433,251
Receivables:				
Interest and Dividends	1	2		3
Accounts	7,889	2,426	2,569	7,746
Taxes	17	3		20
Interfund		1,291	1,291	
Due From Other Funds	3	2,951	2,954	
Other Assets	216,907	7,802	10,789	213,920
Total Assets	<u>\$ 1,423,794</u>	<u>\$ 11,525,114</u>	<u>\$ 11,666,489</u>	<u>\$ 1,282,419</u>
LIABILITIES				
Payables:				
Accounts	\$ 1,505	\$ 840,212	\$ 841,307	\$ 410
Due To Other Funds	963	598,757	598,986	734
Investment Derivative Instrument Liability		3	3	
Funds Held for Others	1,421,326	11,399,790	11,539,841	1,281,275
Other Liabilities				
Total Liabilities	<u>\$ 1,423,794</u>	<u>\$ 12,838,762</u>	<u>\$ 12,980,137</u>	<u>\$ 1,282,419</u>
Totals – All Agency Funds				
ASSETS				
Cash and Cash Equivalents	\$ 1,693,138	\$ 22,539,017	\$ 22,349,615	\$ 1,882,540
Restricted Cash and Cash Equivalents	103	146	249	
Investments	834,392	518,971	577,390	775,973
Receivables:				
Interest and Dividends	935	3,732		4,667
Accounts	7,889	2,426	2,569	7,746
Taxes	17	3		20
Interfund		1,291	1,291	
Due From Other Funds	3	2,951	2,954	
Other Assets	1,498,633	100,555	154,975	1,444,213
Total Assets	<u>\$ 4,035,110</u>	<u>\$ 23,169,092</u>	<u>\$ 23,089,043</u>	<u>\$ 4,115,159</u>
LIABILITIES				
Payables:				
Accounts Payable	\$ 1,505	\$ 10,591,721	\$ 10,592,816	\$ 410
Other Intergovernmental Payables	1,116,545	1,233,995	1,116,545	1,233,995
Due To Other Funds	963	598,757	598,986	734
Investment Derivative Instrument Liability		3	3	
Funds Held for Others	2,916,097	24,150,463	24,186,540	2,880,020
Other Liabilities				
Total Liabilities	<u>\$ 4,035,110</u>	<u>\$ 36,574,939</u>	<u>\$ 36,494,890</u>	<u>\$ 4,115,159</u>

Section Two (concluded)

Discretely Presented Component Units



Discretely Presented Component Units

A statement of net position and a statement of activities were prepared to report the breakdown of the following discretely presented component units:

Teacher Retirement System of Texas
State Bar of Texas
Texas State Affordable Housing Corporation
OneStar National Service Commission Inc. and OneStar Foundation, Inc.
Texas Low-Level Radioactive Waste Disposal Compact Commission
Texas Prepaid Tuition Scholarship Foundation
Texas Match the Promise Foundation
Texas Windstorm Insurance Association
Surplus Lines Stamping Office of Texas
Texas Health Reinsurance System
Texas FAIR Plan Association
Texas Boll Weevil Eradication Foundation Inc.
Texas Agricultural Finance Authority
Texas Water Resources Finance Authority
Texas Appraiser Licensing and Certification Board
Texas Disaster Relief Fund
Texas Health Services Authority
Beacon State Fund
State Agency Council
Texas Governor's Mansion Administration
Robert G. Carr and Nona K. Carr Scholarship Foundation
University of North Texas Foundation/University of North Texas
Health Science Center Foundation
The Alamo Endowment

STATE OF TEXAS

Combining Statement of Net Position – Component Units

August 31, 2019 (Amounts in Thousands)*

	Teacher Retirement System of Texas	State Bar of Texas	Texas State Affordable Housing Corporation	OneStar National Service Commission Inc. and OneStar Foundation, Inc.	Texas Low-Level Radioactive Waste Disposal Compact Commission	Texas Prepaid Tuition Scholarship Foundation
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 354,935	\$ 35,554	\$ 6,142	\$ 401	\$ 202	\$ 28
Short-Term Investments		16,528	9,143			
Restricted:						
Cash and Cash Equivalents			13,606	33,853		
Short-Term Investments			17,542			
Loans and Contracts			1,616	350		
Receivables:						
Federal				336		
Other Intergovernmental Accounts	58,201	3,307	912			
Interest and Dividends	1,404		338			
Gifts				5,000		
Other				8		
Inventories		567				
Prepaid Items		1,231	275		5	
Loans and Contracts						
Other Current Assets		764		59	4	42
Total Current Assets	<u>414,540</u>	<u>57,951</u>	<u>49,574</u>	<u>40,007</u>	<u>211</u>	<u>70</u>
Noncurrent Assets:						
Restricted:						
Cash and Cash Equivalents						
Investments			45,051			
Loans and Contracts			4,298	400		
Loans and Contracts						
Investments			8,486			
Gifts Receivable						
Other Receivable						
Capital Assets:						
Non-Depreciable or Non-Amortizable		355	3,091			
Depreciable or Amortizable, Net		5,986	9,705			
Prepaid Items						
Other Noncurrent Assets			196			
Total Noncurrent Assets	<u>0</u>	<u>6,341</u>	<u>70,827</u>	<u>400</u>	<u>0</u>	<u>0</u>
Total Assets	<u>414,540</u>	<u>64,292</u>	<u>120,401</u>	<u>40,407</u>	<u>211</u>	<u>70</u>

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* Amounts reported for the fiscal year ended Aug. 31, 2019, unless otherwise indicated in Note 19.

STATE OF TEXAS

Combining Statement of Net Position – Component Units (continued)

August 31, 2019 (Amounts in Thousands)*

	Texas Match the Promise Foundation	Texas Windstorm Insurance Association	Surplus Lines Stamping Office of Texas	Texas Health Reinsurance System	Texas FAIR Plan Association	Texas Boll Weevil Eradication Foundation Inc.
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 54	\$ 656,127	\$ 10,288	\$	\$ 72,682	\$ 95,662
Short-Term Investments			6,115			
Restricted:						
Cash and Cash Equivalents						
Short-Term Investments						
Loans and Contracts						
Receivables:						
Federal						
Other Intergovernmental						4,030
Accounts			879		8,773	456
Interest and Dividends			28		82	
Gifts						
Other						
Inventories						5,716
Prepaid Items		3,677	85		138	2,091
Loans and Contracts						
Other Current Assets	968	4,124			19,224	
Total Current Assets	<u>1,022</u>	<u>663,928</u>	<u>17,395</u>	<u>0</u>	<u>100,899</u>	<u>107,955</u>
Noncurrent Assets:						
Restricted:						
Cash and Cash Equivalents						
Investments						13,208
Loans and Contracts						
Loans and Contracts						
Investments						
Gifts Receivable						
Other Receivable						430
Capital Assets:						
Non-Depreciable or Non-Amortizable						
Depreciable or Amortizable, Net		2,833	1,192			2,619
Prepaid Items						3,389
Other Noncurrent Assets			18			
Total Noncurrent Assets	<u>0</u>	<u>2,833</u>	<u>3,960</u>	<u>0</u>	<u>0</u>	<u>20,121</u>
Total Assets	<u>1,022</u>	<u>666,761</u>	<u>21,355</u>	<u>0</u>	<u>100,899</u>	<u>128,076</u>

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* Amounts reported for the fiscal year ended Aug. 31, 2019, unless otherwise indicated in Note 19.

STATE OF TEXAS

Combining Statement of Net Position – Component Units (continued)

August 31, 2019 (Amounts in Thousands)*

	Texas Agricultural Finance Authority	Texas Water Resources Finance Authority	Texas Appraiser Licensing and Certification Board	Texas Disaster Relief Fund	Texas Health Services Authority	Beacon State Fund
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 17,446	\$	\$ 698	\$ 1,151	\$ 1,614	\$ 91
Short-Term Investments		52				
Restricted:						
Cash and Cash Equivalents						
Short-Term Investments						
Loans and Contracts						
Receivables:						
Federal						
Other Intergovernmental Accounts						
Interest and Dividends	48	16		2		
Gifts						
Other						
Inventories			2			
Prepaid Items						
Loans and Contracts	140	381				
Other Current Assets	4				29	
Total Current Assets	<u>17,638</u>	<u>449</u>	<u>700</u>	<u>1,153</u>	<u>1,643</u>	<u>91</u>
Noncurrent Assets:						
Restricted:						
Cash and Cash Equivalents						
Investments						
Loans and Contracts						
Loans and Contracts	1,452	2,668				
Investments		48	1,501			
Gifts Receivable						
Other Receivable						
Capital Assets:						
Non-Depreciable or Non-Amortizable						
Depreciable or Amortizable, Net						
Prepaid Items			12			
Other Noncurrent Assets						
Total Noncurrent Assets	<u>1,452</u>	<u>2,716</u>	<u>1,513</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>19,090</u>	<u>3,165</u>	<u>2,213</u>	<u>1,153</u>	<u>1,643</u>	<u>91</u>

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* Amounts reported for the fiscal year ended Aug. 31, 2019, unless otherwise indicated in Note 19.

STATE OF TEXAS

Combining Statement of Net Position – Component Units (continued)

August 31, 2019 (Amounts in Thousands)*

	State Agency Council	Texas Governor's Mansion Administration	Robert G. Carr and Nona K. Carr Scholarship Foundation	University of North Texas Foundation/ University of North Texas Health Science Foundation	The Alamo Endowment	Totals
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 32	\$ 2	\$	\$ 17,411	\$	\$ 1,270,520
Short-Term Investments				17,184		49,022
Restricted:						
Cash and Cash Equivalents			169			47,628
Short-Term Investments						17,542
Loans and Contracts						1,966
Receivables:						
Federal						336
Other Intergovernmental Accounts		18	111			4,030
Interest and Dividends						72,657
Gifts						1,918
Other				6,378		5,000
Inventories				8		6,386
Prepaid Items				144		6,293
Loans and Contracts						7,646
Other Current Assets						521
Total Current Assets	<u>32</u>	<u>20</u>	<u>280</u>	<u>41,125</u>	<u>0</u>	<u>25,218</u>
Noncurrent Assets:						
Restricted:						
Cash and Cash Equivalents			270			13,478
Investments			147,366	280,790		473,682
Loans and Contracts						4,698
Loans and Contracts						4,120
Investments						10,035
Gifts Receivable				17,317		17,317
Other Receivable						430
Capital Assets:						
Non-Depreciable or Non-Amortizable						4,638
Depreciable or Amortizable, Net						23,905
Prepaid Items						3,389
Other Noncurrent Assets						214
Total Noncurrent Assets	<u>0</u>	<u>0</u>	<u>147,636</u>	<u>298,107</u>	<u>0</u>	<u>555,906</u>
Total Assets	<u>32</u>	<u>20</u>	<u>147,916</u>	<u>339,232</u>	<u>0</u>	<u>2,072,589</u>

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* Amounts reported for the fiscal year ended Aug. 31, 2019, unless otherwise indicated in Note 19.

STATE OF TEXAS

Combining Statement of Net Position – Component Units (continued)

August 31, 2019 (Amounts in Thousands)*

	Teacher Retirement System of Texas	State Bar of Texas	Texas State Affordable Housing Corporation	OneStar National Service Commission Inc. and OneStar Foundation, Inc.	Texas Low-Level Radioactive Waste Disposal Compact Commission	Texas Prepaid Tuition Scholarship Foundation
LIABILITIES						
Current Liabilities:						
Payables:						
Accounts Payable	\$ 246,766	\$ 3,488	\$ 468	\$ 114	\$ 47	\$
Payroll	237					
Interest			883			
Unearned Revenue		16,364	4,080	743		
Capital Lease Obligations		38				
Employees' Compensable Leave	73	650				
Notes and Loans Payable			556			
Revenue Bonds Payable			670			
Funds Held for Others		386				
Other Current Liabilities	1,891		419			42
Total Current Liabilities	<u>248,967</u>	<u>20,926</u>	<u>7,076</u>	<u>857</u>	<u>47</u>	<u>42</u>
Noncurrent Liabilities:						
Employees' Compensable Leave	190	969				
Notes and Loans Payable			1,630			
Revenue Bonds Payable			66,472			
Other Noncurrent Liabilities			1,787	8,127		
Total Noncurrent Liabilities	<u>190</u>	<u>969</u>	<u>69,889</u>	<u>8,127</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>249,157</u>	<u>21,895</u>	<u>76,965</u>	<u>8,984</u>	<u>47</u>	<u>42</u>
NET POSITION						
Net Investment in Capital Assets		6,340	1,220			
Restricted for:						
Education						
Funds Held as Permanent Investments:						
Nonexpendable						
Other			9,021	52		
Unrestricted	<u>165,383</u>	<u>36,057</u>	<u>33,195</u>	<u>31,371</u>	<u>164</u>	<u>28</u>
Total Net Position	<u>\$ 165,383</u>	<u>\$ 42,397</u>	<u>\$ 43,436</u>	<u>\$ 31,423</u>	<u>\$ 164</u>	<u>\$ 28</u>

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* Amounts reported as of Aug. 31, 2019, unless otherwise indicated in Note 19.

STATE OF TEXAS

Combining Statement of Net Position – Component Units (continued)

August 31, 2019 (Amounts in Thousands)*

	Texas Match the Promise Foundation	Texas Windstorm Insurance Association	Surplus Lines Stamping Office of Texas	Texas Health Reinsurance System	Texas FAIR Plan Association	Texas Boll Weevil Eradication Foundation Inc.
LIABILITIES						
Current Liabilities:						
Payables:						
Accounts Payable	\$	\$ 196,262	\$ 164	\$	\$ 14,324	\$ 3,892
Payroll			21			248
Interest		15,201				
Unearned Revenue		195,385			30,848	
Capital Lease Obligations						
Employees' Compensable Leave			79			706
Notes and Loans Payable		40,944				1,500
Revenue Bonds Payable						
Funds Held for Others						
Other Current Liabilities	453	159,160			40,154	
Total Current Liabilities	<u>453</u>	<u>606,952</u>	<u>264</u>	<u>0</u>	<u>85,326</u>	<u>6,346</u>
Noncurrent Liabilities:						
Employees' Compensable Leave						
Notes and Loans Payable		327,556				1,852
Revenue Bonds Payable						
Other Noncurrent Liabilities			44			475
Total Noncurrent Liabilities	<u>0</u>	<u>327,556</u>	<u>44</u>	<u>0</u>	<u>0</u>	<u>2,327</u>
Total Liabilities	<u>453</u>	<u>934,508</u>	<u>308</u>	<u>0</u>	<u>85,326</u>	<u>8,673</u>
NET POSITION						
Net Investment in Capital Assets		2,833	3,942			2,619
Restricted for:						
Education						
Funds Held as Permanent Investments:						
Nonexpendable						
Other						13,208
Unrestricted	<u>569</u>	<u>(270,580)</u>	<u>17,105</u>		<u>15,573</u>	<u>103,576</u>
Total Net Position	<u>\$ 569</u>	<u>\$ (267,747)</u>	<u>\$ 21,047</u>	<u>\$</u>	<u>\$ 15,573</u>	<u>\$ 119,403</u>

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* Amounts reported as of Aug. 31, 2019, unless otherwise indicated in Note 19.

STATE OF TEXAS

Combining Statement of Net Position – Component Units (continued)

August 31, 2019 (Amounts in Thousands)*

	Texas Agricultural Finance Authority	Texas Water Resources Finance Authority	Texas Appraiser Licensing and Certification Board	Texas Disaster Relief Fund	Texas Health Services Authority	Beacon State Fund
LIABILITIES						
Current Liabilities:						
Payables:						
Accounts	\$ 42	\$	\$ 10	\$	\$ 16	\$
Payroll	21		115			
Interest						
Unearned Revenue						
Capital Lease Obligations						
Employees' Compensable Leave			121			
Notes and Loans Payable						
Revenue Bonds Payable						
Funds Held for Others						
Other Current Liabilities						
Total Current Liabilities	<u>63</u>	<u>0</u>	<u>246</u>	<u>0</u>	<u>16</u>	<u>0</u>
Noncurrent Liabilities:						
Employees' Compensable Leave			72			
Notes and Loans Payable						
Revenue Bonds Payable						
Other Noncurrent Liabilities						
Total Noncurrent Liabilities	<u>0</u>	<u>0</u>	<u>72</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>63</u>	<u>0</u>	<u>318</u>	<u>0</u>	<u>16</u>	<u>0</u>
NET POSITION						
Net Investment in Capital Assets						
Restricted for:						
Education						
Funds Held as Permanent Investments:						
Nonexpendable						
Other						
Unrestricted	<u>19,027</u>	<u>3,165</u>	<u>1,906</u> <u>(11)</u>	<u>1,153</u>	<u>1,627</u>	<u>91</u>
Total Net Position	<u>\$ 19,027</u>	<u>\$ 3,165</u>	<u>\$ 1,895</u>	<u>\$ 1,153</u>	<u>\$ 1,627</u>	<u>\$ 91</u>

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* Amounts reported as of Aug. 31, 2019, unless otherwise indicated in Note 19.

STATE OF TEXAS

Combining Statement of Net Position – Component Units (concluded)

August 31, 2019 (Amounts in Thousands)*

	State Agency Council	Texas Governor's Mansion Administration	Robert G. Carr and Nona K. Carr Scholarship Foundation	University of North Texas Foundation/ University of North Texas Health Science Foundation	The Alamo Endowment	Totals
LIABILITIES						
Current Liabilities:						
Payables:						
Accounts	\$	\$ 2	\$ 14	\$ 155	\$	\$ 465,750
Payroll			14			656
Interest						16,084
Unearned Revenue				200		247,620
Capital Lease Obligations						38
Employees' Compensable Leave						1,629
Notes and Loans Payable						43,000
Revenue Bonds Payable						670
Funds Held for Others				113,454		113,840
Other Current Liabilities				2,288		204,407
Total Current Liabilities	<u>0</u>	<u>2</u>	<u>14</u>	<u>116,097</u>	<u>0</u>	<u>1,093,694</u>
Noncurrent Liabilities:						
Employees' Compensable Leave			9			1,240
Notes and Loans Payable						331,038
Revenue Bonds Payable						66,472
Other Noncurrent Liabilities						10,433
Total Noncurrent Liabilities	<u>0</u>	<u>0</u>	<u>9</u>	<u>0</u>	<u>0</u>	<u>409,183</u>
Total Liabilities	<u>0</u>	<u>2</u>	<u>23</u>	<u>116,097</u>	<u>0</u>	<u>1,502,877</u>
NET POSITION						
Net Investment in Capital Assets						16,954
Restricted for:						
Education			146			146
Funds Held as Permanent Investments:						
Nonexpendable			147,747	216,230		363,977
Other						24,187
Unrestricted	<u>32</u>	<u>18</u>		<u>6,905</u>		<u>164,448</u>
Total Net Position	<u>\$ 32</u>	<u>\$ 18</u>	<u>\$ 147,893</u>	<u>\$ 223,135</u>	<u>\$ 0</u>	<u>\$ 569,712</u>

* Amounts reported as of Aug. 31, 2019, unless otherwise indicated in Note 19.

STATE OF TEXAS

Combining Statement of Activities – Component Units

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)*

	Teacher Retirement System of Texas	State Bar of Texas	Texas State Affordable Housing Corporation	OneStar National Service Commission Inc. and OneStar Foundation, Inc.	Texas Low-Level Radioactive Waste Disposal Compact Commission	Texas Prepaid Tuition Scholarship Foundation
EXPENSES						
Salaries and Wages	\$ 2,130	\$ 20,560	\$ 2,823	\$ 1,710	\$	\$
Payroll Related Costs	391	4,578		400		
Professional Fees and Services	1,278	4,087	425	51,684	320	
Travel	14	9,143	107	124	41	
Materials and Supplies		833		113	2	
Communications and Utilities	10	1,428		34	2	
Repairs and Maintenance		985				
Rentals and Leases	31	1,599	105	180	40	
Printing and Reproduction		1,531		9		
Claims and Judgments						
Bad Debt Expense						
Cost of Goods Sold		688				
Depreciation and Amortization		855	470			
Other Financing Fees		47				
Public Assistance Payments		661		14,676		
Employee/Participant Benefit Payments	1,982,257					
Direct Interest Expense		4				
Interest Expense – Other	1		1,450			
Other	244,134	5,044	3,101	90	276	(11)
Total Expenses	<u>2,230,246</u>	<u>52,043</u>	<u>8,481</u>	<u>69,020</u>	<u>681</u>	<u>(11)</u>
PROGRAM REVENUES						
Charges for Services	2,177,931	48,720	8,264	11		
Operating Grants and Contributions	149,685	1,026	4,125	51,188		
Total Program Revenues	<u>2,327,616</u>	<u>49,746</u>	<u>12,389</u>	<u>51,199</u>	<u>0</u>	<u>0</u>
Net Program Revenues (Expenses)	<u>97,370</u>	<u>(2,297)</u>	<u>3,908</u>	<u>(17,821)</u>	<u>(681)</u>	<u>11</u>
GENERAL REVENUES						
General Revenues						
Unrestricted Investment Earnings	10,637					
Other General Revenues	540	5,831	744		577	
Gain on Sale of Capital Assets						
Total General Revenues	<u>11,177</u>	<u>5,831</u>	<u>744</u>	<u>0</u>	<u>577</u>	<u>0</u>
Change in Net Position	<u>108,547</u>	<u>3,534</u>	<u>4,652</u>	<u>(17,821)</u>	<u>(104)</u>	<u>11</u>
Net Position, September 1, 2018	56,836	38,403	38,783	49,244	268	17
Restatements		460				
Net Position, September 1, 2018, as Restated	<u>56,836</u>	<u>38,863</u>	<u>38,783</u>	<u>49,244</u>	<u>268</u>	<u>17</u>
Net Position, August 31, 2019	<u>\$ 165,383</u>	<u>\$ 42,397</u>	<u>\$ 43,435</u>	<u>\$ 31,423</u>	<u>\$ 164</u>	<u>\$ 28</u>

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* Amounts reported for the fiscal year ended Aug. 31, 2019, unless otherwise indicated in Note 19.

STATE OF TEXAS

Combining Statement of Activities – Component Units (continued)

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)*

	Texas Match the Promise Foundation	Texas Windstorm Insurance Association	Surplus Lines Stamping Office of Texas	Texas Health Reinsurance System	Texas FAIR Plan Association	Texas Boll Weevil Eradication Foundation Inc.
EXPENSES						
Salaries and Wages	\$	\$ 51,010	\$ 1,398	\$	\$ 6,647	\$ 9,653
Payroll Related Costs		2,774	466		8,049	
Professional Fees and Services			477			510
Travel			221			177
Materials and Supplies			32			4,805
Communications and Utilities			42			333
Repairs and Maintenance			71			418
Rentals and Leases		1,402	390		549	383
Printing and Reproduction			11			
Claims and Judgments						3
Bad Debt Expense						25
Cost of Goods Sold						
Depreciation and Amortization		1,753	613			1,199
Other Financing Fees		(168,824)			(54,899)	
Public Assistance Payments						
Employee/Participant Benefit Payments						
Direct Interest Expense		66,507				
Interest Expense – Other						
Other	59	181,836	150	4	41,052	4,816
Total Expenses	59	136,458	3,871	4	1,398	22,322
PROGRAM REVENUES						
Charges for Services		301,515	9,101		69,239	16,249
Operating Grants and Contributions	101	7,429	106		198	10,569
Total Program Revenues	101	308,944	9,207	0	69,437	26,818
Net Program Revenues (Expenses)	42	172,486	5,336	(4)	68,039	4,496
GENERAL REVENUES						
General Revenues						
Unrestricted Investment Earnings	2					561
Other General Revenues	100			(289)		147
Gain on Sale of Capital Assets						228
Total General Revenues	102	0	0	(289)	0	936
Change in Net Position	144	172,486	5,336	(293)	68,039	5,432
Net Position, September 1, 2018	425	(440,232)	15,711	293	(52,466)	113,971
Restatements						
Net Position, September 1, 2018, as Restated	425	(440,232)	15,711	293	(52,466)	113,971
Net Position, August 31, 2019	\$ 569	\$ (267,746)	\$ 21,047	\$	\$ 15,573	\$ 119,403

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* Amounts reported for the fiscal year ended Aug. 31, 2019, unless otherwise indicated in Note 19.

STATE OF TEXAS

Combining Statement of Activities – Component Units (continued)

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)*

	Texas Agricultural Finance Authority	Texas Water Resources Finance Authority	Texas Appraiser Licensing and Certification Board	Texas Disaster Relief Fund	Texas Health Services Authority	Beacon State Fund
EXPENSES						
Salaries and Wages	\$ 211	\$	\$ 1,013	\$	\$ 320	\$
Payroll Related Costs	173		324		52	
Professional Fees and Services	20		98		146	
Travel	21		47		5	
Materials and Supplies	2		6		38	8
Communications and Utilities	96		31	1	105	
Repairs and Maintenance	1					
Rentals and Leases	43		38		39	1
Printing and Reproduction						
Claims and Judgments						
Bad Debt Expense						
Cost of Goods Sold						
Depreciation and Amortization			12			
Other Financing Fees						
Public Assistance Payments	338	10,311				
Employee/Participant Benefit Payments						
Direct Interest Expense						
Interest Expense – Other						
Other	279	5	77	1	33	3
Total Expenses	<u>1,184</u>	<u>10,316</u>	<u>1,646</u>	<u>2</u>	<u>738</u>	<u>12</u>
PROGRAM REVENUES						
Charges for Services	636		1,499		71	
Operating Grants and Contributions		223		10	14	
Total Program Revenues	<u>636</u>	<u>223</u>	<u>1,499</u>	<u>10</u>	<u>85</u>	<u>0</u>
Net Program Revenues (Expenses)	<u>(548)</u>	<u>(10,093)</u>	<u>(147)</u>	<u>8</u>	<u>(653)</u>	<u>(12)</u>
GENERAL REVENUES						
General Revenues						
Unrestricted Investment Earnings	466		25	16		
Other General Revenues			7			
Gain on Sale of Capital Assets						
Total General Revenues	<u>466</u>	<u>0</u>	<u>32</u>	<u>16</u>	<u>0</u>	<u>0</u>
Change in Net Position	<u>(82)</u>	<u>(10,093)</u>	<u>(115)</u>	<u>24</u>	<u>(653)</u>	<u>(12)</u>
Net Position, September 1, 2018	19,109	13,258	2,010	1,129	2,280	103
Restatements						
Net Position, September 1, 2018, as Restated	<u>19,109</u>	<u>13,258</u>	<u>2,010</u>	<u>1,129</u>	<u>2,280</u>	<u>103</u>
Net Position, August 31, 2019	<u>\$ 19,027</u>	<u>\$ 3,165</u>	<u>\$ 1,895</u>	<u>\$ 1,153</u>	<u>\$ 1,627</u>	<u>\$ 91</u>

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* Amounts reported for the fiscal year ended Aug. 31, 2019, unless otherwise indicated in Note 19.

STATE OF TEXAS

Combining Statement of Activities – Component Units (concluded)

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)*

	State Agency Council	Texas Governor's Mansion Administration	Robert G. Carr and Nona K. Carr Scholarship Foundation	University of North Texas/Health Science Center Foundation	The Alamo Endowment	Totals
EXPENSES						
Salaries and Wages	\$	\$	\$ 190	\$ 954	\$	\$ 98,619
Payroll Related Costs			54			17,261
Professional Fees and Services			20	2,342	20	61,427
Travel			5	36		9,941
Materials and Supplies	1	21	49		1	5,911
Communications and Utilities			1			2,083
Repairs and Maintenance						1,475
Rentals and Leases						4,800
Printing and Reproduction			2			1,553
Claims and Judgments						3
Bad Debt Expense						25
Cost of Goods Sold						688
Depreciation and Amortization						4,902
Other Financing Fees			9,365			(214,311)
Public Assistance Payments				7,072		33,058
Employee/Participant Benefit Payments						1,982,257
Direct Interest Expense						66,511
Interest Expense – Other						1,451
Other		13	9	4,331	10	485,312
Total Expenses	<u>1</u>	<u>34</u>	<u>9,695</u>	<u>14,735</u>	<u>31</u>	<u>2,562,966</u>
PROGRAM REVENUES						
Charges for Services		30		2,314		2,635,580
Operating Grants and Contributions	9	13	3,879	50,665		279,240
Total Program Revenues	<u>9</u>	<u>43</u>	<u>3,879</u>	<u>52,979</u>	<u>0</u>	<u>2,914,820</u>
Net Program Revenues (Expenses)	<u>8</u>	<u>9</u>	<u>(5,816)</u>	<u>38,244</u>	<u>(31)</u>	<u>351,854</u>
GENERAL REVENUES						
General Revenues						
Unrestricted Investment Earnings				142		11,849
Other General Revenues					15	7,672
Gain on Sale of Capital Assets						228
Total General Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>142</u>	<u>15</u>	<u>19,749</u>
Change in Net Position	<u>8</u>	<u>9</u>	<u>(5,816)</u>	<u>38,386</u>	<u>(16)</u>	<u>371,603</u>
Net Position, September 1, 2018	24	9	153,709	160,126	136	173,146
Restatements				24,623	(120)	24,963
Net Position, September 1, 2018, as Restated	<u>24</u>	<u>9</u>	<u>153,709</u>	<u>184,749</u>	<u>16</u>	<u>198,109</u>
Net Position, August 31, 2019	<u>\$ 32</u>	<u>\$ 18</u>	<u>\$ 147,893</u>	<u>\$ 223,135</u>	<u>\$</u>	<u>\$ 569,712</u>

* Amounts reported for the fiscal year ended Aug. 31, 2019, unless otherwise indicated in Note 19.

Section Three
Statistical Section



State of Texas

Statistical Section

This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information and other supplementary information says about the state’s overall financial health.

Contents	Pages
Financial Trends Information	313 – 319
These schedules contain trend information intended to help the reader understand how the state’s financial position has changed over time.	
Revenue Capacity Information	320 – 322
These schedules contain information intended to help the reader assess the state’s most significant revenue source – state tax collections.	
Debt Capacity Information	323 – 327
These schedules present information intended to assist users in understanding and assessing the state’s current levels of outstanding debt and the ability to issue additional debt.	
Demographic and Economic Information	328 – 330
These schedules provide demographic and economic indicators intended to help the reader understand the socio-economic environment within which the state’s financial activities take place.	
Operating Information	331 – 335
These schedules provide contextual information about the state’s operations and resources intended to assist readers in using financial statement information to understand and assess the state’s economic condition.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Texas Comprehensive Annual Financial Report databases for the relevant years.

STATE OF TEXAS

Statistical Section – Financial Trends Information
Net Position by Component
Last Ten Fiscal Years

(Amounts in Millions)

	2010	2011	2012	2013	2014
GOVERNMENTAL ACTIVITIES					
Net Investment in Capital Assets	\$ 60,744	\$ 61,917	\$ 63,458	\$ 64,095	\$ 68,739
Restricted	26,136	32,014	33,817	34,407	41,660
Unrestricted	8,025	3,322	4,497	11,239	9,006
Total Governmental Activities Net Position	94,905	97,253	101,772	109,741	119,405
BUSINESS-TYPE ACTIVITIES					
Net Investment in Capital Assets	7,933	9,243	9,713	10,330	11,055
Restricted	22,209	24,375	27,539	31,093	40,021
Unrestricted	7,230	8,516	9,553	7,466	5,101
Total Business-Type Activities Net Position	37,372	42,134	46,805	48,889	56,177
PRIMARY GOVERNMENT					
Net Investment in Capital Assets	68,677	71,160	73,171	74,425	79,794
Restricted	48,345	56,389	61,356	65,500	81,681
Unrestricted	15,255	11,838	14,050	18,705	14,107
Total Primary Government Net Position	\$ 132,277	\$ 139,387	\$ 148,577	\$ 158,630	\$ 175,582
2015					
GOVERNMENTAL ACTIVITIES					
Net Investment in Capital Assets	\$ 70,898	\$ 72,248	\$ 76,926	\$ 80,747	\$ 80,633
Restricted	42,675	46,941	50,168	56,896	65,035
Unrestricted	(19,286)	(20,445)	(25,170)	(104,639)	(99,445)
Total Governmental Activities Net Position	94,287	98,744	101,924	33,004	46,223
BUSINESS-TYPE ACTIVITIES					
Net Investment in Capital Assets	11,572	11,847	11,756	12,706	13,571
Restricted	33,218	42,741	47,295	53,187	53,629
Unrestricted	8,631	6,059	6,711	642	1,657
Total Business-Type Activities Net Position	53,421	60,647	65,762	66,535	68,857
PRIMARY GOVERNMENT					
Net Investment in Capital Assets	82,470	84,095	88,682	93,453	94,204
Restricted	75,893	89,682	97,463	110,083	118,664
Unrestricted	(10,655)	(14,386)	(18,459)	(103,997)	(97,788)
Total Primary Government Net Position	\$ 147,708	\$ 159,391	\$ 167,686	\$ 99,539	\$ 115,080

Source: 2010 – 2019 state of Texas financial statements

Statistical Section – Financial Trends Information

Changes in Net Position

Last Ten Fiscal Years

(Amounts in Thousands)

	2010	2011	2012	2013	2014
GOVERNMENTAL ACTIVITIES:					
Expenses					
General Government	\$ 3,451,868	\$ 4,037,805	\$ 3,116,737	\$ 2,873,598	\$ 2,967,443
Education	27,344,876	28,643,283	25,724,127	25,321,607	27,138,847
Employee Benefits	252,457	324,477	423,492	437,939	399,454
Teacher Retirement State Contributions	2,200,408	2,262,638	2,390,178	2,492,310	2,700,533
Health and Human Services	41,487,191	44,875,285	44,737,457	44,888,201	48,015,340
Public Safety and Corrections	6,231,847	5,539,155	5,294,730	5,316,819	5,542,840
Transportation	4,146,987	4,377,794	4,484,662	5,384,628	5,223,720
Natural Resources and Recreation	1,559,708	1,474,675	1,634,659	1,850,253	1,944,520
Regulatory Services	447,557	408,115	410,724	461,418	792,267
Interest on General Long-Term Debt	755,314	797,030	715,148	741,397	750,946
Total Expenses	<u>87,878,213</u>	<u>92,740,257</u>	<u>88,931,914</u>	<u>89,768,170</u>	<u>95,475,910</u>
Program Revenues					
Charges for Services:					
General Government	984,639	1,019,521	1,036,382	1,110,854	1,142,351
Education	463,719	632,584	480,475	506,995	801,358
Employee Benefits	135	100	134	116	70
Teacher Retirement State Contributions					
Health and Human Services	1,782,704	2,101,440	1,910,599	2,332,588	2,894,301
Public Safety and Corrections	336,134	330,198	342,782	348,876	338,239
Transportation	1,891,247	1,999,695	2,224,635	2,363,393	2,492,591
Natural Resources and Recreation	605,751	587,423	699,872	680,996	716,696
Regulatory Services	687,746	666,158	710,209	707,406	657,008
Operating Grants and Contributions	43,148,227	47,220,463	42,796,231	42,868,081	46,903,926
Capital Grants and Contributions	2,453,183	2,538,949	47,578	31,248	96,802
Total Program Revenues	<u>52,353,485</u>	<u>57,096,531</u>	<u>50,248,897</u>	<u>50,950,553</u>	<u>56,043,342</u>
Total Governmental Activities					
Net Program Expense	<u>(35,524,728)</u>	<u>(35,643,726)</u>	<u>(38,683,017)</u>	<u>(38,817,617)</u>	<u>(39,432,568)</u>
General Revenues					
Taxes:					
Sales and Use	19,558,426	21,751,249	24,349,600	26,199,771	27,372,895
Motor Vehicle and Manufactured Housing	2,624,725	3,001,387	3,580,663	3,891,539	4,213,273
Motor Fuels	3,060,246	3,108,153	3,195,332	3,214,393	3,327,707
Franchise	3,809,109	3,998,073	4,574,184	4,826,435	5,884,749
Oil and Natural Gas Production	2,157,334	3,069,384	3,727,498	4,501,478	4,645,756
Insurance Occupation	1,309,620	1,379,621	1,528,111	1,781,711	1,967,613
Cigarette and Tobacco	1,394,122	1,551,420	1,428,413	1,603,086	1,348,923
Other	1,676,452	1,802,300	1,954,752	2,100,125	2,155,450
Unrestricted Investment Earnings	575,642	334,621	645,813	142,724	300,423
Settlement of Claims	925,676	584,305	620,898	640,565	574,082
Gain on Sale of Capital Assets		99	7,163	376	1,865
Gain on Other Financial Activity					6,708
Other General Revenues	2,017,783	1,533,427	1,880,352	2,045,961	1,755,856
Capital Contributions	30,845	108,119	930	475	(152,616)
Contributions to Fund Principal					
Distributions from Permanent Fund Principal					
Transfers – Internal Activity	<u>(4,491,627)</u>	<u>(4,179,888)</u>	<u>(3,944,781)</u>	<u>(4,028,026)</u>	<u>(4,130,757)</u>
Total General Revenues, Contributions and Transfers	<u>34,648,353</u>	<u>38,042,270</u>	<u>43,548,928</u>	<u>46,920,613</u>	<u>49,271,927</u>
Change in Net Position – Governmental Activities	<u>(876,375)</u>	<u>2,398,544</u>	<u>4,865,911</u>	<u>8,102,996</u>	<u>9,839,359</u>

Continued on the following page

Source: 2010 – 2019 state of Texas financial statements

Statistical Section – Financial Trends Information

Changes in Net Position (continued)

Last Ten Fiscal Years

(Amounts in Thousands)

	2015	2016	2017	2018	2019
GOVERNMENTAL ACTIVITIES:					
Expenses					
General Government	\$ 3,672,395	\$ 2,583,707	\$ 5,213,330	\$ (2,598,195)	\$ 5,371,436
Education	28,057,482	28,775,870	28,400,268	28,653,616	29,599,638
Employee Benefits	7,064	40,546	1,695		
Teacher Retirement State Contributions	2,735,913	2,080,935	2,148,958	2,629,099	2,991,655
Health and Human Services	51,792,158	55,584,169	55,499,408	57,710,097	56,958,226
Public Safety and Corrections	5,779,455	6,214,653	6,354,517	6,473,778	6,479,379
Transportation	5,088,956	5,837,122	6,143,369	6,262,684	6,484,481
Natural Resources and Recreation	2,167,711	2,013,773	2,163,813	2,180,408	2,311,393
Regulatory Services	488,780	737,203	420,273	398,150	427,790
Interest on General Long-Term Debt	814,564	159,953	167,115	155,172	164,480
Total Expenses	<u>100,604,478</u>	<u>104,027,931</u>	<u>106,512,746</u>	<u>101,864,809</u>	<u>110,788,478</u>
Program Revenues					
Charges for Services:					
General Government	1,235,102	1,214,866	1,327,396	1,299,108	1,443,433
Education	710,897	640,800	1,084,465	1,105,345	1,181,424
Employee Benefits	71	71	70	70	
Teacher Retirement State Contributions					
Health and Human Services	3,793,377	4,885,841	4,029,864	4,691,698	4,544,376
Public Safety and Corrections	323,419	328,660	338,672	328,643	301,923
Transportation	2,472,458	2,678,980	2,920,669	3,191,175	3,159,690
Natural Resources and Recreation	680,476	671,388	719,546	703,925	676,790
Regulatory Services	662,538	546,396	575,609	585,528	589,380
Operating Grants and Contributions	43,731,463	49,361,737	50,747,993	52,302,464	52,316,910
Capital Grants and Contributions	71,237	47,373	51,202	64,179	120,099
Total Program Revenues	<u>53,681,038</u>	<u>60,376,112</u>	<u>61,795,486</u>	<u>64,272,135</u>	<u>64,334,025</u>
Total Governmental Activities					
Net Program Expense	<u>(46,923,440)</u>	<u>(43,651,819)</u>	<u>(44,717,260)</u>	<u>(37,592,674)</u>	<u>(46,454,453)</u>
General Revenues					
Taxes:					
Sales and Use	29,072,568	27,964,415	29,041,682	32,241,950	34,013,595
Motor Vehicle and Manufactured Housing	4,541,039	4,525,239	4,572,207	4,971,002	5,028,763
Motor Fuels	3,495,904	3,468,212	3,643,017	3,628,686	3,763,178
Franchise	4,808,823	2,031,051	3,309,915	3,747,511	4,233,528
Oil and Natural Gas Production	3,987,325	3,638,527	3,423,345	4,983,417	5,565,378
Insurance Occupation	2,056,729	2,241,153	2,359,979	2,526,827	2,591,631
Cigarette and Tobacco	1,522,941	1,390,796	1,522,924	1,319,424	1,405,669
Other	2,287,678	2,275,042	2,314,745	2,543,954	2,720,710
Unrestricted Investment Earnings	153,315	282,494	481,261	724,302	1,174,955
Settlement of Claims	590,685	670,386	537,444	560,556	656,055
Gain on Sale of Capital Assets	50,749	54,797	1,249	2,178	8,030
Gain on Other Financial Activity	22,266	(59,904)	(3,279)		(1,348)
Other General Revenues	2,171,101	2,259,154	2,721,599	2,917,718	3,543,038
Capital Contributions	713	56,450	84,619	93,354	767
Contributions to Fund Principal					(9,616)
Distributions from Permanent Fund Principal				(11,010)	
Transfers – Internal Activity	<u>(4,189,320)</u>	<u>(4,777,546)</u>	<u>(5,345,718)</u>	<u>(5,043,006)</u>	<u>(5,367,035)</u>
Total General Revenues,					
Contributions and Transfers	<u>50,572,516</u>	<u>46,020,266</u>	<u>48,664,989</u>	<u>55,206,863</u>	<u>59,327,298</u>
Change in Net Position – Governmental Activities	<u>3,649,076</u>	<u>2,368,447</u>	<u>3,947,729</u>	<u>17,614,189</u>	<u>12,872,845</u>

Continued on the following page

Source: 2010 – 2019 state of Texas financial statements

STATE OF TEXAS

Statistical Section – Financial Trends Information**Changes in Net Position (continued)****Last Ten Fiscal Years**

(Amounts in Thousands)

	2010	2011	2012	2013	2014
BUSINESS-TYPE ACTIVITIES:					
Expenses					
General Government	\$ 162,620	\$ 150,406	\$ 149,663	\$ 149,735	\$ 122,356
Education	20,943,292	22,226,690	22,667,443	23,828,365	24,896,493
Employee Benefits					
Teacher Retirement State Contributions					
Health and Human Services	7,826,452	6,055,958	5,117,829	3,854,869	2,759,024
Public Safety and Corrections	87,120	86,262	91,313	91,331	95,749
Transportation	206,822	209,880	215,845	228,769	248,827
Natural Resources and Recreation	353,641	423,140	346,150	319,094	315,963
Lottery	2,681,627	2,783,798	3,027,943	3,185,869	3,164,120
Total Expenses	<u>32,261,574</u>	<u>31,936,134</u>	<u>31,616,186</u>	<u>31,658,032</u>	<u>31,602,532</u>
Program Revenues					
Charges for Services:					
General Government	47,377	49,717	50,996	57,286	59,977
Education	9,907,344	10,931,371	11,671,987	12,395,115	13,212,424
Teacher Retirement State Contributions					
Health and Human Services	2,107,474	2,675,581	2,894,246	2,749,160	2,532,273
Public Safety and Corrections	93,734	95,736	102,593	101,082	107,544
Transportation	73,312	74,877	85,819	119,152	155,019
Natural Resources and Recreation	44,973	43,374	40,084	45,546	48,705
Lottery	3,739,165	3,811,862	4,191,587	4,376,786	4,385,331
Operating Grants and Contributions	13,292,594	14,103,243	12,543,063	9,320,966	13,120,148
Capital Grants and Contributions	305,669	281,741	259,750	350,922	522,211
Total Program Revenues	<u>29,611,642</u>	<u>32,067,502</u>	<u>31,840,125</u>	<u>29,516,015</u>	<u>34,143,632</u>
Total Business-Type Activities					
Net Program Revenue (Expense)	<u>(2,649,932)</u>	<u>131,368</u>	<u>223,939</u>	<u>(2,142,017)</u>	<u>2,541,100</u>
General Revenues					
Unrestricted Investment Earnings	134,195	86,295	133,680	11,566	165,597
Settlement of Claims	1,384	1,215	378	3,187	2,403
Gain on Sale of Capital Assets		1	543		11,469
Other General Revenue	241,013	222,640	248,725	164,538	195,964
Capital Contributions		3,045			
Contributions to Permanent and Term Endowments					
Distributions from Permanent and Term Endowments	136,577	126,971	136,800	184,108	238,951
Special Items					
Transfers – Internal Activity	4,491,627	4,179,888	3,944,781	4,028,026	4,130,757
Total General Revenues, Contributions, Special Items and Transfers	<u>5,004,796</u>	<u>4,620,055</u>	<u>4,464,907</u>	<u>4,391,425</u>	<u>4,745,141</u>
Change in Net Position – Business-Type Activities	<u>2,354,864</u>	<u>4,751,423</u>	<u>4,688,846</u>	<u>2,249,408</u>	<u>7,286,241</u>
Change in Net Position – Primary Government	<u>\$ 1,478,489</u>	<u>\$ 7,149,967</u>	<u>\$ 9,554,757</u>	<u>\$10,352,404</u>	<u>\$17,125,600</u>

Concluded on the following page

Source: 2010 – 2019 state of Texas financial statements

STATE OF TEXAS

Statistical Section – Financial Trends Information**Changes in Net Position (concluded)****Last Ten Fiscal Years**

(Amounts in Thousands)

	2015	2016	2017	2018	2019
BUSINESS-TYPE ACTIVITIES:					
Expenses					
General Government	\$ 113,069	\$ 121,463	\$ 139,018	\$ 151,158	\$ 179,604
Education	26,443,474	28,555,418	29,952,017	30,864,744	32,919,256
Employee Benefits				1,329	
Teacher Retirement State Contributions		1,584	1,584		
Health and Human Services	2,585,461	3,145,846	2,684,798	2,243,354	2,072,611
Public Safety and Corrections	98,032	99,414	99,239	102,806	109,443
Transportation	251,897	352,735	451,780	491,228	559,047
Natural Resources and Recreation	279,335	392,417	356,284	417,762	538,560
Lottery	3,296,218	3,665,907	3,749,583	4,181,178	4,621,619
Total Expenses	<u>33,067,486</u>	<u>36,334,784</u>	<u>37,434,303</u>	<u>38,453,559</u>	<u>41,000,140</u>
Program Revenues					
Charges for Services:					
General Government	64,388	59,849	75,580	110,236	121,877
Education	14,431,570	15,118,887	15,884,278	16,782,768	17,879,346
Teacher Retirement State Contributions					
Health and Human Services	2,496,371	2,369,689	2,688,423	2,410,782	2,293,686
Public Safety and Corrections	112,255	111,739	113,459	119,520	124,251
Transportation	193,794	256,137	359,149	396,694	454,697
Natural Resources and Recreation	47,562	41,758	40,644	42,696	41,379
Lottery	4,530,468	5,068,213	5,078,175	5,627,640	6,252,347
Operating Grants and Contributions	7,327,924	9,883,197	12,315,252	15,301,199	9,842,091
Capital Grants and Contributions	131,714	68,313	180,782	289,553	331,469
Total Program Revenues	<u>29,336,046</u>	<u>32,977,782</u>	<u>36,735,742</u>	<u>41,081,088</u>	<u>37,341,143</u>
Total Business-Type Activities					
Net Program Revenue (Expense)	<u>(3,731,440)</u>	<u>(3,357,002)</u>	<u>(698,561)</u>	<u>2,627,529</u>	<u>(3,658,997)</u>
General Revenues					
Unrestricted Investment Earnings	67,089	142,738	86,447	79,105	156,819
Settlement of Claims	306	848	1,213	16,368	2,066
Gain on Sale of Capital Assets	40,440	1,044	26	1,706	3
Other General Revenue	186,006	175,050	177,799	169,986	145,227
Capital Contributions	3,817	5,854	5,593	41,343	61,561
Contributions to Permanent and Term Endowments					276,276
Distributions from Permanent and Term Endowments	182,754	217,683	209,404	255,688	
Special Items					
Transfers – Internal Activity	4,189,320	4,777,546	5,345,718	5,043,006	5,367,035
Total General Revenues, Contributions, Special Items and Transfers	<u>4,669,732</u>	<u>5,320,763</u>	<u>5,826,200</u>	<u>5,607,202</u>	<u>6,008,987</u>
Change in Net Position – Business-Type Activities	<u>938,292</u>	<u>1,963,761</u>	<u>5,127,639</u>	<u>8,234,731</u>	<u>2,349,990</u>
Change in Net Position – Primary Government	<u>\$ 4,587,368</u>	<u>\$ 4,332,208</u>	<u>\$ 9,075,368</u>	<u>\$ 25,848,920</u>	<u>\$ 15,222,835</u>

Source: 2010 – 2019 state of Texas financial statements

STATE OF TEXAS

Statistical Section – Financial Trends Information
Fund Balances – Governmental Funds
Last Ten Fiscal Years

(Amounts in Millions)

	<u>2010</u>
GENERAL FUND	
Reserved	\$ 5,460
Unreserved	2,950
Total General Fund	<u>\$ 8,410</u>

ALL OTHER GOVERNMENTAL FUNDS	
Reserved	\$ 28,193
Unreserved	
Special Revenue	3,343
Capital Projects	(204)
Permanent	1,028
Total All Other Governmental Funds	<u>\$ 32,360</u>

	<u>2011*</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
GENERAL FUND									
Nonspendable	\$ 501	\$ 678	\$ 599	\$ 596	\$ 843	\$ 728	\$ 698	\$ 725	\$ 712
Restricted	1,393	1,764	1,160	1,091	900	1,547	1,166	1,899	1,372
Committed	4,185	5,283	5,159	5,138	4,765	4,602	4,545	5,235	5,154
Assigned	29	44	95	70	23	115	51	41	51
Unassigned	1,077	1,095	8,028	10,864	11,351	7,680	5,558	5,288	8,990
Total General Fund	<u>\$ 7,185</u>	<u>\$ 8,864</u>	<u>\$ 15,041</u>	<u>\$ 17,759</u>	<u>\$ 17,882</u>	<u>\$ 14,672</u>	<u>\$ 12,018</u>	<u>\$ 13,188</u>	<u>\$ 16,279</u>

ALL OTHER GOVERNMENTAL FUNDS									
Nonspendable	\$ 12,254	\$ 12,915	\$ 13,203	\$ 13,837	\$ 14,483	\$ 16,692	\$ 41,099	\$ 43,835	\$ 46,334
Restricted	22,606	21,897	23,051	28,344	30,314	31,584	11,654	12,975	15,126
Committed	758	1,013	883	2,552	1,961	1,276	1,036	841	1,016
Assigned	2	2	2	726	40	574	880	1,324	1,123
Unassigned	(738)	(511)	(688)	(555)			(9)		
Total All Other Governmental Funds	<u>\$ 34,882</u>	<u>\$ 35,316</u>	<u>\$ 36,451</u>	<u>\$ 44,904</u>	<u>\$ 46,798</u>	<u>\$ 50,126</u>	<u>\$ 54,660</u>	<u>\$ 58,975</u>	<u>\$ 63,599</u>

* Due to the changes in the state's fund structure initiated when GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented, information for fund balances is only available for the line items presented beginning in fiscal 2011.

Source: 2010 – 2019 state of Texas financial statements

Statistical Section – Financial Trends Information

Changes in Fund Balances – Governmental Funds

Last Ten Fiscal Years*

(Amounts in Millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES										
Taxes	\$ 35,868	\$ 39,632	\$ 44,171	\$ 47,857	\$ 51,413	\$ 51,096	\$ 47,971	\$ 50,194	\$ 56,102	\$ 59,336
Federal	42,483	44,907	38,219	38,016	39,776	41,869	44,284	43,669	46,306	46,829
Licenses, Fees and Permits	4,533	4,661	5,076	5,178	5,251	5,308	5,266	5,523	5,654	5,817
Interest and Other Investment Income	2,171	3,609	3,204	3,011	4,999	(574)	2,405	4,901	3,780	3,866
Land Income	384	551	432	473	752	638	555	973	1,026	1,120
Settlement of Claims	614	593	611	625	577	590	685	540	546	693
Sales of Goods and Services	1,816	2,125	1,860	2,355	2,911	3,748	4,840	4,172	4,920	4,709
Other	3,499	3,087	3,888	4,068	4,182	4,676	5,253	5,364	5,789	6,044
Total Revenues	91,368	99,165	97,461	101,583	109,861	107,351	111,259	115,336	124,123	128,414
EXPENDITURES										
General Government	3,352	3,981	3,065	2,804	2,875	2,873	2,869	3,171	3,366	3,604
Education	27,331	28,639	25,715	25,313	27,148	27,937	28,671	28,392	28,657	29,689
Employee Benefits	15	14	14	19	18	14	47	26	27	20
Teacher Retirement State Contributions	1,830	1,854	1,641	1,675	1,957	2,736	2,081	2,149	2,629	2,992
Health and Human Services	41,367	44,869	44,709	44,841	47,947	51,741	55,544	55,466	57,994	57,209
Public Safety and Corrections	6,006	5,415	5,114	5,171	4,891	5,595	6,038	6,202	6,628	6,599
Transportation	3,474	3,647	3,788	4,677	1,068	3,581	3,643	3,741	3,831	4,074
Natural Resources and Recreation	1,566	1,518	1,619	1,840	4,897	2,186	2,124	2,138	2,169	2,241
Regulatory Services	438	407	412	461	791	486	736	420	427	451
Capital Outlay	3,539	3,737	3,528	3,511	5,529	5,447	6,371	7,053	6,819	7,862
Debt Service:										
Principal	731	592	580	706	836	757	746	769	869	954
Interest	720	757	725	737	769	757	792	844	883	865
Other Financing Fees	41	16	8	7	16	18	12	14	2	6
Total Expenditures	90,410	95,446	90,918	91,762	98,742	104,128	109,674	110,385	114,301	116,566
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	958	3,719	6,543	9,821	11,119	3,223	1,585	4,951	9,822	11,848
OTHER FINANCING SOURCES (USES)										
Transfer In (Note 12)	11,465	6,138	7,278	7,059	9,192	9,709	7,587	6,372	10,397	9,886
Transfer Out (Note 12)	(15,987)	(10,344)	(11,249)	(10,883)	(13,321)	(13,941)	(12,365)	(11,705)	(15,431)	(15,060)
Distributions from Permanent Fund Principal									(11)	(10)
Bonds and Notes Issued	3,808	1,566	338	1,142	953	2,578	1,089	1,914	451	662
Bonds Issued for Refunding	385	547	38	99	2,432	1,943	1,693	1,292	25	652
Premiums on Bonds Issued	48	85	14	200	408	642	359	406	16	91
Payment to Escrow for Refunding	(214)	(580)	(62)	(113)	(2,671)	(2,284)	(1,825)	(1,461)	(25)	(737)
Sale of Capital Assets	14	9	31	17	41	79	73	23	15	20
Service Concession Arrangement							25			1
Increases in Obligations Under Capital Leases	10	3	3		15		1			1
Gain (Loss) on Other Financial Activity					7	22	(59)	(3)		
Insurance Recoveries	15	12	2	5	9	22	3	10	17	11
Capital Contributions							55	84		
Total Other Financing Sources (Uses)	(456)	(2,564)	(3,607)	(2,474)	(2,935)	(1,230)	(3,364)	(3,068)	(4,546)	(4,483)
NET CHANGE IN FUND BALANCES	\$ 502	\$ 1,155	\$ 2,936	\$ 7,347	\$ 8,184	\$ 1,993	\$ (1,779)	\$ 1,883	\$ 5,276	\$ 7,365
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES										
	1.7%	1.5%	1.5%	1.6%	1.7%	1.5%	1.5%	1.6%	1.6%	1.7%

* This table comprises the following funds: general, special revenue, debt service, capital projects and permanent.

Source: 2010 – 2019 state of Texas financial statements

STATE OF TEXAS

Statistical Section – Revenue Capacity Information**Taxable Sales by Industry****For the Calendar Years 2009 through 2018***

(Amounts in Millions)

NAICS** Industry	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Agriculture, Forestry, Fishing, Hunting	\$ 133	\$ 137	\$ 147	\$ 178	\$ 182	\$ 212	\$ 224	\$ 227	\$ 245	\$ 275
Mining, Quarrying, Oil & Gas Extraction	10,398	12,514	21,010	27,477	28,079	32,312	22,124	13,844	19,696	26,930
Utilities	9,623	9,525	9,945	9,363	9,978	11,385	11,121	10,663	10,985	11,798
Construction	10,948	10,834	12,725	15,065	16,728	18,535	19,877	20,352	20,952	23,064
Manufacturing	22,539	23,787	27,910	31,419	33,768	37,149	36,175	34,703	39,281	44,824
Wholesale Trade	21,444	23,447	27,595	29,933	31,730	35,503	33,536	33,785	37,472	42,297
Retail Trade	130,829	133,441	140,924	152,791	161,779	170,661	175,959	178,251	183,922	193,671
Transportation, Warehousing	2,167	2,508	3,092	3,335	3,799	3,634	3,938	3,880	4,541	5,062
Information	32,753	33,036	34,618	36,448	38,434	41,452	43,056	43,948	45,548	48,013
Finance, Insurance	2,684	2,404	2,604	2,646	2,829	3,157	4,326	4,326	4,684	4,455
Real Estate, Rental, Leasing	7,526	7,814	9,204	10,488	11,554	12,770	12,257	11,584	13,286	15,581
Professional, Scientific, Technical Serv.	7,705	7,861	8,766	9,411	10,229	11,398	11,785	12,204	13,191	14,265
Management of Companies, Enterprises	336	322	393	440	513	757	972	1,066	1,096	1,281
Admin Supt Waste Mgmt Remediation Serv.	9,404	9,508	10,183	10,911	11,419	12,360	13,051	13,659	14,632	15,459
Educational Services	368	450	474	460	502	517	541	567	599	642
Health Care, Social Assistance	793	841	846	995	1,040	1,094	1,192	1,255	1,275	1,362
Arts, Entertainment, Recreation	3,544	3,640	3,940	4,137	4,511	4,881	5,184	5,355	5,638	6,008
Accommodation, Food Services	33,260	34,635	37,162	40,440	42,634	45,949	49,240	51,302	53,273	56,466
Other Services (Except Public Admin)	7,216	7,676	8,344	9,195	9,643	10,351	10,543	10,516	11,019	11,518
Public Administration	1,660	1,687	1,961	2,626	2,330	1,965	2,043	1,959	1,951	2,048
Nonclassifiable	4	4	6	5	5	5	3	2	2	3
Other	30	19	94	888	160	171	734	208	423	1,266
Total Taxable Sales	\$ 315,364	\$ 326,090	\$ 361,943	\$ 398,651	\$ 421,846	\$ 456,218	\$ 457,881	\$ 453,656	\$ 483,711	\$ 526,288
Direct Sales Tax Rate	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%

* Fiscal 2019 data is not available until mid-year of the following fiscal year. Prior years subject to revisions due to length of verification process and amended returns.

** North American Industry Classification System

Note: The amount of sales tax revenue should not be calculated from the table as there are numerous adjustments, allocations and refunds to arrive at actual taxable revenue.

Source: Texas Comptroller of Public Accounts, "Quarterly Sales Tax Reports"

STATE OF TEXAS

Statistical Section – Revenue Capacity Information

State Tax Collections and Retail Sales

Last Ten Fiscal Years

(Amounts in Millions, Except Per Capita State Tax Collections and Percentage Data)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Tax Collections*	\$ 35,868	\$ 39,632	\$ 44,171	\$ 47,857	\$ 51,413	\$ 51,096	\$ 47,971	\$ 50,194	\$ 55,963	\$ 59,322
Percentage Tax Collection Change From Prior Year	(4.7)%	10.5%	11.5%	8.3%	7.4%	(0.6)%	(6.1)%	4.6%	11.5%	6.0%
Resident Population	25.3	25.7	26.1	26.5	27.0	27.5	28.0	28.4	28.8	29.2
Percentage Population Change From Prior Year	1.8%	1.6%	1.7%	1.6%	1.8%	1.8%	1.6%	1.4%	1.5%	1.5%
State Tax Collections Per Capita	\$ 1,418	\$ 1,542	\$ 1,691	\$ 1,803	\$ 1,903	\$ 1,857	\$ 1,716	\$ 1,770	\$ 1,945	\$ 2,032

* This table comprises the following funds: general, special revenue, debt service and capital projects. Prior years are subject to revisions.

Source: Tax collection figures are from the 2010–2019 state of Texas financial statements.

Resident population figures are from the U.S. Department of Commerce, Bureau of Census and Bureau of Economic Analysis and were revised from prior years due to changes in methodology, inflation factors, price indicators and revisions to interim census figures.

Total Retail Sales

Last Ten Years*

(Amounts in Millions)

Year	Retail Sales	Percent Change
2010	399,398	2.5%
2011	432,915	8.4%
2012	460,846	6.5%
2013	487,031	5.7%
2014	522,842	7.4%
2015	523,058	0.0%
2016	533,696	2.0%
2017	533,994	0.1%
2018	570,604	6.9%
2019**	274,570	1.5%

* Reported amounts for retail sales may be revised each year as more complete information is received.

** Amount is for first half of 2019 and the percentage change is calculated over the first half of 2018.

Source: Texas Comptroller of Public Accounts

STATE OF TEXAS

Statistical Section – Revenue Capacity Information
Texas Gross State Product by Industry
Last Ten Years*

(Amounts in Millions, Except Percentage Data)

NAICS** Industry	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agriculture, Forestry and Fishing	\$ 9,038	\$ 8,465	\$ 8,218	\$ 10,898	\$ 10,403	\$ 11,888	\$ 8,710	\$ 9,196	\$ 9,184	\$ 9,400
% Change	63.6	(6.3)	(2.9)	32.6	(4.5)	14.3	(26.7)	5.6	(0.1)	2.4
Mining and Natural Resources	122,076	146,001	158,861	183,266	199,598	116,144	92,076	117,454	148,275	157,297
% Change	8.4	19.6	8.8	15.4	8.9	(41.8)	(20.7)	27.6	26.2	6.1
Construction	55,702	56,842	63,588	68,103	75,385	81,437	85,404	87,514	94,227	99,588
% Change	(7.0)	2.0	11.9	7.1	10.7	8.0	4.9	2.5	7.7	5.7
Manufacturing	176,483	203,495	206,104	224,083	202,685	212,856	197,314	212,468	230,446	243,262
% Change	14.1	15.3	1.3	8.7	(9.5)	5.0	(7.3)	7.7	8.5	5.6
Trade, Transportation and Utilities	229,191	244,618	266,982	275,782	289,279	306,165	307,394	317,594	339,328	359,206
% Change	7.7	6.7	9.1	3.3	4.9	5.8	0.4	3.3	6.8	5.9
Information	50,068	50,188	49,328	53,965	53,327	57,820	60,074	62,532	64,768	68,302
% Change	(0.6)	0.2	(1.7)	9.4	(1.2)	8.4	3.9	4.1	3.6	5.5
Financial Activities	167,358	178,923	192,555	202,323	221,251	234,247	249,488	260,359	273,761	283,259
% Change	4.9	6.9	7.6	5.1	9.4	5.9	6.5	4.4	5.1	3.5
Professional and Business Services	131,715	140,676	150,573	157,256	170,065	181,451	184,226	194,809	210,685	221,821
% Change	5.6	6.8	7.0	4.4	8.1	6.7	1.5	5.7	8.1	5.3
Educational and Health Services	85,445	89,109	92,472	95,613	99,694	107,186	112,815	117,015	121,655	125,215
% Change	5.6	4.3	3.8	3.4	4.3	7.5	5.3	3.7	4.0	2.9
Leisure and Hospitality Services	38,945	40,420	43,476	45,459	50,814	56,452	58,300	60,345	63,066	64,803
% Change	3.1	3.8	7.6	4.6	11.8	11.1	3.3	3.5	4.5	2.8
Other Private Services	25,294	25,735	27,658	28,889	31,213	32,581	32,875	33,893	35,700	36,408
% Change	1.3	1.7	7.5	4.5	8.0	4.4	0.9	3.1	5.3	2.0
Government, including Schools	145,880	146,749	151,562	156,612	161,676	169,919	175,721	181,314	184,701	188,416
% Change	4.4	0.6	3.3	3.3	3.2	5.1	3.4	3.2	1.9	2.0
TOTAL	\$ 1,237,195	\$ 1,331,221	\$ 1,411,377	\$ 1,502,249	\$ 1,565,390	\$ 1,568,146	\$ 1,564,397	\$ 1,654,493	\$ 1,775,796	\$ 1,856,977
% Change	6.3	7.6	6.0	6.4	4.2	0.2	(0.2)	5.8	7.3	4.6
TOTAL (In 2012 Chained Dollars)	\$ 1,301,727	\$ 1,343,791	\$ 1,411,379	\$ 1,472,104	\$ 1,512,351	\$ 1,589,956	\$ 1,593,149	\$ 1,624,949	\$ 1,676,679	\$ 1,745,665
% Change	2.4	3.2	5.0	4.3	2.7	5.1	0.2	2.0	3.2	4.1

* The U.S. Bureau of Economic Analysis periodically revises its personal income and gross product data for states. These revisions include data changes for previous years as new and more complete information becomes available.

** North American Industry Classification System

Source: U.S. Bureau of Economic Analysis, IHS Markit, and Texas Comptroller of Public Accounts

STATE OF TEXAS

Statistical Section – Debt Capacity Information**Legal Debt Margin Information****Last Ten Fiscal Years**

(Amounts in Thousands, Except Percentage Data)

	2010	2011	2012	2013	2014
Debt Service Limit*	\$ 1,759,856	\$ 1,782,305	\$ 1,908,572	\$ 2,092,423	\$ 2,254,734
Total Net Debt Service Applicable to Limit	<u>1,443,705</u>	<u>1,318,175</u>	<u>1,329,298</u>	<u>1,271,754</u>	<u>1,222,025</u>
Legal Debt Service Margin	<u>\$ 316,151</u>	<u>\$ 464,130</u>	<u>\$ 579,274</u>	<u>\$ 820,669</u>	<u>\$ 1,032,709</u>
Total Net Debt Service Applicable to Limit as a Percentage of Debt Service Limit	82.0%	74.0%	69.6%	60.8%	54.2%
	2015	2016	2017	2018	2019
Debt Service Limit*	\$ 2,373,010	\$ 2,465,908	\$ 2,537,134	\$ 2,659,565	\$ 2,734,127
Total Net Debt Service Applicable to Limit	<u>1,256,462</u>	<u>1,171,046</u>	<u>1,192,336</u>	<u>1,175,171</u>	<u>1,130,601</u>
Legal Debt Service Margin	<u>\$ 1,116,548</u>	<u>\$ 1,294,862</u>	<u>\$ 1,344,798</u>	<u>\$ 1,484,394</u>	<u>\$ 1,603,526</u>
Total Net Debt Service Applicable to the Limit as a Percentage of Debt Service Limit	52.9%	47.5%	47.0%	44.2%	41.4%

Legal Debt Service Margin Calculation for Fiscal 2019

Unrestricted General Revenue fiscal 2017	\$ 52,225,394
Unrestricted General Revenue fiscal 2018	56,729,502
Unrestricted General Revenue fiscal 2019	55,092,701
Debt Service Limit*	2,734,127
Debt Service Applicable to Limit:	
Debt Service on Outstanding Debt Payable from General Revenue (GR)	704,517
Plus: Estimated Debt Service on Authorized but Unissued Debt Payable From GR	<u>426,084</u>
Total Net Debt Service Applicable to Limit	1,130,601
Legal Debt Service Margin	<u>\$ 1,603,526</u>

* Debt service limit – Under state law, the maximum annual debt service in any fiscal year on state debt payable from the general revenue fund may not exceed 5 percent of an amount equal to the average of the unrestricted general revenue fund revenues for the three preceding fiscal years.

Source: Texas Bond Review Board

Statistical Section – Debt Capacity Information

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

(Amounts in Millions, Except Percentage Data and Per Capita)

Fiscal Year	Governmental Activities							Capital Lease - Direct Borrowings/ Placements	Total Primary Government	Percentage of Personal Income	Per Capita*
	General Obligation Bonds	General Obligation Bonds - Direct Placement	Revenue Bonds	Revenue Bonds - Direct Placement	Notes and Loans	Notes and Loans - Direct Borrowings	Capital Leases				
2010	\$10,086	\$	\$ 5,620	\$	\$ 761	\$	\$ 15				
2011	11,520		5,456		1,150		14				
2012	11,314		4,277		1,381		12				
2013	12,089		4,100		1,528		2				
2014	12,052		4,662		1,295		34				
2015	14,177		4,490		1,548		30				
2016	15,060		4,290		1,423		27				
2017	15,884		4,777		1,372		23				
2018	15,416		4,496		1,607		19				
2019	14,976	287	4,356	150	1,019	302	16				

Fiscal Year	Business-Type Activities							Capital Lease - Direct Borrowings/ Placements	Total Primary Government	Percentage of Personal Income	Per Capita*
	General Obligation Bonds	General Obligation Bonds - Direct Placement	Revenue Bonds	Revenue Bonds - Direct Placement	Notes and Loans	Notes and Loans - Direct Borrowings	Capital Leases				
2010	\$ 2,944	\$	\$17,043	\$	\$3,103	\$	\$ 14	\$	\$39,586	4.1%	\$1,565
2011	2,956		18,767		2,006		20		41,889	4.0%	1,630
2012	3,230		19,033		2,075		22		41,344	3.6%	1,582
2013	3,670		20,964		2,322		20		44,695	3.9%	1,684
2014	3,765		20,404		2,140		17		44,369	3.5%	1,642
2015	3,955		21,466		1,243		61		46,970	3.7%	1,708
2016	4,330		23,411		2,195		70		50,806	3.9%	1,818
2017	4,363		26,020		2,324		73		54,836	4.1%	1,934
2018	4,410		29,967		2,204		113		58,232	4.1%	2,024
2019	3,978	139	32,348	512	1,020	1,048	163	100	60,414	4.1%	2,068

* Prior years numbers are subject to revisions. Calculation based on resident population figures from U.S. Bureau of the Census and Texas Comptroller of Public Accounts.

Source: 2010 – 2019 state of Texas financial statements

STATE OF TEXAS

Statistical Section – Debt Capacity Information**Ratios of General Bonded Debt Outstanding****Last Ten Fiscal Years***

(Amounts in Millions, Except Percentage Data and General Bonded Debt Per Capita)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Bonded Debt (General Obligation Bonds Only)	\$ 13,029	\$ 14,476	\$ 14,544	\$ 15,759	\$ 15,817	\$ 18,132	\$ 19,390	\$ 20,247	\$ 19,826	\$ 18,954
Percentage Bonded Debt Change From Prior Year	2.8%	11.1%	0.5%	8.4%	0.4%	14.6%	6.9%	4.4%	(2.1)%	(4.4)%
Tax Collections	\$ 35,868	\$ 39,632	\$ 44,171	\$ 47,857	\$ 51,413	\$ 51,096	\$ 47,971	\$ 50,194	\$ 55,963	\$ 59,322
Percentage Bonded Debt to Tax Collections	36.3%	36.5%	32.9%	32.9%	30.8%	35.5%	40.4%	40.3%	35.4%	32.0%
Resident Population	25.3	25.7	26.1	26.5	27.0	27.5	28.0	28.4	28.8	29.2
General Bonded Debt Per Capita	\$ 515	\$ 563	\$ 557	\$ 594	\$ 585	\$ 659	\$ 694	\$ 714	\$ 689	\$ 649

* Historical data may reflect a variety of changes in methodology, inflation factors, price indicators and revisions to interim census figures made by the U.S. Bureau of Economic Analysis.

Source: Bonded debt and tax collection amounts are from the 2010 – 2019 state of Texas financial statements.

Resident population figures are from the U.S. Department of Commerce, Bureau of Census and Bureau of Economic Analysis.

STATE OF TEXAS

Statistical Section – Debt Capacity Information

Pledged Revenue Bond Coverage

Last Ten Fiscal Years

(Amounts in Thousands, Except Ratio Data)

	2010	2011	2012	2013	2014
GOVERNMENTAL ACTIVITIES					
Pledged Revenue Bond Amount	\$ 5,522,453	\$ 6,085,973	\$ 6,619,706	\$ 6,823,519	\$ 7,497,602
Operating Expenditures	6,085,684	6,729,036	6,075,344	6,738	7,353,756
Net Available Revenue	<u>\$ (563,231)</u>	<u>\$ (643,063)</u>	<u>\$ 544,362</u>	<u>\$ 6,816,781</u>	<u>\$ 143,846</u>
Debt Service –					
Principal	\$ 168,785	\$ 161,750	\$ 170,650	\$ 172,015	\$ 174,925
Interest	147,501	263,708	210,694	203,294	196,102
Total Debt Service	<u>\$ 316,286</u>	<u>\$ 425,458</u>	<u>\$ 381,344</u>	<u>\$ 375,309</u>	<u>\$ 371,027</u>
Coverage Ratio	(1.8)	(1.5)	1.4	18.2	0.4
BUSINESS-TYPE ACTIVITIES					
Pledged Revenue Bond Amount	\$ 11,514,734	\$ 12,864,956	\$ 13,595,957	\$ 14,723,022	\$ 16,052,498
Operating Expenditures	9,202,811	9,986,234	10,516,772	11,780,640	12,203,713
Net Available Revenue	<u>\$ 2,311,923</u>	<u>\$ 2,878,722</u>	<u>\$ 3,079,185</u>	<u>\$ 2,942,382</u>	<u>\$ 3,848,785</u>
Debt Service –					
Principal	\$ 482,474	\$ 638,223	\$ 637,203	\$ 705,187	\$ 773,920
Interest	703,116	792,065	827,258	802,272	843,685
Total Debt Service	<u>\$ 1,185,590</u>	<u>\$ 1,430,288</u>	<u>\$ 1,464,461</u>	<u>\$ 1,507,459</u>	<u>\$ 1,617,605</u>
Coverage Ratio	2.0	2.0	2.1	2.0	2.4
COMPONENT UNITS*					
Pledged Revenue Bond Amount	\$ 63,667	\$ 97,297	\$ 42,905	\$ 189,908	\$ 145,536
Operating Expenditures	1,332	1,038	754	217	
Net Available Revenue	<u>\$ 62,335</u>	<u>\$ 96,259</u>	<u>\$ 42,151</u>	<u>\$ 189,691</u>	<u>\$ 145,536</u>
Debt Service –					
Principal	\$ 42,762	\$ 58,588	\$ 29,849	\$ 92,259	\$ 43,186
Interest	5,194	11,760	10,943	11,615	9,463
Total Debt Service	<u>\$ 47,956</u>	<u>\$ 70,348</u>	<u>\$ 40,792</u>	<u>\$ 103,874</u>	<u>\$ 52,649</u>
Coverage Ratio	1.3	1.4	1.0	1.8	2.8
Total Combined Coverage Ratio	1.2	1.2	1.9	5.0	2.0

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Note: This bond data includes operating revenues, interest earned on investments, other pledged revenues and other sources.

Operating expenditures include capital outlay expenditures.

Source: 2010 – 2019 state of Texas financial statements and bond reporting system

STATE OF TEXAS

Statistical Section – Debt Capacity Information**Pledged Revenue Bond Coverage (concluded)****Last Ten Fiscal Years**

(Amounts in Thousands, Except Ratio Data)

	2015	2016	2017	2018	2019
GOVERNMENTAL ACTIVITIES					
Pledged Revenue Bond Amount	\$ 7,538,774	\$ 8,300,451	\$ 8,485,616	\$ 8,918,589	\$ 9,475,723
Operating Expenditures	7,849,850	8,703,430	9,676,211	9,766,522	10,606,135
Net Available Revenue	<u>\$ (311,076)</u>	<u>\$ (402,979)</u>	<u>\$ (1,190,595)</u>	<u>\$ (847,933)</u>	<u>\$ (1,130,412)</u>
Debt Service –					
Principal	\$ 162,130	\$ 164,585	\$ 166,300	\$ 302,475	\$ 316,345
Interest	202,315	179,164	197,704	496,637	486,388
Total Debt Service	<u>\$ 364,445</u>	<u>\$ 343,749</u>	<u>\$ 364,004</u>	<u>\$ 799,112</u>	<u>\$ 802,733</u>
Coverage Ratio	(0.9)	(1.2)	(3.3)	(1.1)	(1.4)
BUSINESS-TYPE ACTIVITIES					
Pledged Revenue Bond Amount	\$17,008,284	\$ 17,241,074	\$ 18,159,904	\$ 19,767,409	\$ 21,331,158
Operating Expenditures	13,180,793	15,240,489	15,306,246	15,734,887	16,776,755
Net Available Revenue	<u>\$ 3,827,491</u>	<u>\$ 2,000,585</u>	<u>\$ 2,853,658</u>	<u>\$ 4,032,522</u>	<u>\$ 4,554,403</u>
Debt Service –					
Principal	\$ 837,544	\$ 1,038,866	\$ 859,514	\$ 904,361	\$ 953,570
Interest	877,431	919,464	1,008,241	1,098,441	1,232,567
Total Debt Service	<u>\$ 1,714,975</u>	<u>\$ 1,958,330</u>	<u>\$ 1,867,755</u>	<u>\$ 2,002,802</u>	<u>\$ 2,186,137</u>
Coverage Ratio	2.2	1.0	1.5	2.0	2.1
COMPONENT UNITS*					
Pledged Revenue Bond Amount	\$ 67,252	\$ 82,195	\$ 34,095	\$ 16,921	\$ 34,110
Operating Expenditures					
Net Available Revenue	<u>\$ 67,252</u>	<u>\$ 82,195</u>	<u>\$ 34,095</u>	<u>\$ 16,921</u>	<u>\$ 34,110</u>
Debt Service –					
Principal	\$ 34,956	\$ 31,718	\$ 30,274	\$ 14,390	\$ 5,670
Interest	6,041	3,915	2,430	1,301	997
Total Debt Service	<u>\$ 40,997</u>	<u>\$ 35,633</u>	<u>\$ 32,704</u>	<u>\$ 15,691</u>	<u>\$ 6,667</u>
Coverage Ratio	1.6	2.3	1.0	1.1	5.1
Total Combined Coverage Ratio	1.7	0.7	0.7	1.1	1.2

Note: This bond data includes operating revenues, interest earned on investments, other pledged revenues and other sources.

Operating expenditures include capital outlay expenditures.

Source: 2010 – 2019 state of Texas financial statements and bond reporting system

Statistical Section – Demographic and Economic Information**Texas Nonfarm Employment Detail: Number of Jobs****Calendar Years 2010 – 2019***

Employment by Industry	2010	2011	2012	2013	2014
GOODS-PRODUCING					
Natural Resources and Mining	206,400	237,409	270,758	288,967	311,150
Construction	564,425	564,017	584,600	613,484	651,942
Manufacturing					
Durables	524,034	550,142	576,792	582,042	590,167
Nondurables	293,234	291,575	293,459	293,900	297,517
Total, Goods-Producing	<u>1,588,093</u>	<u>1,643,143</u>	<u>1,725,609</u>	<u>1,778,393</u>	<u>1,850,776</u>
SERVICE-PROVIDING					
Trade, Transportation, and Utilities					
Wholesale Trade	481,967	500,800	524,584	541,908	561,059
Retail Trade	1,135,967	1,159,508	1,185,900	1,221,200	1,257,875
Transportation and Warehousing	370,853	385,258	402,118	415,295	433,760
Utilities	48,172	48,467	48,449	48,831	48,998
Information	195,158	195,183	196,750	200,517	201,567
Financial Activities					
Finance and Insurance	454,467	466,758	481,867	496,167	503,942
Real Estate and Rental and Leasing	170,909	174,158	179,925	187,900	196,567
Professional and Business Services					
Professional, Scientific and Technical	571,092	592,617	626,500	651,608	684,658
Management, Administrative and Support	715,508	759,975	796,792	831,375	870,950
Educational and Health Services					
Educational Services, Private	155,842	161,367	166,567	173,892	180,392
Health Care and Social Assistance	1,225,217	1,252,450	1,280,358	1,312,250	1,341,183
Leisure and Hospitality	1,008,000	1,041,675	1,086,525	1,139,609	1,188,009
Other Services	363,258	370,408	385,700	400,108	412,975
Government					
Federal Civilian	209,617	201,400	199,242	197,125	193,250
State	408,900	399,400	394,700	396,300	396,600
Local	1,272,200	1,253,300	1,233,100	1,248,600	1,271,000
Total, Service-Providing	<u>8,787,127</u>	<u>8,962,724</u>	<u>9,189,077</u>	<u>9,462,685</u>	<u>9,742,785</u>
Total Nonfarm Employment	<u>10,375,220</u>	<u>10,605,867</u>	<u>10,914,686</u>	<u>11,241,078</u>	<u>11,593,561</u>

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* Data in the table are annual averages. Prior years are subject to annual benchmark revisions.

** Data for 2019 includes estimates for the final month.

Due to confidentiality issues, the names of the ten largest revenue payers are not available. This table provides alternative information regarding the source of the state's major tax revenue.

Source: Texas Workforce Commission and IHS Markit

Statistical Section – Demographic and Economic Information**Texas Nonfarm Employment Detail: Number of Jobs (concluded)****Calendar Years 2010 – 2019***

Employment by Industry	2015	2016	2017	2018	2019**
GOODS-PRODUCING					
Natural Resources and Mining	272,500	213,309	222,008	246,233	256,442
Construction	683,858	700,442	712,242	738,542	780,395
Manufacturing					
Durables	578,375	541,850	541,975	564,292	586,495
Nondurables	300,967	305,375	310,884	316,608	322,159
Total, Goods-Producing	<u>1,835,700</u>	<u>1,760,976</u>	<u>1,787,109</u>	<u>1,865,675</u>	<u>1,945,491</u>
SERVICE-PROVIDING					
Trade, Transportation, and Utilities					
Wholesale Trade	572,958	569,084	577,142	596,342	619,359
Retail Trade	1,298,658	1,324,534	1,328,159	1,330,359	1,330,509
Transportation and Warehousing	457,902	471,266	490,442	507,832	524,020
Utilities	49,507	49,901	50,683	51,860	52,616
Information	200,442	202,283	203,050	204,033	201,959
Financial Activities					
Finance and Insurance	517,750	531,550	546,967	555,200	573,909
Real Estate and Rental and Leasing	201,150	204,734	214,092	221,742	227,017
Professional and Business Services					
Professional, Scientific and Technical	716,100	732,784	749,483	782,058	821,367
Management, Administrative and Support	891,700	907,192	928,459	951,642	954,750
Educational and Health Services					
Educational Services, Private	188,350	195,200	201,942	208,467	217,161
Health Care and Social Assistance	1,388,608	1,430,175	1,464,467	1,488,383	1,528,520
Leisure and Hospitality	1,241,958	1,289,950	1,319,500	1,354,842	1,400,258
Other Services	419,775	423,450	426,783	433,342	450,919
Government					
Federal Civilian	194,308	197,692	199,917	201,375	204,683
State	397,000	404,900	409,800	412,300	414,458
Local	1,293,400	1,318,200	1,329,800	1,338,200	1,344,042
Total, Service-Providing	<u>10,029,566</u>	<u>10,252,895</u>	<u>10,440,686</u>	<u>10,637,977</u>	<u>10,865,547</u>
Total Nonfarm Employment	<u>11,865,266</u>	<u>12,013,871</u>	<u>12,227,795</u>	<u>12,503,652</u>	<u>12,811,038</u>

* Data in the table are annual averages. Prior years are subject to annual benchmark revisions.

** Data for 2019 includes estimates for the final month.

Due to confidentiality issues, the names of the ten largest revenue payers are not available. This table provides alternative information regarding the source of the state's major tax revenue.

Source: Texas Workforce Commission and IHS Markit

Statistical Section – Demographic and Economic Information
Texas and U.S. Selected Statistics
Last Ten Calendar Years*

Year	Population (Thousands)				Total Personal Income (Millions)				Per Capita Income			
	Texas	Percent Change	U.S.	Percent Change	Texas	Percent Change	U.S.	Percent Change	Texas	Percent Change	U.S.	Percent Change
2010	25,293	1.8%	310,072	0.8%	\$ 966,900	6.1%	\$12,551,597	4.1%	\$38,228	4.3%	\$40,480	3.2%
2011	25,701	1.6%	312,315	0.7%	1,058,034	9.4%	13,326,770	6.2%	41,167	7.7%	42,671	5.4%
2012	26,126	1.7%	314,530	0.7%	1,133,801	7.2%	14,010,140	5.1%	43,397	5.4%	44,543	4.4%
2013	26,543	1.6%	316,698	0.7%	1,160,362	2.3%	14,181,094	1.2%	43,716	0.7%	44,778	0.5%
2014	27,019	1.8%	319,008	0.7%	1,250,850	7.8%	14,991,716	5.7%	46,295	5.9%	46,995	5.0%
2015	27,508	1.8%	321,317	0.7%	1,282,380	2.5%	15,717,760	4.8%	46,618	0.7%	48,917	4.1%
2016	27,952	1.6%	323,593	0.7%	1,287,687	0.4%	16,121,183	2.6%	46,068	(1.2)%	49,819	1.8%
2017	28,357	1.4%	325,662	0.6%	1,340,568	4.1%	16,878,796	4.7%	47,275	2.6%	51,829	4.0%
2018	28,775	1.5%	327,716	0.6%	1,409,544	5.1%	17,819,161	5.6%	48,985	3.6%	54,374	4.9%
2019**	29,212	1.5%	330,051	0.7%	1,480,898	5.1%	18,620,382	4.5%	50,694	3.5%	56,417	3.8%

* Prior years are subject to revisions.

** Numbers for 2019 include some estimates for the latter part of the year.

Source: U.S. Bureau of Economic Analysis, U.S. Bureau of the Census and Texas Comptroller of Public Accounts

**Texas and U.S. Employment and
Unemployment Rates**

Last Ten Calendar Years*

(Thousands of Jobs and Percent)

Year	Nonfarm Employment				Unemployment Percentage Rate	
	Texas	Percent Change	U.S.	Percent Change	Texas	U.S.
2010	10,375	0.3%	130,354	(0.7)%	8.1%	9.6%
2011	10,606	2.2%	131,939	1.2%	7.8%	8.9%
2012	10,915	2.9%	134,174	1.7%	6.7%	8.1%
2013	11,241	3.0%	136,374	1.6%	6.2%	7.4%
2014	11,594	3.1%	138,941	1.9%	5.1%	6.2%
2015	11,865	2.3%	141,826	2.1%	4.4%	5.3%
2016	12,014	1.3%	144,348	1.8%	4.6%	4.9%
2017	12,228	1.8%	146,611	1.6%	4.3%	4.4%
2018	12,504	2.3%	149,064	1.7%	3.9%	3.9%
2019**	12,811	2.5%	151,383	1.6%	3.3%	3.7%

* Prior years numbers are subject to benchmark revisions.

** Texas numbers for 2019 include an estimate for the final month of the year.

Source: Texas Workforce Commission, Texas Comptroller of Public Accounts and U.S. Bureau of Labor Statistics.

STATE OF TEXAS

Statistical Section – Operating Information
Full-Time Equivalent Employees by Function
Last Ten Fiscal Years

	2010	2011	2012	2013	2014
FUNCTION					
General Government	13,801	13,692	12,955	13,036	12,786
Education	159,918	161,636	161,670	163,239	165,199
Employee Benefits	344	338	334	335	342
Teacher Retirement State Contributions	496	514	515	533	584
Health and Human Services	58,071	58,717	57,790	57,437	57,659
Public Safety and Corrections	53,209	51,771	52,310	50,050	49,996
Transportation	12,692	12,513	12,436	12,456	12,456
Natural Resources and Recreation	8,646	8,388	7,855	7,930	8,070
Regulatory Services	4,052	3,942	3,841	3,819	3,867
Total FTEs	<u>311,229</u>	<u>311,511</u>	<u>309,706</u>	<u>308,835</u>	<u>310,959</u>
Percentage Change	2.1%	0.1%	(0.6)%	(0.3)%	0.7%

	2015*	2016	2017	2018	2019**
FUNCTION					
General Government	9,366	9,515	9,616	9,637	9,584
Health and Human Services	54,356	54,357	52,599	50,623	51,517
Education	170,640	176,526	179,978	181,970	184,696
Judiciary	1,719	1,754	1,747	1,747	1,747
Public Safety and Criminal Justice	50,134	51,552	51,952	49,463	49,159
Natural Resources	8,180	8,180	8,073	8,059	8,201
Business and Economic Development	15,881	16,072	17,321	17,512	17,884
Regulatory	3,469	3,490	3,491	3,412	3,418
The Legislature	2,218	1,973	2,238	1,947	2,190
Total FTEs	<u>315,963</u>	<u>323,419</u>	<u>327,015</u>	<u>324,370</u>	<u>328,396</u>
Percentage Change	1.6%	2.4%	1.1%	(0.8)%	1.2%

* Functions were updated in 2015 to match SAO functions by Article Number.

** Unaudited data reported by agencies. Audited numbers to be reported by SAO later in 2020.

Source: Texas State Auditor's Office (SAO)

Statistical Section – Operating Information
Capital Asset Statistics by Function
Last Ten Fiscal Years*

Function	2010	2011	2012	2013	2014
GENERAL GOVERNMENT					
Number of Texas Facilities Commission Owned Facilities	133	133	131	131	210
State Real Property Inventory in Acres	1,342,038	1,333,113	1,342,680	1,554,664	1,559,615
EDUCATION					
Number of School Districts	1,030	1,029	1,244	1,245	1,238
Number of Students	4,847,844	4,933,617	4,978,120	5,058,939	5,135,880
Number of Higher Education Institutions	148	148	148	148	148
HEALTH AND HUMAN SERVICES					
Number of State Mental Health Facilities	39	39	39	39	38
Number of State Hospitals	11	11	11	12	12
PUBLIC SAFETY AND CORRECTIONS					
Number of State Prisons – Texas Department of Criminal Justice only	112	112	111	111	109
Number of Available Beds (Capacity)	159,771	163,144	162,057	161,168	156,756
Number of Authorized Vehicular State Patrol Units	1,811	1,572	1,791	1,791	1,804
TRANSPORTATION					
Centerline Miles of Highways**(Calendar years)	79,992	80,233	80,268	80,323	80,423
Number of Bridges***	33,679	33,883	34,337	34,576	34,892
NATURAL RESOURCES AND RECREATION					
Number of State Parks Managed	93	93	94	95	95
Number of Park Acreage	604,799	621,491	624,602	630,394	630,597

Concluded on the following page

* Prior years are subject to revisions.

** Highway miles = centerline miles under the jurisdiction of the state (miles traveled in one direction regardless of the number of lanes in a roadway). Texas Department of Transportation (TxDot) transitioned to a new roadway inventory system (GRID) in 2015, due to this there were no mileage changes between 2014 and 2015. Mileage for 2019 is not available until June, 2020.

*** Number of bridges are the bridges owned by the state. TxDot also works on off-system bridges (county and city-owned bridges). Off-system bridges are not included in the number of bridges total.

Source: Various state agencies and official state agency websites.

Statistical Section – Operating Information
Capital Asset Statistics by Function (concluded)
Last Ten Fiscal Years*

Function	2015	2016	2017	2018	2019
GENERAL GOVERNMENT					
Number of Texas Facilities Commission Owned Facilities	210	204	204	198	197
State Real Property Inventory in Acres	1,210,769	1,212,174	1,218,978	1,218,407	1,218,407
EDUCATION					
Number of School Districts	1,225	1,225	1,216	1,217	1,217
Number of Students	5,215,282	5,284,252	5,359,127	5,399,682	5,431,910
Number of Higher Education Institutions	147	147	148	148	148
HEALTH AND HUMAN SERVICES					
Number of State Mental Health Facilities	38	38	39	39	39
Number of State Hospitals	12	12	12	10	10
PUBLIC SAFETY AND CORRECTIONS					
Number of State Prisons – Texas Department of Criminal Justice only	109	109	104	104	104
Number of Available Beds (Capacity)	155,634	155,534	152,364	152,327	151,200
Number of Authorized Vehicular State Patrol Units	1,828	2,084	2,220	2,345	2,447
TRANSPORTATION					
Centerline Miles of Highways**(Calendar years)	80,423	80,483	80,444	80,455	N/A
Number of Bridges***	35,753	36,008	36,173	36,149	36,283
NATURAL RESOURCES AND RECREATION					
Number of State Parks Managed	95	95	95	95	95
Number of Park Acreage	636,213	637,491	637,950	642,212	644,681

* Prior years are subject to revisions.

** Highway miles = centerline miles under the jurisdiction of the state (miles traveled in one direction regardless of the number of lanes in a roadway). Texas Department of Transportation (TxDot) transitioned to a new roadway inventory system (GRID) in 2015, due to this there were no mileage changes between 2014 and 2015. Mileage for 2019 is not available until June, 2020.

*** Number of bridges are the bridges owned by the state. TxDot also works on off-system bridges (county and city-owned bridges). Off-system bridges are not included in the number of bridges total.

Source: Various state agencies and official state agency websites.

Statistical Section – Operating Information
Operating Indicators by Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014
GENERAL GOVERNMENT / REGULATORY SERVICES					
Number of Tax Returns Processed	4,594,272	4,642,495	4,820,459	5,054,013	5,026,391
Number of Licenses Issued*	1,332,803	1,390,890	1,472,342	1,484,983	1,231,389
EDUCATION					
Average Daily School Attendance (ADA)	4,506,950	4,592,226	4,633,341	4,699,372	4,780,813
Percent of Students Passing TAKS Test**	77%	76%	N/A	N/A	N/A
Percent of Students Passing STAAR Test**	N/A	N/A	N/A	77%	77%
Texas Higher Education Enrollments*	1,464,081	1,509,098	1,457,502	1,453,630	1,465,870
Higher Education Degrees Awarded	256,635	238,665	251,098	263,371	271,155
HEALTH AND HUMAN SERVICES					
Number of Medicaid Clients Served***	3,296,439	3,541,286	3,652,489	3,658,629	3,746,124
Number of TANF Clients Served ***	121,290	116,386	107,288	93,988	80,803
Number of Immunizations	14,412,427	12,258,819	13,393,087	15,225,244	15,883,882
PUBLIC SAFETY AND CORRECTIONS					
Number of New Prison Population	72,315	73,988	74,232	71,713	71,325
Number of Prison Population Released	71,063	70,916	77,316	72,071	70,521
Average Daily Prison Population	154,315	155,830	154,933	151,265	150,620
Authorized Number of Troopers Patrolling Texas Highways	1,814	1,794	1,791	1,791	1,804
TRANSPORTATION					
Number of Construction Project Preliminary Engineering Plans Completed	1,169	944	750	905	769
Number of Lane Miles Receiving Roadway Surface Improvements: – By Contract	16,160	14,749	18,693	17,941	17,054
– Via State Sources	6,718	8,389	9,643	8,941	7,939
Number of Vehicles Registered	21,570,282	21,939,786	22,618,153	23,227,032	23,886,263
NATURAL RESOURCES AND RECREATION					
Number of State Parks Visits (in Millions)	4.4	4.3	4.3	4.5	4.6
Number of Parks and Wildlife Licenses Issued****	2,749,336	2,873,967	2,891,267	2,961,781	3,028,100

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* Current year numbers are estimated. Numbers from prior years may change due to updated numbers.

** The Texas Assessment of Knowledge and Skills (TAKS) was phased out beginning in 2012 and was replaced by the State of Texas Assessments of Academic Readiness (STAAR). Due to the transition, ratings were suspended in 2012 while a new accountability system was developed. The new STAAR state rating system became effective in 2013.

*** Medicaid average monthly caseload is based on data through December 2019. Fiscal 2018 data was finalized, and fiscal 2019 data will be finalized in March 2020. TANF is based on data through December 2019.

**** Includes commercial and recreational licenses, stamps, tags and permits. Does not include items such as hunting lease license sales, collector's stamp sales, hunt drawing sales and other similar items sold through the Point-of-Sale System.

Other Sources: Various state agencies, state agency reports and official state agency websites. Prior years are subject to revisions.

STATE OF TEXAS

Statistical Section – Operating Information

Operating Indicators by Function (concluded)

Last Ten Fiscal Years

Function	2015	2016	2017	2018	2019
GENERAL GOVERNMENT / REGULATORY SERVICES					
Number of Tax Returns Processed	5,212,002	5,349,832	5,448,247	5,688,522	5,899,311
Number of Licenses Issued*	1,279,615	1,347,258	1,430,899	1,466,414	1,489,373
EDUCATION					
Average Daily School Attendance (ADA)	4,854,882	4,924,589	5,020,999	5,004,998	5,019,837
Percent of Students Passing TAKS Test**	N/A	N/A	N/A	N/A	N/A
Percent of Students Passing STAAR Test**	77%	75%	75%	77%	78%
Texas Higher Education Enrollments*	1,489,525	1,522,542	1,532,500	1,571,721	1,581,945
Higher Education Degrees Awarded	287,616	303,894	316,930	326,679	337,537
HEALTH AND HUMAN SERVICES					
Number of Medicaid Clients Served***	4,056,702	4,060,564	4,067,380	4,021,686	3,914,990
Number of TANF Clients Served ***	70,095	62,846	61,115	55,853	48,449
Number of Immunizations	16,253,233	16,022,679	15,855,405	15,629,850	15,865,977
PUBLIC SAFETY AND CORRECTIONS					
Number of New Prison Population	69,066	67,492	65,278	65,710	62,621
Number of Prison Population Released	70,311	67,603	65,739	65,114	64,445
Average Daily Prison Population	149,159	147,510	146,424	145,543	144,328
Authorized Number of Troopers Patrolling Texas Highways	1,828	2,084	2,220	2,221	2,528
TRANSPORTATION					
Number of Construction Project Preliminary Engineering Plans Completed	907	773	796	849	925
Number of Lane Miles Receiving Roadway Surface Improvements: – By Contract	18,299	30,605	21,663	21,947	21,317
– Via State Sources	8,005	7,268	8,245	7,038	6,587
Number of Vehicles Registered	23,751,503	24,053,612	24,527,939	24,880,151	25,112,157
NATURAL RESOURCES AND RECREATION					
Number of State Parks Visits (in Millions)	4.5	5.0	5.5	5.0	5.3
Number of Parks and Wildlife Licenses Issued****	3,093,641	3,186,072	3,900,976	3,766,075	3,912,616

* Current year numbers are estimated. Numbers from prior years may change due to updated numbers.

** The Texas Assessment of Knowledge and Skills (TAKS) was phased out beginning in 2012 and was replaced by the State of Texas Assessments of Academic Readiness (STAAR). Due to the transition, ratings were suspended in 2012 while a new accountability system was developed. The new STAAR state rating system became effective in 2013.

*** Medicaid average monthly caseload is based on data through December 2019. Fiscal 2018 data was finalized, and fiscal 2019 data will be finalized in March 2020. TANF is based on data through December 2019.

**** Includes commercial and recreational licenses, stamps, tags and permits. Does not include items such as hunting lease license sales, collector's stamp sales, hunt drawing sales and other similar items sold through the Point-of-Sale System.

Other Sources: Various state agencies, state agency reports and official state agency websites. Prior years are subject to revisions.



Texas Comptroller of Public Accounts
Publication #96-471. Printed February 2020.

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State of Texas Financial Portion of the
**Statewide Single Audit Report for the
Year Ended August 31, 2019**

February 2020

Report No. 20-555



State of Texas Financial Portion of the
**Statewide Single Audit Report for the Year
Ended August 31, 2019**

SAO Report No. 20-555
February 2020

Overall Conclusion

In our audit opinion dated February 25, 2020, we concluded that the basic financial statements for the State of Texas presented fairly, in all material respects, the financial position and activities of the State for the fiscal year ended August 31, 2019. The Office of the Comptroller of Public Accounts (Comptroller's Office) prepared the basic financial statements and published our audit opinion as part of the Comprehensive Annual Financial Report (CAFR) for fiscal year 2019, which it intends to post on its Web site at <https://comptroller.texas.gov/transparency/reports/comprehensive-annual-financial/>.

The consolidated financial statements provide a comprehensive view of the State's financial activities during the fiscal year and an overall picture of the financial position of the State at the end of the fiscal year. Compiling the State's consolidated financial statements is a major undertaking; those financial statements combine financial information for more than 200 state agencies and higher education institutions.

Economic Stabilization Fund

On August 31, 2019, the Economic Stabilization Fund balance was \$11.7 billion. That amount consisted primarily of \$6.8 billion in cash in the State Treasury, \$3.2 billion in current and non-current investments, and \$1.7 billion due from the General Revenue Fund. The \$1.7 billion due from the General Revenue Fund was transferred to the Economic Stabilization Fund in November 2019. The Economic Stabilization Fund is reported in the General Fund on the governmental fund financial statements and in Governmental Activities on the government-wide financial statements.

Basic Financial Statements

The State's basic financial statements include both government-wide and fund financial statements:

- Government-wide financial statements display information about the State as a whole, except for its fiduciary activities.
- Fund financial statements for the State's governmental and proprietary funds provide information on the major funds individually and nonmajor funds in the aggregate. Fiduciary statements include financial information for fiduciary funds.

Source: Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

Fiscal Year 2019 Financial Summary

- As of August 31, 2019, the State reported total assets of \$356.0 billion, which primarily consisted of \$152.1 billion in capital assets, \$120.7 billion in investments, and \$42.6 billion in cash and cash equivalents.
- As of August 31, 2019, the State reported total liabilities of \$222.6 billion, which consisted of \$72.3 billion for other postemployment benefits (OPEB) liabilities, \$58.8 billion for pension liabilities, and \$56.7 billion for bonds payable liabilities.
- As of August 31, 2019, the State reported a net position of \$115.1 billion. Net position is the total ending balance for the State.
- The fiscal year 2019 consolidated financial statements convey the use of approximately \$151.8 billion¹ during the fiscal year.
- The State's Schedule of Expenditures of Federal Awards (SEFA) reported expenditures of \$56.6 billion related to federal awards.

The State is also the trustee or fiduciary for six defined benefit plans and one defined contribution plan. It is also responsible for other assets that can only be used for trust beneficiaries. All state fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are reported separately from other financial activities because the State cannot use the assets to finance its operations. The State's fiduciary responsibilities include ensuring that assets reported in those funds are used for their intended purposes. The financial activity and balances for those fiduciary activities are not included in the fiscal year 2019 totals listed above.

Auditing the basic financial statements is not limited to reviewing the numbers in those statements. Conducting this audit also requires the State Auditor's Office to obtain a sufficient understanding of the agencies and higher education institutions and their operating environments—including obtaining an understanding of the internal controls over systems and processes that the agencies and higher education institutions use to record their financial activities—to assess the risk of material misstatement of the financial statements.

The State Auditor's Office also audited the State's SEFA in relation to the CAFR for fiscal year 2019 and issued an unmodified opinion. The Comptroller's Office prepares the SEFA by using self-reported SEFA data from all state agencies and

¹ The \$151.8 billion in annual expenditures exceeded the \$115.8 billion appropriated for fiscal year 2019 primarily because:

- Certain expenditures (such as higher education institutions' expenditures of funds held outside the State Treasury) are included in the Comprehensive Annual Financial Report (CAFR) but are not included in the General Appropriations Act (GAA).
- The CAFR presents actual expenditures of federal funds, while the GAA presents estimated amounts for federal funds.
- Additional pension and OPEB-related expenditures were recorded in the CAFR to account for the effects of the implementation of GASB Statements Nos. 68, 71, 73, and 75 that are not included in the GAA.

higher education institutions that made federal expenditures during the fiscal year. The State Auditor's Office and CliftonLarsonAllen LLP (CLA) audited the processes for preparing SEFA information at 13 agencies. Auditors identified errors related to the SEFA information at three agencies. Those errors are discussed in Chapter 2-B of this report.

As part of the audit work for SEFA, auditors performed prior-year finding follow-up work at seven higher education institutions and determined that recommendations for four of those findings were not yet fully implemented (see the Summary Schedule of Prior Year Audit Findings).

The State Auditor's Office conducts this audit so that the State can comply with federal legislation (the Single Audit Act Amendments of 1996); state statute (Texas Government Code, Section 403.013(c)); and grant requirements to obtain an opinion regarding the fair presentation of its basic financial statements and a report on internal controls related to those statements. The results of this audit may be used by bond-rating companies, the Legislature, and federal agencies that award grants.

Summary of Management's Response

At the end of certain chapters in this report, auditors made recommendations to address the issues identified during this audit. The agencies and higher education institutions agreed with the recommendations in this report.

Audit Objective and Scope

The audit objective was to determine whether the State's basic financial statements present fairly, in all material respects, the consolidated balances and activities for the State of Texas for the fiscal year ended August 31, 2019.

The Statewide Single Audit is an annual audit for the State of Texas. It is conducted so that the State complies with (1) the Single Audit Act Amendments of 1996 and Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and (2) state statute requiring that an audited CAFR be provided to the Governor (Texas Government Code, Section 403.013(c)).

The scope of the financial portion of the Statewide Single Audit included an audit of the State's basic financial statements and a review of significant controls over financial reporting and compliance with applicable requirements.

The scope of the federal compliance portion of the Statewide Single Audit included an audit of the State's SEFA, a review of compliance for each major program, and a review of significant controls over federal compliance. The State Auditor's Office contracted with CLA to provide an opinion on compliance for each major program and internal control over compliance. The State Auditor's Office provided an opinion on the State's SEFA, in relation to its opinion on the CAFR. Information on the federal compliance portion of the Statewide Single Audit is included in a separate report entitled *State of Texas Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2019*, by CLA.

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Independent Auditor's Report

*State of Texas Financial Portion of the
Statewide Single Audit Report for the
Year Ended August 31, 2019*

Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to financial statements noted? | No |

Federal Awards

A finding regarding the Schedule of Expenditures of Federal Awards for fiscal year 2019 was included in Chapter 2-B of this report. All other fiscal year 2019 federal award information was issued in a separate report (see *State of Texas Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2019*, by CLA).



**Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Independent Auditor's Report

The Honorable Greg Abbott, Governor
The Honorable Glenn Hegar, Comptroller of Public Accounts
The Honorable Dan Patrick, Lieutenant Governor
The Honorable Dennis Bonnen, Speaker of the House of Representatives
and
Members of the Legislature, State of Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the State of Texas as of and for the year ended August 31, 2019, and the related notes to the consolidated financial statements, which collectively comprise the State of Texas's basic financial statements, and have issued our report thereon dated February 25, 2020. Our report includes a reference to other auditors who audited the financial statements of the Department of Transportation, the Texas Lottery Commission, and the University of Texas System as described in our report on the State of Texas's consolidated financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the State's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency described in the accompanying schedule of findings and responses to be a material weakness.

Summary of Finding	
Agency or Higher Education Institution	Finding Number
Texas Workforce Commission	20-555-01

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies.

Summary of Findings	
Agency or Higher Education Institution	Finding Numbers
Multiple agencies	20-555-02

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State’s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Auditors communicated certain issues that were not material or significant to the audit objectives in writing to the management of audited entities.

Other Work Performed by the State Auditor's Office

We issued opinions on the following financial statements, which are consolidated into the basic financial statements of the State of Texas:

- *A Report on the Audit of the Teacher Retirement System's Fiscal Year 2019 Financial Statements* (State Auditor's Office Report No. 20-011, December 2019).
- *A Report on the Audit of the Department of Housing and Community Affairs' Fiscal Year 2019 Financial Statements* (State Auditor's Office Report No. 20-016, December 2019).
- *A Report on the Audit of the Employees Retirement System's Fiscal Year 2019 Financial Statements* (State Auditor's Office Report No. 20-017, January 2020).
- *A Report on the Audit of the Permanent School Fund's Fiscal Year 2019 Financial Statements* (State Auditor's Office Report No. 20-018, December 2019).

This report, insofar as it relates to the entities listed above, does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

State's Responses to Findings

The State's responses to the findings identified in our audit are included in the accompanying schedule of findings and responses. The State's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the State's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

Lisa R. Collier

Lisa R. Collier, CPA, CFE, CIDA
First Assistant State Auditor

February 25, 2020

Schedule of Findings and Responses

*State of Texas Financial Portion of the
Statewide Single Audit Report for the
Year Ended August 31, 2019*

Financial Statement Findings

This chapter identifies the material weakness and significant deficiencies related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Chapter 2-A

The Texas Workforce Commission Should Strengthen Certain Controls Over Financial Reporting

Issue 1

The Texas Workforce Commission Should Strengthen Its Financial Reporting Processes

Reference No. 20-555-01

Type of finding: Material Weakness

The Texas Workforce Commission (Commission) had processes to help ensure that the financial information it reported to the State's accounting system reconciled to the Commission's internal accounting system. However, while it reported accurate financial information in its published fiscal year 2019 annual financial report, it did not accurately report fiscal year 2019 financial information related to net position to the State's accounting system. As a result, there was a material weakness in the Commission's internal control processes for financial reporting (see text box for additional information on material weaknesses).

The Office of the Comptroller of Public Accounts (Comptroller's Office) uses the State's accounting system to produce the State's Comprehensive Annual Financial Report. Therefore, the submission of incorrect financial data to the State's accounting system could lead the State to produce misstated financial statements.

Specifically, the Commission incorrectly reported to the State's accounting system net position balances for one of the funds that comprise the Commission's Unemployment Trust Fund (see text box for more information on funds). That one fund did not have any activity in fiscal year 2019; therefore, the Commission should not have reported an unrestricted net position balance of \$100.3 million and a restricted net position for debt retirement balance of negative \$100.3 million for that fund. This error occurred because the journal entry that the Commission made did not appropriately correct the net position balances in the State's accounting system.

Material Weakness in Internal Control

A **material weakness** is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of an entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Source: American Institute of Certified Public Accountants AU-C Section 265.07, *Communicating Internal Control Related Matters Identified in an Audit*.

Fund Definition

A **fund** is a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Source: Governmental Accounting Standards Board, Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, paragraph 208.

The Comptroller's Office's *Reporting Requirements for the Annual Financial Reports of State Agencies and Universities* requires each agency to ensure and certify that its financial data correctly reflected its financial position as of August 31, 2019, as recorded in the State's accounting system and the agency's internal accounting system.

To ensure that the issue discussed above did not affect the accuracy of the State's Comprehensive Annual Financial Report, the Comptroller's Office made appropriate adjustments to the Commission's net position balances during its preparation of the State's Comprehensive Annual Financial Report.

Recommendation

The Commission should strengthen its processes for reviewing and reporting the financial information that it submits to the State's accounting system to ensure that it submits accurate financial information.

Views of Responsible Officials

The Texas Workforce Commission (Commission) acknowledges and agrees with the net position finding of the Unemployment Trust Fund was not properly classified in the State's accounting system at year end.

The net position for the Unemployment Trust Fund was stated correctly in the printed Annual Financial Report. The agency has developed and begun implementing a corrective action plan which includes desk procedures to further improve accurate reporting of net position classifications for all funds.

Corrective Action Plan

The Commission understands the State's accounting system will automatically default to the incorrect account classification for some funds. The Commission will enhance the existing Annual Financial Report Preparation and Review Procedures with specific responsibilities and action dates to ensure the required entries into the State's accounting system are completed timely and accurately before the year end close. These include desk procedures that give step by step instructions on reviewing the fund net positions, creating the adjusting entries and follow-up to determine the net positions are properly classified before the year end closes.

Implementation Date: March 31, 2020

Responsible Person: Director of Accounting Services and Financial Reporting Services

State Entities Should Strengthen the Preparation and Review of Their Schedules of Expenditures of Federal Awards

Reference No. 20-555-02

(Prior Audit Issues: 19-555-01, 18-555-04, 17-555-04, 16-555-04, 15-555-05, 14-555-07, 13-555-02, 12-555-05, 11-555-17, 10-555-26, and 09-555-19)

Type of finding: Significant Deficiency

Schedule of Expenditures of Federal Awards (SEFA)

Each state entity that expends federal awards is required to prepare a Schedule of Expenditures of Federal Awards (SEFA) and submit it to the Office of the Comptroller of Public Accounts (Comptroller's Office). The expenditures are to be presented in the SEFA on the same accounting basis as each state entity's fund financial statements.

Federal awards include federal financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities [Title 2, U.S. Code of Federal Regulations (CFR), Section 200.38].

Federal financial assistance includes any assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, non-cash contributions or donations of property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance [Title 2, CFR, Section 200.40].

Source: *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*, Comptroller's Office.

The agencies discussed below did not appropriately prepare or adequately review their fiscal year 2019 Schedule of Expenditures of Federal Awards (SEFAs) (see text box for additional information). Therefore, the SEFAs that they submitted to the Office of the Comptroller of Public Accounts (Comptroller's Office) contained errors.

Those agencies reported \$32,746,187,774 in federal expenditures, or 58 percent of the total federal expenditures that the State of Texas reported for fiscal year 2019. The errors listed below were not material to the fiscal year 2019 SEFA for the State of Texas or to the fiscal year 2019 Comprehensive Annual Financial Report for the State of Texas. However, collectively, they represent control weaknesses that could be significant to the State's SEFA.

Department of Agriculture

The Department of Agriculture (Department) incorrectly classified \$58,911,752 of expenditures between 2 Catalog of Federal Domestic Assistance (CFDA) programs on its fiscal year 2019 SEFA. This occurred because the Department incorrectly reported all program expenditures under the administrative CFDA. The Department should have reported the expenditures under the corresponding direct program CFDA.

Recommendation

The Department of Agriculture should strengthen its SEFA preparation and review process to help ensure that it prepares its SEFA correctly, including appropriately classifying expenditures in the correct CFDA program.

Views of Responsible Officials

The Texas Department of Agriculture (TDA) agrees with the finding of error in our fiscal 2019 Schedule of Expenditures of Federal Awards (SEFA). Going forward we will request of the applicable program areas, a review of data presented to mitigate the possibility of any miscommunication.

Corrective Action Plan

TDA will implement the SEFA preparation process enhancement for the FY 2020 SEFA preparation and we will update the procedural documentation for this additional review. We will maintain support of the review once it is completed, in compliance with our record retention schedule.

Implementation Date: March 14, 2020

Responsible Person: Accounting Director

Department of Housing and Community Affairs

The Department of Housing and Community Affairs (Department) incorrectly classified \$554,256 for 2 CFDA programs on its fiscal year 2019 SEFA. This occurred because the Department did not accurately allocate expenditures between direct and pass through expenditure categories.

Recommendation

The Department of Housing and Community Affairs should strengthen its SEFA preparation and review process to help ensure that it prepares its SEFA correctly, including appropriately allocating expenditures for each federal award.

Views of Responsible Officials

The Texas Department of Housing and Community Affairs acknowledges and agrees with the finding.

Corrective Action Plan

The Department has updated its report review procedures and will include an additional senior staff member to the process. It will also develop a checklist to provide a consistent review of the report and mitigate any risk of misclassifying pass-through and direct expenditures.

Implementation Date: March 2020

Responsible Person: Director of Financial Administration

Health and Human Services Commission

The Health and Human Services Commission (Commission) did not report cash rebates received during fiscal year 2019 related to the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) in the Notes to the SEFA. As a result, the Commission's fiscal year 2019 SEFA Note 6 was understated by \$211,626,201. Administrative responsibility of the WIC program was transferred from the Department of State Health Services (Department) to the Commission in fiscal year 2018. The SEFA note guidance, issued by the Comptroller's Office, requires all WIC rebates received to be reported in the SEFA notes. There is additional guidance related to the reporting of WIC rebates that the Comptroller's Office directed only to the Department. However, because the Commission administered the WIC program during fiscal year 2019, it should have disclosed WIC rebates as required.

Recommendation

The Commission should ensure that it complies with all SEFA reporting requirements related to WIC rebates.

Views of Responsible Officials

HHSC acknowledges the SAO's concerns. HHSC will work with the State Comptroller's Office to ensure accurate Annual Financial Report (AFR) reporting as a result of [Senate Bill] 200.

Corrective Action Plan

HHSC Accounting will work the State Comptroller's Office to determine if Note 6 is applicable to HHSC based on the current business processes related to WIC Rebates.

Implementation Date: October 31, 2020

Responsible Persons: Federal Reporting Manager

Deputy Director of Fund Accounting

Federal Award Findings and Questioned Costs

A finding regarding the Schedule of Expenditures of Federal Awards for fiscal year 2019 was included in Chapter 2-B of this report. All other fiscal year 2019 federal award information was issued in a separate report. See *State of Texas Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2019*, by CLA.

Summary Schedule of Prior Audit Findings

*State of Texas Financial Portion of the
Statewide Single Audit Report for the
Year Ended August 31, 2019*

Summary Schedule of Prior Audit Findings

Federal regulations (Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*) state that “the auditee is responsible for follow-up and corrective action on all audit findings.” As part of this responsibility, the auditees report the corrective actions they have taken for the findings reported in:

State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2008 (State Auditor’s Office Report No. 09-555, April 2009).

State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2009 (State Auditor’s Office Report No. 10-555, March 2010).

State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2010 (State Auditor’s Office Report No. 11-555, February 2011).

State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2011 (State Auditor’s Office Report No. 12-555, February 2012).

State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2012 (State Auditor’s Office Report No. 13-555, February 2013).

State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2013 (State Auditor’s Office Report No. 14-555, February 2014).

State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2014 (State Auditor’s Office Report No. 15-555, February 2015).

State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2015 (State Auditor’s Office Report No. 16-555, March 2016).

State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2016 (State Auditor’s Office Report No. 17-555, February 2017).

State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2017 (State Auditor's Office Report No. 18-555, February 2018).

State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2018 (State Auditor's Office Report No. 19-555, February 2019).

The Summary Schedule of Prior Audit Findings (for the year ended August 31, 2019) has been prepared to address these responsibilities.

State Entities Should Strengthen the Preparation and Review of Their Schedules of Expenditures of Federal Awards

Reference No. 19-555-01

(Prior Audit Issues 18-555-04, 17-555-04, 16-555-04, 15-555-05, 14-555-07, 13-555-02, 12-555-05, 11-555-17, 10-555-26, and 09-555-19)

Type of finding: Significant Deficiency

Schedule of Expenditures of Federal Awards (SEFA)

Each state entity that expends federal awards is required to prepare a Schedule of Expenditures of Federal Awards (SEFA) and submit it to the Office of the Comptroller of Public Accounts (Comptroller's Office). The expenditures are to be presented in the SEFA on the same accounting basis as each state entity's fund financial statements.

Federal awards include federal financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities [Title 2, U.S. Code of Federal Regulations (CFR), Section 200.38].

Federal financial assistance includes any assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, non-cash contributions or donations of property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance [Title 2, CFR, Section 200.40].

Source: *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*, Comptroller's Office.

The agency and higher education institutions discussed below did not appropriately prepare or adequately review their fiscal year 2018 Schedule of Expenditures of Federal Awards (SEFAs) (see text box for additional information). Therefore, the SEFAs that they submitted to the Office of the Comptroller of Public Accounts (Comptroller's Office) contained errors.

The agency and higher education institutions discussed below reported \$2,157,552,213 in federal expenditures, or 4 percent of the total federal expenditures that the State of Texas reported for fiscal year 2018. The errors listed below were not material to the fiscal year 2018 SEFA for the State of Texas or to the fiscal year 2018 Comprehensive Annual Financial Report for the State of Texas. However, collectively, they represent control weaknesses that could be significant to the State's SEFA.

Department of State Health Services

The Department of State Health Services (DSHS) overstated expenditures on its fiscal year 2018 SEFA by \$22,625,885 for 43 Catalog of Federal Domestic Assistance (CFDA) programs. That occurred because DSHS incorrectly included prior year accruals and excluded current year accruals. As a result, DSHS overstated federal revenues by \$22,625,885 in Note 2 to its SEFA.

Implementation Status

Corrective action was implemented.

The University of Texas at Austin

On its fiscal year 2018 SEFA, the University of Texas at Austin (UT Austin):

- Incorrectly classified \$2,280,241 in expenditures related to 2 generic CFDA programs.
- Incorrectly classified \$12,976 in expenditures related to 3 CFDA as part of the Research and Development cluster of federal programs. Those expenditures should not have been classified as part of the Research and Development cluster of federal programs.

Recommendation

UT Austin should strengthen its SEFA preparation and review process to help ensure that it prepares its SEFA correctly, including ensuring that it reports correct CFDA for each federal award and classifies expenditures in the appropriate clusters.

Implementation Status

Not Implemented.

Views of Responsible Officials 2018

The University concurs with the finding.

Corrective Action Plan 2018

In preparation for the SEFA process, responsible parties will review CFDA to ensure that the correct CFDA has been used. The review process will occur during the summer so that errors regarding generic CFDA can be addressed. In addition, CFDA Research and Development clusters will be reviewed to ensure the correct classification of sponsored activities. SEFA procedures have been updated reflecting changes to the review process.

Views of Responsible Officials 2019

The University acknowledges and agree with the findings. Through analysis of the exceptions identified in the audit, the University has developed new procedures to improve the process.

Corrective Action Plan 2019

The University has revised existing training documentation which included retraining staff in areas related to proper classification of CFDA program and research and development cluster.

In addition, the Office of Sponsored Projects will conduct two separate reviews of the preliminary data of the Schedule 1A provided by Office of Accounting. These two reviews will be conducted in the months of May and August to ensure CFDA programs have been correctly classified and make any necessary adjustments.

Implementation Date: May 2020

Responsible Person: SPAA Associate Director

The University of Texas Health Science Center at Houston

On its fiscal year 2018 SEFA, the University of Texas Health Science Center at Houston (UT Health):

- Overstated federal revenue by \$327,845 and incorrectly included a reconciling item related to that revenue in Note 2 to its SEFA. That occurred because UT Health incorrectly included revenue received on non-fixed fee contracts in its calculation of the reconciling item for federal revenue received on fixed fee basis contract in Note 2 to its SEFA.
- Incorrectly classified \$1,295,576 in expenditures related to 2 CFDA as non-Research and Development expenditures. Those expenditures should have been classified as part of the Research and Development cluster of federal programs.

Implementation Status

Corrective action was implemented.

The University of Texas M.D. Anderson Cancer Center

On its fiscal year 2018 SEFA, the University of Texas M.D. Anderson Cancer Center (M.D. Anderson):

- Incorrectly excluded \$26,696,473 in expenditures because it did not include expenditures paid from program income for 6 CFDA's. As a result, M.D. Anderson (1) understated expenditures on its SEFA by \$26,696,473 and (2) understated federal revenue by \$26,696,473 in Note 2 to its SEFA.
- Incorrectly classified \$3,877,918 in expenditures related to 1 CFDA as part of the Research and Development cluster of federal programs. Those expenditures should not have been classified as part of the Research and Development cluster of federal programs.
- Incorrectly classified \$83,808 in expenditures for 2 CFDA programs on its SEFA.
- Incorrectly based its SEFA on revenues rather than expenditures for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program. As a result, M.D. Anderson could not determine whether Note 8, a required disclosure related to that program, applied to expenditures for that program.

Recommendations

M.D. Anderson should:

- Strengthen its SEFA preparation and review process to help ensure that it prepares its SEFA correctly, including ensuring that it:
 - ♦ Includes all applicable federal expenditures, including expenditures paid with program income.
 - ♦ Classifies expenditures in the appropriate clusters.
 - ♦ Reports correct CFDA's for each federal award.
- Correctly report its expenditure information for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program by:
 - ♦ Preparing its SEFA based on expenditures as described by Title 2, U.S. Code of Federal Regulations, Part 200, Appendix XI.
 - ♦ Reporting a Note 8, when appropriate.

Implementation Status

Partially Implemented.

Views of Responsible Officials 2018

The Cancer Center agrees with SAO's findings. We wish to highlight that, though program income was excluded from initial SEFA preparation, all program income accounts are appropriately coded as federal funding, managed to federal compliance requirements and audited as part of the Single Audit. Given the manual nature of entering and maintaining award data in the financial system, complete accuracy in data capture is an ongoing goal and objective of MDACC.

Corrective Action Plan 2018

- *The Cancer Center will include program income expenditures in future SEFA preparation. The Cancer Center will also revise its quality control process to ensure the SEFA is submitted as accurately as possible.*
- *The Cancer Center is conducting training, developing processes, and developing supporting tools to reduce the likelihood that award set-up and amendment transactions are entered into the financial system incorrectly.*
- *The Cancer Center will conduct training and develop processes with the Facilities, Grants and Contracts Accounting, and Financial Reporting teams to report expenditures for Disaster Grants – Public Assistance and to report a Note 8 when required.*

Views of Responsible Officials 2019

The Cancer Center's prior year finding noted observations in four distinct areas: reporting of program income expenditures, classification of expenditures as part of the Research and Development cluster of federal programs, classification of expenditures for CFDA programs, and reporting of Disaster Grants – Public Assistance (Presidentially Declared Disasters) and Note 8 to the SEFA.

The SAO verbally confirmed to the Cancer Center that the corrective action for the findings related to reporting of program income expenditures and classification of expenditures for CFDA programs have been fully implemented and cleared. Therefore, no action plan for those findings is being submitted.

The Cancer Center will enhance existing controls to provide reasonable assurance of compliance with Federal program requirements related to accurate classification of expenditures as part of the Research and Development cluster of federal programs. Due to the manual nature of entering and maintaining award data in the Cancer Center's financial system, complete accuracy in data capture continues to be an ongoing goal and objective of the Cancer Center.

Corrective Action Plan 2019

- The Cancer Center will review and enhance its quality control process for accurate classification of expenditures as part of the Research and Development cluster of federal programs. The Cancer Center will continue following its quality control process to provide reasonable assurance that the SEFA is accurate.
- The Cancer Center will conduct training and develop processes with the Facilities, Grants and Contracts Accounting, and Financial Reporting teams to report expenditures for Disaster Grants – Public Assistance and to report a Note 8 when required. The Cancer Center will only report CFDA 97.036 on Note 8.

*Implementation Dates: SEFA Preparation – September 2020
Disaster Grants – Public Assistance – September 2020*

Responsible Person: VP, Finance and Chief Accounting Officer

The University of Texas Medical Branch at Galveston

On its fiscal year 2018 SEFA, the University of Texas Medical Branch at Galveston (UTMB):

- Overstated federal revenue by \$415,789 and incorrectly included a reconciling item related to that revenue in Note 2 to its SEFA. That occurred because UTMB incorrectly included revenue received on non-fixed fee contracts in its calculation of the reconciling item for federal revenue received on the fixed fee basis contract in Note 2 to its SEFA.
- Incorrectly classified \$878,548 in expenditures related to 6 CFDA's as part of the Research and Development cluster of federal programs. Those expenditures should not have been classified as part of the Research and Development cluster of federal programs.

Recommendation

UTMB should strengthen its SEFA preparation and review process to help ensure that it prepares its SEFA correctly, including ensuring that it (1) reports federal revenues and reconciling items correctly and only when appropriate in the notes to its SEFA and (2) classifies expenditures in the appropriate clusters.

Implementation Status

Partially Implemented.

Views of Responsible Officials 2018

The University of Texas Medical Branch acknowledges and agrees with the findings.

Corrective Action Plan 2018

The University of Texas Medical Branch has already implemented significant process enhancements to ensure it correctly reports federal revenues and reconciling items in the SEFA notes. The Office of Sponsored Programs will reeducate staff regarding classifications for awards. A QA report will be developed and ran on a quarterly basis to monitor improper classifications.

Views of Responsible Officials 2019

The University of Texas Medical Branch acknowledges and agrees with the findings.

Corrective Action Plan 2019

The University of Texas Medical Branch has implemented significant process enhancements and monitoring to ensure expenditures are classified in the appropriate cluster.

Implementation Date: February 2020

Responsible Person: Director Grants and Contracts Accounting and Associate Vice President Research Administration

The University of Texas Southwestern Medical Center

On its fiscal year 2018 SEFA, the University of Texas Southwestern Medical Center (UT Southwestern):

- Overstated expenditures by \$1,247,151 for 1 Student Financial Assistance CFDA program. UT Southwestern did not make any disbursements for this program in fiscal year 2018. Instead, that amount represented the entire balance of the program. As a result, UT Southwestern (1) overstated the outstanding balance of loans by \$1,236,735 in Note 3a to its SEFA, (2) understated the beginning balance of outstanding loans by \$10,416 in Note 3a to its SEFA, and (3) overstated new loans processed amount by \$1,247,151 in Note 2 and Note 3a to its SEFA.
- Incorrectly classified \$360,220 in expenditures using a generic CFDA (43.000) instead of the CFDA identified in the award agreement (43.003).
- Overstated federal revenue by \$112,085 in Note 2 to its SEFA and incorrectly included a reconciling item (specifically, federal revenue received under a vendor relationship between the agency and the federal government) related to that revenue in Note 2 to its SEFA. That occurred because UT Southwestern incorrectly reported federal revenue received from vendor relationships with non-federal government entities.
- Incorrectly included \$212,064 in expenditures related to 2 CFDA's on its SEFA; it should have included those expenditures as a reconciling item (specifically, federal revenue received under a vendor relationship between the agency and the federal government) in Note 2 of its SEFA. As a result, UT Southwestern overstated expenditures on its SEFA by \$212,064.
- Overstated \$176,270 in expenditures related to 2 CFDA's. That occurred because UT Southwestern included non-federal expenditures on its SEFA. As a result, UT Southwestern overstated federal revenue by \$176,270 in Note 2 to its SEFA.

Recommendation

UT Southwestern should strengthen its SEFA preparation and review process to help ensure that it prepares its SEFA correctly, including ensuring that it:

- Prepares its SEFA beginning and outstanding balances and new loans processed correctly in the notes to its SEFA.
- Reports appropriate expenditures for each federal award and cluster of federal programs.

- Reports correct CFDA's for each federal award.
- Reports federal revenues and reconciling items correctly and only when appropriate in the notes to its SEFA.

Implementation Status

Partially Implemented.

Views of Responsible Officials 2018

- *Overstated expenditures by \$1,247,151 for 1 Student Financial Assistance CFDA program. UT Southwestern did not make disbursements for this program in fiscal year 2018. Instead, that amount represented the entire balance of the program. As a result, UT Southwestern (1) overstated the outstanding balance of loans by \$1, 236,735 in Note 3a to its SEFA (2) understated the beginning balance of outstanding loans by \$10,416 in Note 3a to its SEFA, and (3) overstated new loans processed amount by \$1,247,151 in Note 2 and Note 3a to its SEFA.*

UT Southwestern acknowledges and agrees that a data entry error occurred that resulted in an overstatement of expenditures. We have added an additional step to our review process to reduce the risk of future errors – see detail below.

Corrective Action Plan 2018

We have updated our report review procedures to include the Financial Aid Office as a reviewer. This will allow the business owner to provide an additional review of the report to ensure accuracy.

Views of Responsible Officials 2018

- *Incorrectly classified \$360,220 in expenditures using a generic CFDA (43.000) instead of the CFDA identified in the award agreement (43.003).*

UT Southwestern acknowledges and agrees that a data entry error of CFDA 43.000 rather than 43.003 resulted in classifying the respective expenditures to the National Aeronautics and Space Administration (NASA) generic CFDA, rather than to NASA's specific program, Exploration.

Corrective Action Plan 2018

We recently realigned SPA personnel to create a dedicated award set-up team, and have reiterated the importance for each person to review their entries carefully and assure all CFDA entries are accurate and directly represent the CFDA provided within the NOA—original or as amended. Further, we are reviewing options as to how we can enhance system controls and quality reviews within the entry process.

Views of Responsible Officials 2018

- *Overstated federal revenue by \$112,085 in Note 2 to its SEFA and incorrectly included a reconciling item (specifically, federal revenue received under a vendor relationship between the agency and the federal government) related to that revenue in Note 2 to its SEFA. That occurred because UT Southwestern incorrectly reported federal revenue received from vendor relationships with non-federal government entities.*

UT Southwestern acknowledges and agrees that revenue recognized under an agreement(s) with the Dallas VA Research Corporation was incorrectly reported on UT Southwestern’s SEFA.

Corrective Action Plan 2018

We recently realigned SPA personnel to create a dedicated award set-up team, and have reiterated the importance for each individual to assure any assignment of a CFDA requires sufficient and appropriate support narrated within the award—original and/or as amended. Further, we are reviewing options as to how we can enhance system controls and quality reviews within the entry process.

Views of Responsible Officials 2018

- *Incorrectly included \$212,064 in expenditures related to 2 CFDA’s on its SEFA; it should have included those expenditures as a reconciling item (specifically, federal revenue received under a vendor relationship between the agency and the federal government) in Note 2 of its SEFA. As a result, UTSW overstated expenditures on its SEFA by \$212,064*

UT Southwestern acknowledges that expenditures incurred under an agreement with the VA North Texas Health Care System to support residents and fellows in training was incorrectly reported on its SEFA.

Corrective Action Plan 2018

We recently realigned SPA personnel to create a dedicated award set-up team, and have reiterated the importance for each individual to assure any assignment of a CFDA requires sufficient and appropriate support narrated within the award—original and/or as amended. Further, we are reviewing options as to how we can enhance system controls and quality reviews within the entry process.

Views of Responsible Officials 2018

- *Overstated \$176,270 in expenditures related to 2 CFDAs. That occurred because UT Southwestern included non-federal expenditures on its SEFA. As a result, UT Southwestern overstated federal revenue by \$176,270 in Note 2 to its SEFA.*

UT Southwestern acknowledges that the above referenced expenditures were reported on its SEFA, with likely insufficient support. In particular and for the respective expenditures, the correlating agreement included a multitude of federal requirements, typically required and present within a federal flow through agreement. However, UT Southwestern acknowledges that there was also no specific reference to a CFDA therein.

Corrective Action Plan 2018

We recently realigned SPA personnel to create a dedicated award set-up team, and have reiterated the importance for each individual to assure any assignment of a CFDA requires sufficient and appropriate support narrated within the award—original and/or as amended. Further, we are reviewing options as to how we can enhance system controls and quality reviews within the entry process.

Views of Responsible Officials 2019

The University acknowledges and agrees with the finding that its corrective action plan is partially implemented. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve compliance.

Corrective Action Plan 2019

The University will implement additional processes to more effectively monitor the necessary attributes to properly report expenditures incurred against the University's federal awards. Combined with this monitoring, we will update our reporting template via auto-population of specific attributes, rather than the manual input, which had been deployed previously. These enhanced processes and quality control measures will assure proper expense categorization, by sponsor, within the various aspects of the SEFA, as well as Note 2.

Implementation Date: May 31, 2020

Responsible Person: Assistant Vice President of Sponsored Programs

During fiscal year 2018, two higher education institutions had uncorrected recommendations from issues identified during the audit of its fiscal year 2017 Schedule of Expenditures of Federal Awards (SEFA). Auditors conducted limited procedures to follow up on the status of the findings related to the preparation of its SEFAs in fiscal years 2017 and 2018. Both Universities fully implemented the recommendations from the prior audit.

Reference No. 18-555-04

Type of finding: Significant Deficiency

The higher education institutions discussed below did not appropriately prepare or adequately review its fiscal year 2017 SEFA.

The University of Texas at El Paso

The University of Texas at El Paso (UTEP) understated expenditures on its fiscal year 2017 SEFA by \$967,373 for 4 Student Financial Assistance CFDA programs. That occurred because UTEP (1) incorrectly excluded fiscal year 2017 expenditures from its SEFA and (2) incorrectly included prior period adjustments not associated with fiscal year 2017 disbursement activity on its SEFA. As a result, UTEP understated federal revenue by \$967,373 in Note 2 to its SEFA.

Implementation Status

Corrective action was implemented.

The University of Texas at San Antonio

The University of Texas at San Antonio (UTSA) understated expenditures on its fiscal year 2017 SEFA by \$198,775 for 1 Student Financial Assistance CFDA program. That occurred because UTSA incorrectly excluded fiscal year 2017 expenditures from its SEFA. As a result, UTSA understated federal revenue by \$198,775 in Note 2 to its SEFA.

Implementation Status

Corrective action was implemented.

Appendices

Appendix 1

Objective, Scope, and Methodology

Objective

The audit objective was to determine whether the State's basic financial statements present fairly, in all material respects, the consolidated balances and activities for the State of Texas for the fiscal year ended August 31, 2019.

The Statewide Single Audit is an annual audit for the State of Texas. It is conducted so that the State complies with (1) the Single Audit Act Amendments of 1996 and Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and (2) state statute requiring that an audited Comprehensive Annual Financial Report be provided to the Governor (Texas Government Code, Section 403.013(c)).

Scope

The scope of the financial portion of the Statewide Single Audit included an audit of the State's basic financial statements and a review of significant controls over financial reporting and compliance with applicable requirements. The opinion on the basic financial statements, published in the Comprehensive Annual Financial Report for the fiscal year ended August 31, 2019, was dated February 25, 2020.

The scope of the federal compliance portion of the Statewide Single Audit included an audit of the State's Schedule of Expenditures of Federal Awards (SEFA), a review of compliance for each major program, and a review of significant controls over federal compliance. The State Auditor's Office contracted with CliftonLarsonAllen LLP (CLA) to provide an opinion on compliance for each major program and internal control over compliance. The State Auditor's Office provided an opinion on the State's SEFA, in relation to its opinion on the CAFR. Information on the federal compliance portion of the Statewide Single Audit is included in a separate report entitled *State of Texas Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2019*, by CLA.

Methodology

The audit methodology included collecting information, verifying certain information collected, conducting data analyses, performing selected audit tests, and other procedures, and analyzing and evaluating the results against established criteria.

To avoid duplication of effort, the State Auditor's Office relied on CLA's testing of the internal controls over certain systems and processes as they related to the financial portion of the Statewide Single Audit.

Auditors assessed the reliability of the State's data by (1) performing electronic tests of required data elements, (2) reviewing existing information about data and the systems that produced the data, and (3) interviewing agency and higher education institution officials knowledgeable about data. Auditors determined that the data was sufficiently reliable for the purposes of the audit.

Sampling Methodology

As part of the audit procedures performed on the SEFA, auditors selected a risk-based sample of generic Catalog of Federal Domestic Assistance numbers (CFDAs) to test that the correct unique identifying number was reported.

Information collected and reviewed included the following:

- Agency and higher education institution policies and procedures.
- Agency and higher education institution systems documentation.
- Agency and higher education institution accounting data, which consisted of accounting data from agency and higher education institution internal accounting systems and accounting data from the Uniform Statewide Accounting System.
- Agency and higher education institution year-end accounting adjustments.
- Agency and higher education institution fiscal year 2019 annual financial reports.
- Agency and higher education institution fiscal year 2019 SEFA submissions to the Office of the Comptroller of Public Accounts.

Information systems reviewed included the following:

- Agency internal accounting systems.
- Uniform Statewide Accounting System.

Procedures and tests conducted included the following:

- Evaluating automated systems controls.
- Performing analytical tests of account balances.
- Evaluating agency and higher education institution transactions.
- Comparing agency and higher education institution accounting practices with Office of the Comptroller of Public Accounts' reporting requirements.

Criteria used included the following:

- Texas Statutes.
- Texas Administrative Code.
- General Appropriations Act (85th Legislature).
- The Office of the Comptroller of Public Accounts' policies and procedures.
- The Office of the Comptroller of Public Accounts' *Reporting Requirements for the Annual Financial Reports of State Agencies and Universities*.
- Agency and higher education institution policies and procedures.
- Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
- Generally accepted accounting principles as established by existing authoritative literature including, but not limited to, literature published by the Governmental Accounting Standards Board and the Financial Accounting Standards Board.

Project Information

Audit fieldwork was conducted from August 2019 through February 2020. We conducted this audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that the State Auditor's Office and those performing the audit be independent, and that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The State Auditor's Office implemented safeguards to maintain its independence to perform this audit. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The following members of the State Auditor's staff performed the audit of the Comprehensive Annual Financial Report:

- Jeannette Quiñonez Garcia, CPA (Project Manager)
- Philip Stringer, CPA (Assistant Project Manager)
- Nimita Azam, M.Sc. Finance
- Robert H. (Rob) Bollinger, CPA, CGMA, CFE
- Justin Brister
- Morgan Burandt, CPA
- Robert Burg, MPA, CPA, CFE
- Chase Dierschke, Macy, CIA
- Lauren Futch, CPA
- Elizabeth Gallegos, MAcc
- Jennifer Grant
- Taylor L. Huff, CFE
- Teri Lynn Incremona, CFE
- Joyce Inman, CGFM
- Douglas Jarnagan, MAcc

- Alana Montoro
- Robert Pagenkopf, MBA, CFE
- Anca Pinchas, CPA, CISA, CIDA
- Fabienne Robin, MBA
- Nakeesa Shahparasti, CPA, CFE, CISA
- Alexander Summers
- Michelle Ann Duncan Feller, CPA, CIA (Quality Control Reviewer)
- Michael Owen Clayton, CPA, CISA, CFE, CIDA (Audit Manager)

The following members of the State Auditor's staff performed the audit of the Schedule of Expenditures of Federal Awards:

- Adam K. Ryan (Project Manager)
- Adam Berry, CFE (Assistant Project Manager)
- Charlotte Carpenter, CPA
- James Collins
- Rebecca Franklin, CFE, CISA, CGAP
- Ann E. Karnes, CPA (Quality Control Reviewer)
- Becky Beachy, CIA, CGAP (Audit Manager)

Agencies and Higher Education Institutions Audited

Financial accounts were audited at the following agencies:

- Health and Human Services Commission.
- Office of the Comptroller of Public Accounts.
- Texas Education Agency.
- Texas Workforce Commission.

Schedules of expenditures of federal awards at the following agencies and higher education institutions were audited by either the State Auditor's Office or CLA:

- Department of Agriculture.
- Department of Family and Protective Services.
- Department of Housing and Community Affairs.
- Department of Public Safety.
- Department of State Health Services.
- Department of Transportation.
- Health and Human Services Commission.
- Higher Education Coordinating Board.
- Office of the Attorney General.
- Office of the Governor.
- Parks and Wildlife Department.
- Texas Education Agency.
- Texas Workforce Commission.
- The University of Texas at Austin (auditors performed only prior-year finding follow-up work).
- The University of Texas at El Paso (auditors performed only prior-year finding follow-up work).

- The University of Texas at San Antonio (auditors performed only prior-year finding follow-up work).
- The University of Texas Health Science Center at Houston (auditors performed only prior-year finding follow-up work).
- The University of Texas M.D. Anderson Cancer Center (auditors performed only prior-year finding follow-up work).
- The University of Texas Medical Branch at Galveston (auditors performed only prior-year finding follow-up work).
- The University of Texas Southwestern Medical Center (auditors performed only prior-year finding follow-up work).

Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable Dan Patrick, Lieutenant Governor, Joint Chair
The Honorable Dennis Bonnen, Speaker of the House, Joint Chair
The Honorable Jane Nelson, Senate Finance Committee
The Honorable Robert Nichols, Member, Texas Senate
The Honorable Giovanni Capriglione, House Appropriations Committee
The Honorable Dustin Burrows, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

Boards, Commissions, Chancellors, Executive Directors, and Presidents of the Following Agencies and Higher Education Institutions

Department of Agriculture
Department of Housing and Community Affairs
Department of Family and Protective Services
Department of Public Safety
Department of State Health Services
Department of Transportation
Health and Human Services Commission
Higher Education Coordinating Board
Office of the Attorney General
Office of the Comptroller of Public Accounts
Parks and Wildlife Department
Texas Education Agency
Texas Workforce Commission
The University of Texas at Austin
The University of Texas at El Paso
The University of Texas at San Antonio
The University of Texas Health Science Center at Houston
The University of Texas M.D. Anderson Cancer Center
The University of Texas Medical Branch at Galveston
The University of Texas Southwestern Medical Center



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Corrective Action Plans

State of Texas Financial Portion of the
Statewide Single Audit Report
for the Year Ended August 31, 2019



Corrective Action Plans – State Auditor’s Office

Title 2, U.S. Code of Federal Regulations, Section 200.511(c), states, “At the completion of the audit, the auditee must prepare, in a document separate from the auditor’s findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor’s reports.” The corrective action plans are presented below.

**Corrective Action Plans
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Texas Workforce Commission

A Member of Texas Workforce Solutions

Bryan Daniel, Chairman
Commissioner Representing
the Public

Julian Alvarez
Commissioner Representing
Labor

Aaron Demerson
Commissioner Representing
Employers

Edward Serna
Executive Director

Finding 20-555-01

Views of Responsible Officials

The Texas Workforce Commission (Commission) acknowledges and agrees with the net position finding of the Unemployment Trust Fund was not properly classified in the State's accounting system at year end.

The net position for the Unemployment Trust Fund was stated correctly in the printed Annual Financial Report. The agency has developed and begun implementing a corrective action plan which includes desk procedures to further improve accurate reporting of net position classifications for all funds.

Corrective Action Plan

The Commission understands the State's accounting system will automatically default to the incorrect account classification for some funds. The Commission will enhance the existing Annual Financial Report Preparation and Review Procedures with specific responsibilities and action dates to ensure the required entries into the State's accounting system are completed timely and accurately before the year end close. These include desk procedures that give step by step instructions on reviewing the fund net positions, creating the adjusting entries and follow-up to determine the net positions are properly classified before the year end closes.

Implementation Date: March 31, 2020

Responsible Person: Leo Paterra, Director of Accounting Services and Financial Reporting Services



TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

Finding 20-555-02

Views of Responsible Officials

The Texas Department of Agriculture (TDA) agrees with the finding of error in our fiscal 2019 Schedule of Expenditure of Federal Awards (SEFA). Going forward we will request of the applicable program areas, a review of data presented to mitigate the possibility of any miscommunication.

Corrective Action Plan

TDA will implement the SEFA preparation process enhancement for the FY2020 SEFA preparation and we will update the procedural documentation for this additional review. We will maintain support of the review once it is completed, in compliance with our record retention schedule.

Implementation Date: March 14, 2020

Responsible Person: Irma Rodriguez, Accounting Director



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

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Leo Vasquez, Member

Finding 20-555-02

Views of Responsible Officials

The Texas Department of Housing and Community Affairs acknowledges and agrees with the finding.

Corrective Action Plan

The Department has updated its report review procedures and will include an additional senior staff member to the process. It will also develop a checklist to provide a consistent review of the report and mitigate any risk of misclassifying pass-through and direct expenditures.

Implementation Date: March 2020

Responsible Person: Director of Financial Administration



Management Response to SAO for the Single Audit Report finding at the Health and Human Services Commission

Reference No. 20-555-02

Finding 20-555-02

Views of Responsible Officials:

HHSC acknowledges **the SAO's concerns**. HHSC will work with the State Comptroller's Office to ensure accurate Annual Financial Report (AFR) reporting as a result of S.B. 200.

Corrective Action Plan:

HHSC Accounting will work the State **Comptroller's Office to determine if Note 6 is applicable to HHSC based on the current business processes related to WIC Rebates.**

Implementation Date: October 31, 2020

Responsible Persons: Federal Reporting Manager
 Deputy Director of Fund Accounting

Finding 20-555-02Views of Responsible Officials

The Cancer Center's prior year finding noted observations in four distinct areas: reporting of program income expenditures, classification of expenditures as part of the Research and Development cluster of federal programs, classification of expenditures for CFDA programs, and reporting of Disaster Grants – Public Assistance (Presidentially Declared Disasters) and Note 8 to the SEFA.

The SAO verbally confirmed to the Cancer Center that the corrective action for the findings related to reporting of program income expenditures and classification of expenditures for CFDA programs have been fully implemented and cleared. Therefore, no action plan for those findings is being submitted.

The Cancer Center will enhance existing controls to provide reasonable assurance of compliance with Federal program requirements related to accurate classification of expenditures as part of the Research and Development cluster of federal programs. Due to the manual nature of entering and maintaining award data in the Cancer Center's financial system, complete accuracy in data capture continues to be an ongoing goal and objective of the Cancer Center.

Corrective Action Plan

- The Cancer Center will review and enhance its quality control process for accurate classification of expenditures as part of the Research and Development cluster of federal programs. The Cancer Center will continue following its quality control process to provide reasonable assurance that the SEFA is accurate.
- The Cancer Center will conduct training and develop processes with the Facilities, Grants and Contracts Accounting, and Financial Reporting teams to report expenditures for Disaster Grants – Public Assistance and to report a Note 8 when required. The Cancer Center will only report CFDA 97.036 on Note 8.

Implementation Dates: SEFA Preparation – September 2020

Disaster Grants – Public Assistance – September 2020

Responsible Person: Michael Keneker

Views of Responsible Officials

The University of Texas Medical Branch acknowledges and agrees with the findings.

Corrective Action Plan

The University of Texas Medical Branch has implemented significant process enhancements and monitoring to ensure expenditures are classified in the appropriate cluster.

Implementation Date: February 2020

Responsible Person: Director Grants and Contracts Accounting and Associate Vice President Research Administration



OFFICE OF SPONSORED PROJECTS
THE UNIVERSITY OF TEXAS AT AUSTIN

3925 W. Braker Lane, Stop A9000
Austin, Texas 78759 • (512)471-6424 • FAX (512)232-6649

Finding 20-555-02

Views of Responsible Officials

The University acknowledges and agree with the findings. Through analysis of the exceptions identified in the audit, the University has developed new procedures to improve the process.

Corrective Action Plan

The University has revised existing training documentation which included retraining staff in areas related to proper classification of CFDA program and research and development cluster.

In addition, the Office of Sponsored Projects will conduct two separate reviews of the preliminary data of the Schedule 1A provided by Office of Accounting. These two reviews will be conducted in the months of May and August to ensure CFDA programs have been correctly classified and make any necessary adjustments.

Implementation Date: May 2020

Responsible Person: SPAA Associate Director

Sponsored Programs Administration

Finding 20-555-02

Views of Responsible Officials

The University acknowledges and agrees with the finding that its corrective action plan is partially implemented. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve compliance.

Corrective Action Plan

The University will implement additional processes to more effectively monitor the necessary attributes to properly report expenditures incurred against the University's federal awards. Combined with this monitoring, we will update our reporting template via auto-population of specific attributes, rather than the manual input, which had been deployed previously. These enhanced processes and quality control measures will assure proper expense categorization, by sponsor, within the various aspects of the SEFA, as well as Note 2.

Implementation Date: May 31, 2020

Responsible Person: Megan G. Marks, Ph.D.

State of Texas
Federal Portion of the Statewide Single
Audit Report for the Year Ended
August 31, 2019

Report No. 20-317



**STATE OF TEXAS
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FOR THE YEAR ENDED AUGUST 31, 2019**

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INDEPENDENT AUDITORS' REPORTS
FEDERAL PORTION OF STATEWIDE SINGLE AUDIT REPORT
FOR THE YEAR ENDED AUGUST 31, 2019

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Lisa R. Collier,
CPA, CFE, CIDA,
First Assistant State Auditor

INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Honorable Greg Abbott, Governor
The Honorable Glenn Hegar, Comptroller of Public Accounts
The Honorable Dan Patrick, Lieutenant Governor
The Honorable Dennis Bonnen, Speaker of the House of Representatives
and
Members of the Legislature, State of Texas

We have audited the consolidated financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the State of Texas, as of and for the year ended August 31, 2019, and have issued our report thereon dated February 25, 2020, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

As described in Note 1 to the schedule of expenditures of federal awards, the schedule of expenditures of federal awards does not include expenditures of federal awards for four component units of the State of Texas. Each of those component units has its own independent audit in compliance with the Uniform Guidance.

Lisa R. Collier

Lisa R. Collier, CPA, CFE, CIDA
First Assistant State Auditor

February 25, 2020

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SAO Report No. 20-319

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Greg Abbott, Governor
The Honorable Dan Patrick, Lieutenant Governor
The Honorable Dennis Bonnen, Speaker of the House of Representatives
Members of the Texas Legislature, State of Texas

Report on Compliance for Each Major Federal Program

We have audited the State of Texas' (the State) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended August 31, 2019. The State's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The State's financial statements include the operations of a blended component unit, Texas A&M Research Foundation (TAMRF), which expended approximately \$64.4 million in federal awards which is not included in the State's schedule of expenditures of federal awards for the year ended August 31, 2019. Our audit, described below, did not include the operations of TAMRF because the entity has engaged other auditors to perform an audit in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Management's Responsibility

Management of the State Agencies and Universities is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the State's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

The Honorable Greg Abbott, Governor
 The Honorable Dan Patrick, Lieutenant Governor
 The Honorable Dennis Bonnen, Speaker of the House of Representatives
 Members of the Texas Legislature, State of Texas

We believe that our audit provides a reasonable basis for our unmodified and modified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the State's compliance.

Basis for Qualified Opinions

As described in the accompanying schedule of findings and questioned costs, the State did not comply with requirements related to the following:

Agency	Major Program	Compliance Requirement	Finding Number
Department of State Health Services	CFDA 93.074 – Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	Procurement and Suspension and Debarment	2019-009
Health and Human Services Commission	CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children		
	CFDA 93.791 – Money Follows the Person Rebalancing Demonstration		
	CFDA 93.767 Children's Health Insurance Program (CHIP) Medicaid Cluster	Allowable Costs/Cost Principles	2019-013
	CFDA 93.791 – Money Follows the Person Rebalancing Demonstration	Eligibility	2019-017

Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to that program.

Qualified Opinions

In our opinion, except for the noncompliance described in the Basis for Qualified Opinions paragraph, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the major programs identified in the Basis for Qualified Opinions paragraph for the year ended August 31, 2019.

Unmodified Opinions on Each of the Other Major Federal Programs

In our opinion, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items:

The Honorable Greg Abbott, Governor
The Honorable Dan Patrick, Lieutenant Governor
The Honorable Dennis Bonnen, Speaker of the House of Representatives
Members of the Texas Legislature, State of Texas

Agency	Major Program	Compliance Requirement	Finding Number
Department of Family and Protective Services	Medicaid Cluster TANF Cluster CCDF Cluster	Allowable Costs/Cost Principles	2019-003
	TANF Cluster	Eligibility	2019-004
Health and Human Services Commission	CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children CFDA 93.767 – Children’s Health Insurance Program (CHIP) CFDA 93.791 – Money Follows the Person Rebalancing Demonstration Medicaid Cluster SNAP Cluster TANF Cluster CCDF Cluster	Allowable Costs/Cost Principles Matching, Level of Effort, Earmarking	2019-006
	CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children TANF Cluster	Allowable Costs/Cost Principles	2019-008
	CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children CFDA 93.791 – Money Follows the Person Rebalancing Demonstration	Equipment/Real Property Management	2019-011
	SNAP Cluster	Special Tests and Provisions – EBT Reconciliation	2019-012
	Medicaid Cluster	Special Tests and Provisions – ADP Risk Analysis and System Security Review	2019-014
	Medicaid Cluster	Special Tests and Provisions – Provider Health and Safety Standards	2019-015
	TANF Cluster	Allowable Costs/Cost Principles	2019-018
	TANF Cluster	Eligibility	2019-019
	TANF Cluster	Special Tests and Provisions – Child Support Non-Cooperation	2019-020
	TANF Cluster	Special Tests and Provisions – Penalty for Refusal to Work	2019-021

The Honorable Greg Abbott, Governor
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 Members of the Texas Legislature, State of Texas

Agency	Major Program	Compliance Requirement	Finding Number
Health and Human Services Commission (Continued)	TANF Cluster	Reporting Special Tests and Provisions – Penalty for Failure to Comply with Work Verification Plan	2019-022
Texas Department of Housing and Community Affairs	CFDA 93.568 – Low Income Energy Assistance	Reporting	2019-023
Texas Education Agency	CFDA 84.048 – Career and Technical Education – Basic Grants to States	Allowable Costs/Cost Principles	2019-025
Texas Higher Education Coordinating Board	CFDA 84.048 – Career and Technical Education – Basic Grants to States	Subrecipient Monitoring	2019-026

Our opinion on each major federal program is not modified with respect to these matters.

The State’s responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The State’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the State Agencies and Universities is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State’s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

The Honorable Greg Abbott, Governor
 The Honorable Dan Patrick, Lieutenant Governor
 The Honorable Dennis Bonnen, Speaker of the House of Representatives
 Members of the Texas Legislature, State of Texas

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and listed below to be material weaknesses.

Agency	Major Program	Compliance Requirement	Finding Number
Department of State Health Services	CFDA 93.074 – Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	Procurement and Suspension and Debarment	2019-009
Health and Human Services Commission	CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children		
	CFDA 93.791 – Money Follows the Person Rebalancing Demonstration		
	CFDA 93.767 Children’s Health Insurance Program (CHIP) Medicaid Cluster	Allowable Costs/Cost Principles	2019-013
	CFDA 93.791 – Money Follows the Person Rebalancing Demonstration	Eligibility	2019-017

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs and listed below to be significant deficiencies.

Agency	Major Program	Compliance Requirement	Finding Number
Department of Agriculture	Food Distribution Cluster	Allowable Costs/Cost Principles Cash Management	2019-001
	Food Distribution Cluster	Allowable Costs/Cost Principles Cash Management Eligibility Special Tests and Provision – Accountability for USDA Foods	2019-002

The Honorable Greg Abbott, Governor
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Agency	Major Program	Compliance Requirement	Finding Number
Department of Family and Protective Services	Medicaid Cluster TANF Cluster CCDF Cluster	Allowable Costs/Cost Principles	2019-003
	TANF Cluster	Eligibility	2019-004
Health and Human Services Commission Department of Family and Protective Services	CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children Medicaid Cluster SNAP Cluster TANF Cluster	Allowable Costs/Cost Principles	2019-005
Health and Human Services Commission	CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children CFDA 93.767 – Children’s Health Insurance Program (CHIP) CFDA 93.791 – Money Follows the Person Rebalancing Demonstration Medicaid Cluster SNAP Cluster TANF Cluster CCDF Cluster	Allowable Costs/Cost Principles Matching, Level of Effort, Earmarking	2019-006
	CFDA 93.767 – Children’s Health Insurance Program (CHIP) CFDA 93.791 – Money Follows the Person Rebalancing Demonstration Medicaid Cluster SNAP Cluster TANF Cluster	Allowable Costs/Cost Principles	2019-007
	CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children TANF Cluster	Allowable Costs/Cost Principles	2019-008
	CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Special Tests and Provisions – Compliance Investigation of High-Risk Vendors	2019-010
	CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children CFDA 93.791 – Money Follows the Person Rebalancing Demonstration	Equipment/Real Property Management	2019-011
	SNAP Cluster	Special Tests and Provisions – EBT Reconciliation	2019-012

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Members of the Texas Legislature, State of Texas

Agency	Major Program	Compliance Requirement	Finding Number
Health and Human Services Commission (Continued)	Medicaid Cluster	Special Tests and Provisions – ADP Risk Analysis and System Security Review	2019-014
	Medicaid Cluster	Special Tests and Provisions – Provider Health and Safety Standards	2019-015
	CFDA 93.767 – Children’s Health Insurance Program (CHIP)	Matching, Level of Effort, Earmarking	2019-016
	TANF Cluster	Allowable Costs/Cost Principles	2019-018
	TANF Cluster	Eligibility	2019-019
	TANF Cluster	Special Tests and Provisions – Child Support Non-Cooperation	2019-020
	TANF Cluster	Special Tests and Provisions – Penalty for Refusal to Work	2019-021
	TANF Cluster	Reporting Special Tests and Provisions – Penalty for Failure to Comply with Work Verification Plan	2019-022
Texas Department of Housing and Community Affairs	CFDA 93.568 – Low Income Energy Assistance	Reporting	2019-023
Office of Attorney General	Medicaid Cluster	Reporting	2019-024
Texas Education Agency	CFDA 84.048 – Career and Technical Education – Basic Grants to States	Allowable Costs/Cost Principles	2019-025
Texas Higher Education Coordinating Board	CFDA 84.048 – Career and Technical Education – Basic Grants to States	Subrecipient Monitoring	2019-026
Texas Workforce Commission	TANF Cluster CCDF Cluster	Allowable Costs/Cost Principles	2019-027

The State’s responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The State’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The Honorable Greg Abbott, Governor
The Honorable Dan Patrick, Lieutenant Governor
The Honorable Dennis Bonnen, Speaker of the House of Representatives
Members of the Texas Legislature, State of Texas

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Albuquerque, New Mexico
February 25, 2020

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
Peace Corps					
Peace Corps	08.XXX	PC-15-8-029 003	\$ -	\$ 22,414	\$ 22,414
		PC-15-8-029 004	-	1,655	1,655
Total - CFDA 08.XXX			-	24,069	24,069
Total - Peace Corps			-	24,069	24,069
U.S. Department of Agriculture					
U.S. Department of Agriculture	10.XXX	U4129	-	65,443	65,443
Agricultural Research Basic and Applied Research	10.001		-	119,202	119,202
Plant and Animal Disease, Pest Control, and Animal Care	10.025		-	5,014,140	5,014,140
Wildlife Services	10.028		-	150,861	150,861
<i>Pass-Through from Tuskegee University</i>		M1602749	-	1,521	1,521
<i>Pass-Through from Tuskegee University</i>		M1602758	-	6,923	6,923
Total - CFDA 10.028			-	159,305	159,305
Voluntary Public Access and Habitat Incentive Program	10.093		69,776	7,500	77,276
Biofuel Infrastructure Partnership	10.117		2,907,271	6,846	2,914,117
Market News	10.153		-	7,600	7,600
Market Protection and Promotion	10.163		-	1,042,969	1,042,969
Transportation Services	10.167		-	7,865	7,865
Specialty Crop Block Grant Program - Farm Bill	10.170		1,355,994	587,075	1,943,069
<i>Pass-Through from East Texas Grape and Wine Producers</i>		M1801722	-	27,942	27,942
<i>Pass-Through from Nacogdoches Economic Development Corporation</i>		SC-1718-016	-	25,839	25,839
<i>Pass-Through from Texas Hill Country Wineries</i>		M1801535	-	36,429	36,429
<i>Pass-Through from Texas Nursery & Landscape Association</i>		M1801045	-	39,999	39,999
<i>Pass-Through from Texas Pecan Growers Association</i>		M1601015	-	(2)	(2)
<i>Pass-Through from Texoma Craft Beverage Alliance Foundation</i>		SC-1718-026	-	50,975	50,975
Total - CFDA 10.170			1,355,994	768,257	2,124,251
Organic Certification Cost Share Programs	10.171		6,281	-	6,281
Trade Mitigation Program Eligible Recipient Agency Operational Funds	10.178		1,644,566	-	1,644,566
Grants for Agricultural Research, Special Research Grants	10.200				
<i>Pass-Through from Kansas State University</i>		S16098 02	-	4,000	4,000
<i>Pass-Through from Kansas State University</i>		S16098 03	-	4,297	4,297
<i>Pass-Through from Mississippi State University</i>		M1801509	-	10,186	10,186
<i>Pass-Through from Oklahoma State University</i>		3-580570 TAMUEX	-	73	73
<i>Pass-Through from Oklahoma State University</i>		3-580650 TAMUEX	-	38,340	38,340
<i>Pass-Through from University of Florida</i>		1800575091	-	6,734	6,734
<i>Pass-Through from University of Florida</i>		1800576135	-	7,862	7,862
<i>Pass-Through from University of Florida</i>		1800577476	-	3	3
<i>Pass-Through from University of Florida</i>		1900636745	-	20,500	20,500
<i>Pass-Through from University of Florida - Gainesville</i>		1800578279	-	6	6
Total - CFDA 10.200			-	92,001	92,001
Higher Education - Graduate Fellowships Grant Program	10.210		-	64,080	64,080
Small Business Innovation Research	10.212		-	2,025	2,025
Sustainable Agriculture Research and Education	10.215		-	18,934	18,934
<i>Pass-Through from University of Georgia</i>		RD309-129/S000837	-	(6)	(6)
<i>Pass-Through from University of Georgia</i>		RD309-134/S001077	4,013	8,993	13,006
<i>Pass-Through from University of Georgia</i>		RD309-134/S001167	-	973	973

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of Agriculture (Continued)					
<i>Pass-Through from University of Georgia</i>		RD309-134/S001168	-	2,736	2,736
<i>Pass-Through from University of Georgia</i>		RD309-137/S001429	-	44,209	44,209
<i>Pass-Through from University of Georgia</i>		RD309-137/S001433	-	60,685	60,685
<i>Pass-Through from University of Georgia</i>		RE671-867/S001695	-	7,407	7,407
<i>Pass-Through from University of Georgia</i>		00001463	-	26,766	26,766
<i>Pass-Through from University of Georgia</i>		00001711	1,569	174	1,743
<i>Pass-Through from University of Georgia</i>		00001713	-	4,381	4,381
<i>Pass-Through from University of Georgia</i>		00001738	-	42,834	42,834
<i>Pass-Through from University of Georgia</i>		00001979	-	220	220
Total - CFDA 10.215			5,582	218,306	223,888
1890 Institution Capacity Building Grants	10.216		35,262	122,960	158,222
Higher Education - Institution Challenge Grants Program	10.217		34,247	15,601	49,848
Biotechnology Risk Assessment Research	10.219		34,435	121,276	155,711
Hispanic Serving Institutions Education Grants	10.223		-	229,186	229,186
<i>Pass-Through from New Mexico State University</i>		2015-38422-24068	-	14,540	14,540
<i>Pass-Through from Our Lady of the Lake University</i>		18-01	-	11,477	11,477
Total - CFDA 10.223			-	255,203	255,203
Agricultural and Food Policy Research Centers	10.291		-	292,265	292,265
Integrated Programs	10.303		-	30,725	30,725
Homeland Security Agricultural	10.304		-	-	-
<i>Pass-Through from Purdue University</i>		F9001538402017	-	8,708	8,708
<i>Pass-Through from University of Florida</i>		UFDSP00011543 (RECIPIENTS)	-	30,570	30,570
Total - CFDA 10.304			-	39,278	39,278
Specialty Crop Research Initiative	10.309		128,561	758,987	887,548
<i>Pass-Through from Clemson University</i>		1938-207-2011761	-	39,346	39,346
<i>Pass-Through from Michigan State University</i>		RC105573TAM	-	124,925	124,925
<i>Pass-Through from University of California - Riverside</i>		S-000719	-	21,400	21,400
<i>Pass-Through from University of Florida</i>		UFDSP00011161	-	5,840	5,840
<i>Pass-Through from University of Georgia</i>		00001666	-	20,722	20,722
Total - CFDA 10.309			128,561	971,220	1,099,781
Agriculture and Food Research Initiative (AFRI)	10.310		71,507	545,285	616,792
<i>Pass-Through from North Carolina State University</i>		2015-0097-03	-	11,776	11,776
Total - CFDA 10.310			71,507	557,061	628,568
Beginning Farmer and Rancher Development Program	10.311		138,573	288,412	426,985
Sun Grant Program	10.320		-	12,187	12,187
Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)	10.326		-	177,865	177,865
National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program	10.328		-	-	-
<i>Pass-Through from University of Florida</i>		UFDSP00012346	-	1,088	1,088
<i>Pass-Through from University of Georgia</i>		RE584-456-S001568	-	84,415	84,415
Total - CFDA 10.328			-	85,503	85,503
Crop Protection and Pest Management Competitive Grants Program	10.329		(146)	181,256	181,110
<i>Pass-Through from North Carolina State University</i>		2015-0085-14	-	2,164	2,164
<i>Pass-Through from Oklahoma State University</i>		2-562180-TAMUS	-	9,998	9,998
<i>Pass-Through from University of Florida</i>		UFDSP00012337	-	9,191	9,191
Total - CFDA 10.329			(146)	202,609	202,463

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of Agriculture (Continued)					
Farm Operating Loans	10.406		-	21,664	21,664
Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers	10.443		30,099	463,838	493,937
Risk Management Education Partnerships	10.460		-	46,665	46,665
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475		-	5,763,322	5,763,322
Cooperative Extension Service	10.500		58,836	3,627,436	3,686,272
<i>Pass-Through from Auburn University</i>		15-ACES-379834-TAMU	57,854	288,150	346,004
<i>Pass-Through from Auburn University</i>		18-ACES-379834-TAMU	-	110,400	110,400
<i>Pass-Through from Kansas State University</i>		S17124	-	7,812	7,812
<i>Pass-Through from Kansas State University</i>		S19113	-	22,553	22,553
<i>Pass-Through from University of Arkansas</i>		21665-05	-	(90)	(90)
<i>Pass-Through from University of Arkansas Cooperative Extension</i>		21667-15	-	(2,552)	(2,552)
<i>Pass-Through from University of Arkansas Cooperative Extension</i>		21752-02	-	840	840
<i>Pass-Through from University of Arkansas Cooperative Extension</i>		31000-14	-	27,933	27,933
<i>Pass-Through from University of Arkansas Cooperative Extension</i>		31000-18	-	20,449	20,449
<i>Pass-Through from University of Arkansas Cooperative Extension</i>		31011-08	-	3,840	3,840
<i>Pass-Through from University of Georgia</i>		RC296013/S001272	-	10,918	10,918
Total - CFDA 10.500			116,690	4,117,689	4,234,379
Smith-Lever Funding (Various Programs)	10.511		-	14,927,748	14,927,748
Agriculture Extension at 1890 Land-grant Institutions	10.512		-	3,089,518	3,089,518
Expanded Food and Nutrition Education Program	10.514		-	4,536,659	4,536,659
Renewable Resources Extension Act and National Focus Fund Projects	10.515		-	109,119	109,119
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		135,630,253	255,361,141	390,991,394
Child and Adult Care Food Program	10.558		456,555,670	3,386,489	459,942,159
State Administrative Expenses for Child Nutrition	10.560		11,285,445	23,693,192	34,978,637
WIC Farmers' Market Nutrition Program (FMNP)	10.572		527,589	42,620	570,209
Senior Farmers Market Nutrition Program	10.576		77,617	3,890	81,507
WIC Grants To States (WGS)	10.578		-	33,752	33,752
Child Nutrition Discretionary Grants Limited Availability	10.579		2,135,992	158,968	2,294,960
Fresh Fruit and Vegetable Program	10.582		7,968,769	-	7,968,769
Market Access Program	10.601		-	21,058	21,058
Emerging Markets Program	10.603		-	(64)	(64)
Cooperative Forestry Assistance	10.664		-	5,374,364	5,374,364
Forest Legacy Program	10.676		-	30,505	30,505
Forest Health Protection	10.680		-	445,635	445,635
National Fish and Wildlife Foundation	10.683		-	1,366	1,366
Good Neighbor Authority	10.691		-	7,590	7,590
State & Private Forestry Hazardous Fuel Reduction Program	10.697		-	89,613	89,613
Rural Cooperative Development Grants	10.771		-	202,157	202,157

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of Agriculture (Continued)					
Rural Business Opportunity Grants	10.773		-	62,376	62,376
Distance Learning and Telemedicine Loans and Grants	10.855		-	(276,766)	(276,766)
Rural Energy for America Program	10.868		-	(45,116)	(45,116)
Socially-Disadvantaged Groups Grant	10.871		-	165,874	165,874
Rural Development Cooperative Agreement Program <i>Pass-Through from 1890 Universities Foundation</i>	10.890	RE 16-14	-	34,713	34,713
Soil and Water Conservation	10.902		-	47,112	47,112
Environmental Quality Incentives Program	10.912		-	34,871	34,871
Conservation Stewardship Program	10.924		-	7,591	7,591
Technical Agricultural Assistance	10.960		36,550	148,678	185,228
Total - U.S. Department of Agriculture			620,796,583	332,855,535	953,652,118
U.S. Department of Commerce					
U.S. Department of Commerce	11.XXX	DEB-1849551 IPA	-	184,472	184,472
		UTA18-000929	-	312,383	312,383
		UTA18-000934	-	188,030	188,030
		UTA18-001504	-	26,451	26,451
		17IP TDPDIR 0022	-	49,864	49,864
		TFSAOFR17IPA0005	-	125,111	125,111
		1852777	-		
Total - CFDA 11.XXX			-	886,311	886,311
Cluster Grants	11.020		33,500	12,300	45,800
Economic Development Support for Planning Organizations	11.302		-	44,855	44,855
Economic Development Technical Assistance	11.303		-	382,280	382,280
Trade Adjustment Assistance for Firms	11.313		265,439	756,412	1,021,851
Coastal Zone Management Administration Awards	11.419		653,133	1,768,997	2,422,130
<i>Pass-Through from Houston Botanic Garden</i>		19-056-000-M090 NA18	-	24,376	24,376
<i>Pass-Through from University of Michigan</i>		S4190153	-	14,913	14,913
<i>Pass-Through from University of Michigan</i>		3003967308	-		
Total - CFDA 11.419			653,133	1,808,286	2,461,419
Climate and Atmospheric Research	11.431		1,389	29,287	30,676
Marine Fisheries Initiative <i>Pass-Through from ECS Federal, Inc.</i>	11.433	18001056	-	12,140	12,140
Cooperative Fishery Statistics	11.434		-	46,122	46,122
Southeast Area Monitoring and Assessment Program	11.435		-	149,325	149,325
State and Local Implementation Grant Program	11.549		-	297,534	297,534
Manufacturing Extension Partnership	11.611		-	1,400,692	1,400,692
Minority Business Resource Development	11.802		-	575,148	575,148
MBDA Business Center	11.805		-	271,125	271,125
Total - U.S. Department of Commerce			953,461	6,671,817	7,625,278

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of Defense					
U.S. Department of Defense	12.XXX	HE1254-15-C-0002	-	1,831,335	1,831,335
		W81K04-13-D-0008	-	1,811,043	1,811,043
		W81XWH-16-P-0415	-	5,584	5,584
<i>Pass-Through from Environmental Research Group, LLC</i>		39267	-	19	19
<i>Pass-Through from Georgia Tech Research Institute</i>		D8337-S3(AOS)	-	56,033	56,033
<i>Pass-Through from Georgia Tech Research Institute</i>		D8426-S3 (AOS)	-	227,457	227,457
<i>Pass-Through from Georgia Tech Research Institute</i>		D8426-S3 (FASOR)	-	123,820	123,820
<i>Pass-Through from Northrop Grumman Corporation</i>		JFDMAC-UTA-2015 TO1011 CN#10	-	104,172	104,172
Total - CFDA 12.XXX			-	4,159,463	4,159,463
Procurement Technical Assistance For Business Firms	12.002		-	1,476,460	1,476,460
Flood Control Projects	12.106		-	417,686	417,686
Payments to States in Lieu of Real Estate Taxes	12.112		-	5,204,456	5,204,456
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113		-	388,797	388,797
Basic and Applied Scientific Research	12.300		25,948	2,148,599	2,174,547
National Guard Military Operations and Maintenance (O&M) Projects	12.401		-	65,015,406	65,015,406
National Guard ChalleNGe Program	12.404		-	4,312,808	4,312,808
Military Medical Research and Development	12.420		-	64,662	64,662
<i>Pass-Through from Methodist Hospital Research Institute</i>		W81XWH-09-1-0212 03	-	(215)	(215)
Total - CFDA 12.420			-	64,447	64,447
Basic Scientific Research	12.431		-	10,000	10,000
The Language Flagship Grants to Institutions of Higher Education	12.550				
<i>Pass-Through from Institute of International Education</i>		0054-UTA-19-ARA-280- PO1	-	282,374	282,374
<i>Pass-Through from Institute of International Education</i>		0054-UTA-19-POR-280- PO7	-	81,385	81,385
<i>Pass-Through from Institute of International Education</i>		0054-UTA-19-SSA-280- PO6	-	44,368	44,368
<i>Pass-Through from Institute of International Education</i>		0054-UTA-19-SSA-280- PO8	-	123,142	123,142
<i>Pass-Through from Institute of International Education</i>		PO9; STUDENT SUPPORT	-	10,000	10,000
Total - CFDA 12.550			-	541,269	541,269
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	12.610		-	221,146	221,146
Economic Adjustment Assistance for State Governments	12.617		997,166	569,350	1,566,516
Troops to Teachers Grant Program	12.620		360,906	-	360,906
Basic, Applied, and Advanced Research in Science and Engineering	12.630		-	48,400	48,400
Air Force Defense Research Sciences Program	12.800		-	14,041	14,041
<i>Pass-Through from United States Air Force</i>		FA8650-14-D- 1725/RADIAEM	-	41,921	41,921
Total - CFDA 12.800			-	55,962	55,962
Language Grant Program	12.900		-	250,742	250,742
Information Security Grants	12.902		-	279,892	279,892
<i>Pass-Through from University of Cincinnati</i>		011081-003	-	9,761	9,761
Total - CFDA 12.902			-	289,653	289,653

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of Defense (Continued)					
CyberSecurity Core Curriculum	12.905		-	372,402	372,402
Research and Technology Development	12.910		-	135,728	135,728
<i>Pass-Through from University of Colorado - Boulder</i>		1552588; PO #1000490330	-	328,085	328,085
Total - CFDA 12.910			-	463,813	463,813
Total - U.S. Department of Defense			1,384,020	86,010,859	87,394,879
U.S. Department of Housing and Urban Development					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228		190,184,921	105,944,195	296,129,116
Emergency Solutions Grant Program	14.231		9,348,072	385,877	9,733,949
Home Investment Partnerships Program	14.239		10,796,836	1,800,101	12,596,937
Housing Opportunities for Persons with AIDS	14.241		6,058,032	43,096	6,101,128
ARRA - Tax Credit Assistance Program (Recovery Act Funded)	14.258		1,909,616	-	1,909,616
Housing Trust Fund	14.275		2,328,388	132,820	2,461,208
Project Rental Assistance Demonstration (PRA Demo) Program of Section 811 Supportive Housing for Persons with Disabilities	14.326		1,595,540	58,984	1,654,524
Fair Housing Assistance Program State and Local	14.401		-	1,454,030	1,454,030
Total - U.S. Department of Housing and Urban Development			222,221,405	109,819,103	332,040,508
U.S. Department of the Interior					
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250		-	1,602,652	1,602,652
Abandoned Mine Land Reclamation (AMLR)	15.252		-	298,205	298,205
GoMESA	15.435		15,000	3,878,321	3,893,321
Cultural Resources Management	15.511		-	2,821	2,821
Fish and Wildlife Management Assistance	15.608		-	95,677	95,677
Coastal Wetlands Planning, Protection and Restoration	15.614		76,697	489,245	565,942
Cooperative Endangered Species Conservation Fund	15.615		2,445,411	35,018	2,480,429
Clean Vessel Act	15.616		225,400	162	225,562
Sportfishing and Boating Safety Act	15.622		-	1,429	1,429
Coastal Pass-Through from Ducks Unlimited, Inc.	15.630	US-TX-197-14	-	587	587
Partners for Fish and Wildlife	15.631		59,274	223,502	282,776
State Wildlife Grants	15.634		-	275,340	275,340
Service Training and Technical Assistance (Generic Training)	15.649		-	3,138	3,138
Cooperative Ecosystem Studies Units	15.678		-	65,505	65,505
National Land Remote Sensing Education Outreach and Research	15.815		-	21,963	21,963
National Geospatial Program: Building The National Map	15.817		-	249,548	249,548
Historic Preservation Fund Grants-In-Aid	15.904		324,423	1,226,653	1,551,076

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of the Interior (Continued)					
Outdoor Recreation Acquisition, Development and Planning	15.916		1,699,958	586,144	2,286,102
National Maritime Heritage Grants	15.925		-	13,023	13,023
Cooperative Research and Training Programs - Resources of the National Park System	15.945		-	30,796	30,796
Emergency Supplemental Historic Preservation Fund	15.957		-	138,108	138,108
Route 66 Corridor Preservation	15.958		-	13,532	13,532
National Ground-Water Monitoring Network	15.980		-	11,150	11,150
Water Use and Data Research	15.981		-	19,091	19,091
Total - U.S. Department of the Interior			4,846,163	9,281,610	14,127,773
U.S. Department of Justice					
U.S. Department of Justice	16.XXX	M1403201-12 03 13 2018-120	-	238	238
			-	15,000	15,000
Total - CFDA 16.XXX			-	15,238	15,238
Sexual Assault Services Formula Program	16.017		1,057,651	-	1,057,651
Law Enforcement Assistance FBI Advanced Police Training	16.300		-	527,984	527,984
Juvenile Accountability Block Grants	16.523		(1,673)	-	(1,673)
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525		1,043	159,719	160,762
OVW Technical Assistance Initiative	16.526		-	4,896	4,896
Juvenile Justice and Delinquency Prevention	16.540		818,544	70,280	888,824
Missing Children's Assistance	16.543		51,961	471,707	523,668
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		-	98,714	98,714
<i>Pass-Through from City University of New York</i>		2016CKBX0013	-	31,331	31,331
Total - CFDA 16.560			-	130,045	130,045
Crime Victim Assistance	16.575		168,494,317	7,756,177	176,250,494
Crime Victim Compensation	16.576		-	39,552,319	39,552,319
Crime Victim Assistance/Discretionary Grants	16.582		-	(25,147)	(25,147)
<i>Pass-Through from American Bar Association</i>		2017-VF-GX-K140	-	41,542	41,542
Total - CFDA 16.582			-	16,395	16,395
Violence Against Women Formula Grants	16.588		10,423,314	1,173,031	11,596,345
Residential Substance Abuse Treatment for State Prisoners	16.593		1,690,001	-	1,690,001
Corrections Training and Staff Development	16.601		-	28,317	28,317
Corrections Technical Assistance/Clearinghouse	16.603		-	78,412	78,412
State Criminal Alien Assistance Program	16.606		-	12,801,138	12,801,138
Bulletproof Vest Partnership Program	16.607		-	14,090	14,090
Project Safe Neighborhoods	16.609		-	1,265	1,265
Public Safety Partnership and Community Policing Grants	16.710		-	631,420	631,420

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of Justice (Continued)					
Juvenile Mentoring Program <i>Pass-Through from National 4-H Council</i>	16.726	M1801530	-	37,706	37,706
Special Data Collections and Statistical Studies	16.734		145,962	-	145,962
PREA Program: Strategic Support for PREA Implementation	16.735		-	77,961	77,961
Edward Byrne Memorial Justice Assistance Grant Program	16.738		7,483,539	1,109,841	8,593,380
DNA Backlog Reduction Program	16.741		-	1,843,114	1,843,114
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		644,031	288,568	932,599
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		-	(277)	(277)
Support for Adam Walsh Act Implementation Grant Program	16.750		-	107,521	107,521
Edward Byrne Memorial Competitive Grant Program <i>Pass-Through from University of Missouri - Kansas City</i>	16.751	270790	-	61,508	61,508
Second Chance Act Reentry Initiative	16.812		-	216,281	216,281
Innovations in Community-Based Crime Reduction <i>Pass-Through from City of Austin</i>	16.817	UTA18-000875	-	49,637	49,637
Emergency Law Enforcement Assistance Grant	16.824		36,259	-	36,259
Justice Reinvestment Initiative	16.827		-	234,000	234,000
National Sexual Assault Kit Initiative <i>Pass-Through from City of Austin</i>	16.833	UTA18-000424; PO 870018080313916	-	89,286	89,286
Comprehensive Opioid Abuse Site-Based Program	16.838		-	31,459	31,459
Equitable Sharing Program	16.922		-	3,516,372	3,516,372
Total - U.S. Department of Justice			190,844,949	71,095,410	261,940,359
U.S. Department of Labor					
Labor Force Statistics	17.002		-	3,674,007	3,674,007
Compensation and Working Conditions	17.005		-	289,182	289,182
Unemployment Insurance	17.225		7,643,638	2,219,633,410	2,227,277,048
Senior Community Service Employment Program	17.235		4,138,392	91,655	4,230,047
Trade Adjustment Assistance	17.245		5,564,281	3,299,307	8,863,588
WIOA Pilots, Demonstrations, and Research Projects <i>Pass-Through from Houston - Galveston Area Council</i>	17.261	2818WDR001	753,936	298,593	1,052,529
Total - CFDA 17.261			753,936	614,994	1,368,930
Reentry Employment Opportunities <i>Pass-Through from Change Happens</i>	17.270	109868	-	(2,679)	(2,679)
Work Opportunity Tax Credit Program (WOTC)	17.271		-	1,064,357	1,064,357
Temporary Labor Certification for Foreign Workers	17.273		5,493	618,602	624,095
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277		17,546,660	741,381	18,288,041
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282		-	14,354	14,354

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of Labor (Continued)					
Apprenticeship USA Grants	17.285		478,074	349,024	827,098
Hurricanes and Wildfires of 2017 Supplemental National Dislocated Worker Grants	17.286		1,978,699	-	1,978,699
Occupational Safety and Health Susan Harwood Training Grants	17.502		-	108,239	108,239
Consultation Agreements	17.504		-	2,781,006	2,781,006
Mine Health and Safety Grants	17.600		-	256,419	256,419
Total - U.S. Department of Labor			38,109,173	2,233,533,258	2,271,642,431
U.S. Department of State					
Academic Exchange Programs - Undergraduate Programs	19.009				
<i>Pass-Through from International Research & Exchanges Board</i>		S-ECAGD-18-CA-0022	-	184,316	184,316
<i>Pass-Through from International Resources Group, Ltd</i>		FY18-YALI-BE-UTA-05	-	40,950	40,950
Total - CFDA 19.009			-	225,266	225,266
Environmental and Scientific Partnerships and Programs	19.017		-	134,487	134,487
Investing in People in The Middle East and North Africa	19.021				
<i>Pass-Through from World Learning</i>		S01-SIZ-100-19-CA-008	-	43,083	43,083
<i>Pass-Through from World Learning</i>		S12-SIZ-100-16-CA-008	-	15,009	15,009
Total - CFDA 19.021			-	58,092	58,092
Public Diplomacy Programs	19.040				
<i>Pass-Through from Partners of the Americas</i>		100K-257ARG-05	-	9,995	9,995
<i>Pass-Through from The Asia Foundation</i>		32201 300 000	-	8,009	8,009
Total - CFDA 19.040			-	297,794	297,794
Professional and Cultural Exchange Programs - Citizen Exchanges	19.415				
<i>Pass-Through from Meridian International Center</i>		UTA18-000405	-	32,567	32,567
<i>Pass-Through from Meridian International Center</i>		021-0008-2002-02	-	68,666	68,666
Total - CFDA 19.415			-	101,233	101,233
Public Diplomacy Programs for Afghanistan and Pakistan	19.501		-	225,510	225,510
General Department of State Assistance	19.700		-	348,579	348,579
Criminal Justice Systems	19.703		-	51,371	51,371
Trans-National Crime	19.705		-	26,967	26,967
Bureau of Western Hemisphere Affairs (WHA) Grant Programs (including Energy and Climate Partnership for the Americas)	19.750		119,445	315,561	435,006
<i>Pass-Through from Americas Small Business Development Center</i>		IED-6824-2016	-	45,058	45,058
<i>Pass-Through from Center for Promotion of the Micro & Small Business in Central America</i>		S-LMAQM-16-GR-1302	-	152,588	152,588
Total - CFDA 19.750			119,445	513,207	632,652
Total - U.S. Department of State			119,445	1,982,506	2,101,951
U.S. Department of Transportation					
U.S. Department of Transportation	20.XXX				
<i>Pass-Through from Center for Transportation and the Environment</i>		UTA15-001174	-	7,080	7,080
Airport Improvement Program	20.106		150,000	52,446,653	52,596,653
Highway Research and Development Program	20.200		-	414,006	414,006
Highway Training and Education	20.215		-	153,024	153,024

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of Transportation (Continued)					
Motor Carrier Safety Assistance	20.218		-	25,402,556	25,402,556
Commercial Driver's License Program Implementation Grant	20.232		-	917,725	917,725
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237		-	224,258	224,258
Capital Assistance to States - Intercity Passenger Rail Service	20.317		-	5,559	5,559
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505		1,249,122	302,782	1,551,904
Formula Grants for Rural Areas and Tribal Transit Program	20.509		45,932,149	1,159,489	47,091,638
Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	20.528		-	702,269	702,269
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614		-	269,555	269,555
Pipeline Safety Program State Base Grant	20.700		-	5,693,239	5,693,239
University Transportation Centers Program	20.701				
<i>Pass-Through from Portland State University</i>		NITC2016-UT02 / UT01	-	(20,250)	(20,250)
<i>Pass-Through from Washington State University</i>		237154	-	2,130	2,130
Total - CFDA 20.701			-	(18,120)	(18,120)
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		-	2,416,585	2,416,585
PHMSA Pipeline Safety Program One Call Grant	20.721		-	44,634	44,634
U.S. Merchant Marine Academy	20.807		-	1,682,149	1,682,149
National Infrastructure Investments	20.933		6,190,198	(2)	6,190,196
Total - U.S. Department of Transportation			53,521,469	91,823,441	145,344,910
U.S. Department of the Treasury					
Low Income Taxpayer Clinics	21.008		-	173,956	173,956
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009		-	90,969	90,969
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States	21.015		77,267	492,288	569,555
Equitable Sharing	21.016		-	1,359,886	1,359,886
Total - U.S. Department of the Treasury			77,267	2,117,099	2,194,366
Office of Personnel Management					
Intergovernmental Personnel Act (IPA) Mobility Program	27.011		-	313,280	313,280
Total - Office of Personnel Management			-	313,280	313,280
General Services Administration					
Donation of Federal Surplus Personal Property	39.003		10,892,352	1,737,252	12,629,604
Total - General Services Administration			10,892,352	1,737,252	12,629,604

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
National Aeronautics and Space Administration					
National Aeronautics and Space Administration	43.XXX	GN19-0373	-	70,286	70,286
<i>Pass-Through from CACI National Security Solutions, Inc.</i>		SRS REF M1503131	-	17,201	17,201
<i>Pass-Through from Wyle Laboratories</i>		NNJ15HK11B	-	4,409,671	4,409,671
Total - CFDA 43.XXX			-	4,497,158	4,497,158
Science	43.001		-	479,643	479,643
<i>Pass-Through from Astronomical Society of the Pacific</i>		2017-CQ03 NNX17AD20A	-	3,723	3,723
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1584609	-	111,004	111,004
<i>Pass-Through from Space Telescope Science Institute</i>		HST-HF2-51418 001-A	-	91,653	91,653
Total - CFDA 43.001			-	686,023	686,023
Aeronautics	43.002		-	116,030	116,030
Education	43.008		-	6,363	6,363
<i>Pass-Through from PAE Applied Technologies, LLC</i>		M1802806	-	97,568	97,568
Total - CFDA 43.008			-	103,931	103,931
Cross Agency Support	43.009		-	584,284	584,284
Space Technology	43.012		-	329,228	329,228
Total - National Aeronautics and Space Administration			-	6,316,654	6,316,654
National Endowment For The Humanities					
Promotion of the Arts Grants to Organizations and Individuals	45.024		-	142,330	142,330
<i>Pass-Through from Arts Midwest</i>		19845	-	157	157
Total - CFDA 45.024			-	142,487	142,487
Promotion of the Arts Partnership Agreements	45.025		-	976,500	976,500
Promotion of the Humanities Federal/State Partnership	45.129		-		
<i>Pass-Through from Humanities Texas</i>		BRIDGING CULTURES	-	268	268
<i>Pass-Through from Humanities Texas</i>		HTX #2019-5633	-	1,000	1,000
<i>Pass-Through from Humanities Texas</i>		HTX 2018-5294	-	590	590
<i>Pass-Through from Humanities Texas</i>		HTX-2018-5442	-	2,038	2,038
<i>Pass-Through from Humanities Texas</i>		2017-5214	-	5,000	5,000
<i>Pass-Through from Humanities Texas</i>		2018-5436	-	2,704	2,704
<i>Pass-Through from Humanities Texas</i>		2018-5513	-	1,250	1,250
<i>Pass-Through from Humanities Texas</i>		2019-5564	-	525	525
<i>Pass-Through from Humanities Texas</i>		2019-5565	-	1,500	1,500
<i>Pass-Through from Humanities Texas</i>		2019-5607	-	123	123
<i>Pass-Through from Humanities Texas</i>		280940 AND 281000	-	5,412	5,412
<i>Pass-Through from Humanities Texas</i>		430830	1,000	-	1,000
Total - CFDA 45.129			1,000	20,410	21,410
Promotion of the Humanities Challenge Grants	45.130		-	1,676	1,676
Promotion of the Humanities Division of Preservation and Access	45.149		-	165,566	165,566
Promotion of the Humanities Fellowships and Stipends	45.160		-	30,491	30,491
Promotion of the Humanities Research	45.161		-		
<i>Pass-Through from University of Nebraska at Omaha</i>		270850	-	8,250	8,250
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development	45.162		22,652	171,641	194,293
Promotion of the Humanities Professional Development	45.163		-	(95)	(95)
Promotion of the Humanities Public Programs	45.164		-	20,555	20,555

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
National Endowment For The Humanities (Continued)					
Promotion of the Humanities Office of Digital Humanities	45.169		-	25,545	25,545
Museums for America	45.301		-	55,677	55,677
Grants to States	45.310		2,878,475	8,820,895	11,699,370
National Leadership Grants	45.312		-	135,235	135,235
Laura Bush 21st Century Librarian Program	45.313		-	254,226	254,226
Peace Corps' Global Health and PEPFAR Initiative Program	45.400		-	15,213	15,213
Total - National Endowment For The Humanities			2,902,127	10,844,272	13,746,399
National Science Foundation					
National Science Foundation	47.XXX	AST-1755085	-	144,023	144,023
<i>Pass-Through from Lockheed Martin Corporation</i>		NSFDACS1219442	-	4,166,098	4,166,098
<i>Pass-Through from Venturewell</i>		NAID-OR20180530	-	7,873	7,873
Total - CFDA 47.XXX			-	4,317,994	4,317,994
Engineering	47.041		-	126,574	126,574
Mathematical and Physical Sciences	47.049		-	225,433	225,433
<i>Pass-Through from California Institute of Technology</i>		S398789	-	12,947	12,947
Total - CFDA 47.049			-	238,380	238,380
Education and Human Resources	47.076		47,699	2,524,091	2,571,790
<i>Pass-Through from Twin Cities Public Television Incorporated</i>		#21301	-	615	615
Total - CFDA 47.076			47,699	2,524,706	2,572,405
Total - National Science Foundation			47,699	7,207,654	7,255,353
Small Business Administration					
Small Business Administration	59.XXX	SBAHQ-15-Q-0033	-	9,256	9,256
		SBAHQ-15-Q-0040 4	-	22,084	22,084
Total - CFDA 59.XXX			-	31,340	31,340
Small Business Development Centers	59.037		1,251,592	5,217,131	6,468,723
Veterans Outreach Program	59.044		-	621,883	621,883
State Trade Expansion	59.061		363,699	124,592	488,291
Total - Small Business Administration			1,615,291	5,994,946	7,610,237
U.S. Department of Veterans Affairs					
U.S. Department of Veterans Affairs	64.XXX	IPA FRAMPTON; PO# 674- D95033	-	16,847	16,847
		M1601139	-	45,129	45,129
		480547	-	994,893	994,893
<i>Pass-Through from Enterprise Resource Performance, Inc</i>		VA119A-15-D-0005	-	19,145	19,145
Total - CFDA 64.XXX			-	1,076,014	1,076,014
Grants to States for Construction of State Home Facilities	64.005		-	10,789,132	10,789,132
Veterans State Nursing Home Care	64.015		-	70,498,829	70,498,829
VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces	64.034		-	1,496	1,496
Veterans Transportation Program	64.035		-	5,307	5,307

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of Veterans Affairs (Continued)					
Burial Expenses Allowance for Veterans	64.101		-	1,240,144	1,240,144
Veterans Information and Assistance	64.115		-	24,481	24,481
All-Volunteer Force Educational Assistance	64.124		-	1,448,000	1,448,000
Veterans Cemetery Grants Program	64.203		-	4,268,395	4,268,395
Total - U.S. Department of Veterans Affairs			-	89,351,798	89,351,798
Environmental Protection Agency					
State Indoor Radon Grants	66.032		-	21,712	21,712
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		10,147	1,255,488	1,265,635
Congressionally Mandated Projects	66.202		-	15,858	15,858
Water Pollution Control State, Interstate, and Tribal Program Support	66.419		897,768	2,223,539	3,121,307
State Underground Water Source Protection	66.433		-	631,720	631,720
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act <i>Pass-Through from Rural Community Assistance Partnership</i>	66.436	83697601	-	4,534	4,534
Water Quality Management Planning <i>Pass-Through from Coastal Bend Bays and Estuaries Program</i>	66.454	1811;1816	465,522	179,599	645,121
Total - CFDA 66.454			-	26,928	26,928
			465,522	206,527	672,049
National Estuary Program	66.456		319,029	354,526	673,555
Nonpoint Source Implementation Grants	66.460		417,893	1,252,612	1,670,505
Beach Monitoring and Notification Program Implementation Grants	66.472		-	295,297	295,297
Science To Achieve Results (STAR) Fellowship Program	66.514		-	16,959	16,959
Performance Partnership Grants	66.605		971,246	28,254,480	29,225,726
Environmental Information Exchange Network Grant Program and Related Assistance	66.608		-	46,300	46,300
Protection of Children from Environmental Health Risks	66.609		-	33,190	33,190
Consolidated Pesticide Enforcement Cooperative Agreements	66.700		-	959,173	959,173
Pollution Prevention Grants Program	66.708		-	249,218	249,218
Research, Development, Monitoring, Public Education, Outreach, Training, Demonstrations, and Studies <i>Pass-Through from eXtension Foundation</i> <i>Pass-Through from eXtension Foundation</i>	66.716	SA-2017-36 SA-2019-37	-	6,167	6,167
Total - CFDA 66.716			-	3,486	3,486
Source Reduction Assistance	66.717		-	(9,093)	(9,093)
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802		-	552,350	552,350
Underground Storage Tank (UST) Prevention, Detection and Compliance Program	66.804		-	1,265,763	1,265,763
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805		-	2,796,057	2,796,057

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
Environmental Protection Agency (Continued)					
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809		-	323,451	323,451
State and Tribal Response Program Grants	66.817		-	643,772	643,772
Total - Environmental Protection Agency			3,081,605	41,403,086	44,484,691
Nuclear Regulatory Commission					
Nuclear Regulatory Commission	77.XXX	31310018C0017	-	21,115	21,115
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008		-	150,662	150,662
Total - Nuclear Regulatory Commission			-	171,777	171,777
U.S. Department of Energy					
U.S. Department of Energy	81.XXX	416570	-	159,188	159,188
<i>Pass-Through from National Renewable Energy Laboratory</i>		AHQ-9-92092-05	-	7,579	7,579
<i>Pass-Through from William Marsh Rice University</i>		R19843	-	68,749	68,749
Total - CFDA 81.XXX			-	235,516	235,516
State Energy Program	81.041		280,462	2,976,841	3,257,303
Weatherization Assistance for Low-Income Persons	81.042		5,396,024	245,403	5,641,427
Office of Science Financial Assistance Program	81.049		-	54,506	54,506
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	81.106		-	489,055	489,055
Defense Nuclear Nonproliferation Research	81.113		-	-	-
<i>Pass-Through from Consortium for Nonproliferation Enabling Capabilities</i>		2014-0501-09-F1	-	43,754	43,754
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117		-	189,190	189,190
Nuclear Energy Research, Development and Demonstration	81.121		-	81,745	81,745
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program	81.123		-	-	-
<i>Pass-Through from Florida Agricultural and Mechanical University</i>		C-4970	-	41,630	41,630
Minority Economic Impact	81.137		-	(4)	(4)
Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis	81.214		378,835	768,319	1,147,154
Total - U.S. Department of Energy			6,055,321	5,125,955	11,181,276
U.S. Department of Education					
U.S. Department of Education	84.XXX	U422B180065	34,334	314,086	348,420
<i>Pass-Through from Austin Independent School District</i>		DC-AM605	-	(1)	(1)
<i>Pass-Through from Austin Independent School District</i>		UTA18-001596	-	857	857
<i>Pass-Through from Education Service Center Region 17</i>		A19-0059	-	171,479	171,479
Total - CFDA 84.XXX			34,334	486,421	520,755
Adult Education - Basic Grants to States	84.002		56,860,091	2,518,930	59,379,021
Title I Grants to Local Educational Agencies	84.010		1,440,375,701	18,528,860	1,458,904,561
<i>Pass-Through from Austin Independent School District</i>		DC-AM607; PO# 313902	-	139,999	139,999
Total - CFDA 84.010			1,440,375,701	18,668,859	1,459,044,560
Migrant Education State Grant Program	84.011		49,715,890	1,330,643	51,046,533

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of Education (Continued)					
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		(498,881)	2,068,320	1,569,439
National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	84.015		-	2,116,041	2,116,041
Undergraduate International Studies and Foreign Language Programs	84.016		-	51,314	51,314
Overseas Programs - Group Projects Abroad	84.021		-	5,847	5,847
Overseas Programs - Doctoral Dissertation Research Abroad	84.022		-	55,055	55,055
Higher Education Institutional Aid	84.031		913,111	28,850,935	29,764,046
<i>Pass-Through from Austin Community College</i>		UTA15-001240 HIGHER EDUCATION FOR DEVELOPMENT	-	58,349	58,349
<i>Pass-Through from Higher Education for Development</i>		P031S120095	-	1,389,182	1,389,182
<i>Pass-Through from Laredo Community College</i>		440100	-	14,029	14,029
<i>Pass-Through from Northeast Texas Community College</i>			-	344,048	344,048
Total - CFDA 84.031			913,111	30,656,543	31,569,654
Federal Family Education Loans-(Lenders)	84.032-L		-	4,167,782	4,167,782
Career and Technical Education -- Basic Grants to States	84.048		95,285,536	9,338,095	104,623,631
Fund for the Improvement of Postsecondary Education	84.116				
<i>Pass-Through from Georgia State University</i>		SP00012139-10 3 (W/EXT)	-	159,649	159,649
<i>Pass-Through from University System of Maryland</i>		P116F150201-2017-6	-	15,395	15,395
Total - CFDA 84.116			-	175,044	175,044
Minority Science and Engineering Improvement	84.120		604	363,932	364,536
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		7,655,274	203,571,885	211,227,159
Rehabilitation Long-Term Training	84.129		-	661,651	661,651
Migrant Education High School Equivalency Program	84.141		-	1,376,852	1,376,852
Migrant Education College Assistance Migrant Program	84.149		-	1,858,450	1,858,450
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177		-	2,370,768	2,370,768
Special Education-Grants for Infants and Families	84.181		39,874,677	1,624,777	41,499,454
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187		-	1,538,615	1,538,615
Education for Homeless Children and Youth	84.196		6,314,799	-	6,314,799
<i>Pass-Through from Education Service Center Region 10</i>		UTA17-001062	-	8,828	8,828
<i>Pass-Through from Education Service Center Region 10</i>		UTA18-001160	-	813,525	813,525
Total - CFDA 84.196			6,314,799	822,353	7,137,152
Graduate Assistance in Areas of National Need	84.200		-	470,165	470,165
Centers for International Business Education	84.220		-	54,391	54,391
Language Resource Centers	84.229		-	159,353	159,353
Eisenhower Professional Development State Grants	84.281		(141)	-	(141)
Charter Schools	84.282		12,022,551	884,369	12,906,920
Twenty-First Century Community Learning Centers	84.287		95,067,753	4,789,492	99,857,245

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FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of Education (Continued)					
State Grants for Innovative Programs	84.298		(329)	-	(329)
Education Research, Development and Dissemination	84.305		-	219	219
<i>Pass-Through from American Institutes for Research</i>		439600001	-	132,455	132,455
<i>Pass-Through from Loyola University Chicago</i>		518325-UT AUSTIN	-	8,330	8,330
<i>Pass-Through from RAND Corporation</i>		19519581425	120,000	71,634	191,634
Total - CFDA 84.305			120,000	212,638	332,638
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325		-	2,944,004	2,944,004
<i>Pass-Through from Vanderbilt University</i>		3122-018447	-	193,010	193,010
Total - CFDA 84.325			-	3,137,014	3,137,014
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326		-	566,877	566,877
<i>Pass-Through from WestEd</i>		S00027412 0	-	409,118	409,118
Total - CFDA 84.326			-	975,995	975,995
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	84.330		(24,174)	412,189	388,015
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		3,159,021	13,220,387	16,379,408
<i>Pass-Through from San Antonio Independent School District</i>		208329	-	9,695	9,695
Total - CFDA 84.334			3,159,021	13,230,082	16,389,103
Child Care Access Means Parents in School	84.335		-	651,673	651,673
Class Size Reduction	84.340		(861)	-	(861)
Credit Enhancement for Charter School Facilities	84.354		-	12,329,382	12,329,382
Rural Education	84.358		7,226,633	429,598	7,656,231
English Language Acquisition State Grants	84.365		118,523,859	2,944,877	121,468,736
Mathematics and Science Partnerships	84.366		1,993,300	331,048	2,324,348
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367		154,460,797	7,674,058	162,134,855
<i>Pass-Through from National Writing Project</i>		06TX17SEED2017CRWP PD	-	4,553	4,553
<i>Pass-Through from National Writing Project</i>		09-TX19-SEED2016-ILI 98-TX08SEED2017- CRWPPD	-	59	59
<i>Pass-Through from National Writing Project</i>		PO 824480-0-0901	-	1,259	1,259
<i>Pass-Through from North East Independent School District</i>		19-0759	-	7,572	7,572
<i>Pass-Through from Plainview ISD</i>			-	364	364
Total - CFDA 84.367			154,460,797	7,687,865	162,148,662
Competitive Grants for State Assessments (formerly Grants for Enhanced Assessment Instruments)	84.368		-	(8,084)	(8,084)
Grants for State Assessments and Related Activities	84.369		3,798,748	19,770,197	23,568,945
Comprehensive Literacy Development	84.371		(2,872)	(152)	(3,024)
Statewide Longitudinal Data Systems	84.372		252,798	1,132,397	1,385,195
School Improvement Grants	84.377		24,942,601	36,561	24,979,162
Special Education Grants to States, Recovery Act	84.391		(1,300)	-	(1,300)

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of Education (Continued)					
Education Innovation and Research (formerly Investing in Innovation (i3) Fund)	84.411		-	20,518	20,518
<i>Pass-Through from Austin Independent School District</i>		UTA18-000575	-	92,169	92,169
<i>Pass-Through from National Writing Project</i>		09-TX19-2018I3C3WP	-	59,849	59,849
<i>Pass-Through from National Writing Project</i>		09-TX19-2019I3C3WP	-	7,384	7,384
<i>Pass-Through from University of Georgia</i>		435801	-	1,205	1,205
<i>Pass-Through from University of Georgia</i>		435802	-	10,558	10,558
Total - CFDA 84.411			-	191,683	191,683
Supporting Effective Educator Development Program	84.423		35,422	408,638	444,060
Student Support and Academic Enrichment Program	84.424		83,324,564	1,005,505	84,330,069
Disaster Recovery Assistance for Education	84.938		186,206,747	250,895	186,457,642
Total - U.S. Department of Education			2,387,636,253	357,315,948	2,744,952,201
Consumer Product Safety Commission					
Gulf Coast Ecosystem Restoration Council Comprehensive Plan Component Program	87.051		5,635,153	866,110	6,501,263
Gulf Coast Ecosystem Restoration Council Oil Spill Impact Program	87.052		-	28,192	28,192
Total - Consumer Product Safety Commission			5,635,153	894,302	6,529,455
National Archives and Records Administration					
National Historical Publications and Records Grants	89.003		-	2,058,818	2,058,818
Total - National Archives and Records Administration			-	2,058,818	2,058,818
Denali Commission					
2018 HAVA Election Security Grants	90.404		-	2,068,712	2,068,712
Total - Denali Commission			-	2,068,712	2,068,712
U.S. Department of Health and Human Services					
U.S. Department of Health and Human Services	93.XXX	HHSH250201000011C/00	-	3,943,998	3,943,998
<i>Pass-Through from American International Health Alliance</i>		75N91019D00021	-	3,270	3,270
<i>Pass-Through from Memorial Hermann - Texas Medical Center</i>		U97HA04128	-	3,305	3,305
<i>Pass-Through from Memorial Hermann Health System</i>		CMSTGCGNE18	-	23,724	23,724
<i>Pass-Through from Memorial Hermann Health System</i>		CMSUTHSC17	-	11,605	11,605
<i>Pass-Through from Memorial Hermann Health System</i>		CMSUTHSC18	-	11,263	11,263
<i>Pass-Through from TMF Health Quality Institute</i>		UTA16-000965	-	40,413	40,413
Total - CFDA 93.XXX			-	4,037,578	4,037,578
Strengthening Public Health Services at the Outreach Offices of the U.S.-Mexico Border Health Commission	93.018		5,194	407,808	413,002
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041		240,960	-	240,960
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042		1,170,118	-	1,170,118
<i>Pass-Through from City of Houston Health and Human Services</i>		4600009795	-	29,849	29,849
<i>Pass-Through from City of Houston Health and Human Services</i>		4600015194	-	423,593	423,593
Total - CFDA 93.042			1,170,118	453,442	1,623,560
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043		1,507,128	-	1,507,128

STATE OF TEXAS
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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of Health and Human Services (Continued)					
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		42,061	-	42,061
Alzheimer's Disease Demonstration Grants to States	93.051		278,071	-	278,071
National Family Caregiver Support, Title III, Part E	93.052		10,298,361	415,798	10,714,159
Training in General, Pediatric, and Public Health Dentistry	93.059		276,814	905,950	1,182,764
Sexual Risk Avoidance Education	93.060		-	347,029	347,029
Laboratory Leadership, Workforce Training and Management Development, Improving Public Health Laboratory Infrastructure	93.065		-	191,980	191,980
Public Health Emergency Preparedness	93.069		2,216,522	1,971,082	4,187,604
Medicare Enrollment Assistance Program	93.071		1,160,822	133,786	1,294,608
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073		46,372	511,994	558,366
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		32,431,020	16,465,240	48,896,260
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079		-	93,017	93,017
Blood Disorder Program: Prevention, Surveillance, and Research <i>Pass-Through from American Thrombosis and Hemostasis Network</i>	93.080	5NU27DD001155-04-02	-	57,683	57,683
			-	130,305	130,305
Total - CFDA 93.080			-	187,988	187,988
Prevention of Disease, Disability, and Death by Infectious Diseases	93.084		-	134,667	134,667
Healthy Marriage Promotion and Responsible Fatherhood Grants <i>Pass-Through from Avance, Inc.</i>	93.086	UTA16-000779	-	911,440	911,440
			-	(108)	(108)
Total - CFDA 93.086			-	911,332	911,332
Advancing System Improvements for Key Issues in Women's Health	93.088		-	341,280	341,280
Guardianship Assistance	93.090		-	9,328,187	9,328,187
Affordable Care Act (ACA) Personal Responsibility Education Program <i>Pass-Through from ETR Associates</i>	93.092	90AP2683-01-00	-	932	932
Food and Drug Administration Research	93.103		3,148	1,653,413	1,656,561
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) <i>Pass-Through from Center for Health Care Services</i>	93.104	UTA17-001271	2,083,007	154,571	2,237,578
<i>Pass-Through from Central Plains Center</i>		UTA15-000948	-	7,201	7,201
			-	135,030	135,030
Total - CFDA 93.104			2,083,007	296,802	2,379,809
Area Health Education Centers	93.107		988,257	2,172,090	3,160,347
Health Education Assistance Loan Program (HEAL)	93.108		-	1,534,008	1,534,008
Maternal and Child Health Federal Consolidated Programs <i>Pass-Through from Organization of Teratology Informations</i>	93.110	UG4MC27861	256,550	539,124	795,674
			-	76,651	76,651
Total - CFDA 93.110			256,550	615,775	872,325
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		4,862,153	3,086,387	7,948,540
Nurse Anesthetist Traineeship	93.124		-	66,624	66,624

STATE OF TEXAS
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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of Health and Human Services (Continued)					
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130		-	233,688	233,688
Injury Prevention and Control Research and State and Community Based Programs	93.136		1,853,570	924,539	2,778,109
<i>Pass-Through from City of Houston</i>		NH28CE0023950100	-	85	85
Total - CFDA 93.136			1,853,570	924,624	2,778,194
NIEHS Hazardous Waste Worker Health and Safety Training	93.142		-	1,197,436	1,197,436
HIV-Related Training and Technical Assistance	93.145		726,660	1,024,596	1,751,256
Projects for Assistance in Transition from Homelessness (PATH)	93.150		4,467,093	88,916	4,556,009
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		-	-	-
<i>Pass-Through from Resource Group</i>		19UTV00RWD	-	88,966	88,966
Centers of Excellence	93.157		-	1,329,532	1,329,532
Health Program for Toxic Substances and Disease Registry	93.161		-	-	-
<i>Pass-Through from American College of Medical Toxicology</i>		U61TS000238	-	357,193	357,193
Nursing Workforce Diversity	93.178		-	467,089	467,089
Graduate Psychology Education	93.191		-	282,067	282,067
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197		-	574,668	574,668
Telehealth Programs	93.211		15,393	396,851	412,244
Hansen's Disease National Ambulatory Care Program	93.215		66,912	410,898	477,810
Family Planning Services	93.217		-	-	-
<i>Pass-Through from The Women's Health and Family Planning Association of Texas</i>		FPHPA006394/066196/6401	-	336,470	336,470
<i>Pass-Through from The Women's Health and Family Planning Association of Texas</i>		UTA18-001427	-	35,876	35,876
<i>Pass-Through from The Women's Health and Family Planning Association of Texas</i>		UTA19-000498	-	(40,405)	(40,405)
Total - CFDA 93.217			-	331,941	331,941
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235		3,178,161	892,816	4,070,977
Grants to States to Support Oral Health Workforce Activities	93.236		-	100,508	100,508
State Capacity Building	93.240		-	273,356	273,356
State Rural Hospital Flexibility Program	93.241		-	1,105,640	1,105,640
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		4,511,233	3,492,699	8,003,932
<i>Pass-Through from Baylor University</i>		1741159753A1	-	3,349	3,349
<i>Pass-Through from Community Mental Health Center</i>		UTA16-001000	-	34,310	34,310
<i>Pass-Through from University of California - Irvine</i>		APA/SAMHSA EVITA ROCHA	-	14,838	14,838
Total - CFDA 93.243			4,511,233	3,545,196	8,056,429
Advanced Nursing Education Workforce Grant Program	93.247		-	3,187,644	3,187,644
Early Hearing Detection and Intervention	93.251		29,943	177,347	207,290
Poison Center Support and Enhancement Grant	93.253		-	755,965	755,965

STATE OF TEXAS
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FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of Health and Human Services (Continued)					
Occupational Safety and Health Program	93.262		-	1,285,058	1,285,058
Immunization Cooperative Agreements	93.268		6,612,343	500,729,559	507,341,902
Viral Hepatitis Prevention and Control	93.270		-	77,341	77,341
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		279,170	2,050,771	2,329,941
State Partnership Grant Program to Improve Minority Health	93.296		90,000	238,207	328,207
Teenage Pregnancy Prevention Program <i>Pass-Through from ETR Associates</i>	93.297	TP2AH000031-04-00	373,260 -	2,218,128 3,261	2,591,388 3,261
Total - CFDA 93.297			373,260	2,221,389	2,594,649
Small Rural Hospital Improvement Grant Program	93.301		1,040,919	90,118	1,131,037
PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)	93.305		-	1,173,712	1,173,712
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314		-	33,000	33,000
Outreach Programs to Reduce the Prevalence of Obesity in High Risk Rural Areas	93.319		-	490,761	490,761
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		3,925,770	7,658,709	11,584,479
State Health Insurance Assistance Program	93.324		2,440,148	43,192	2,483,340
Behavioral Risk Factor Surveillance System	93.336		-	104,818	104,818
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354		1,758,384	4,626,768	6,385,152
Nurse Education, Practice Quality and Retention Grants	93.359		-	1,605,807	1,605,807
Biomedical Advanced Research and Development Authority (BARDA), Biodefense Medical Countermeasure Development	93.360		-	7,088,540	7,088,540
Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	93.367		-	443,179	443,179
ACL Independent Living State Grants	93.369		1,525,528	(104)	1,525,424
Cancer Treatment Research <i>Pass-Through from Cornerstone Systems Northwest, Inc.</i>	93.395	5 U24 CA 055727-19	-	(25,525)	(25,525)
Cancer Research Manpower	93.398		-	(376,623)	(376,623)
ARRA - Nurse Faculty Loan Program	93.408		-	330,759	330,759
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426		893,613	1,080,805	1,974,418
Every Student Succeeds Act/Preschool Development Grants	93.434		-	473,624	473,624
Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke	93.435		144,000	138,314	282,314
State Physical Activity and Nutrition (SPAN)	93.439		84,908	154,531	239,439
Food Safety and Security Monitoring Project	93.448		-	358,638	358,638
ACL Assistive Technology	93.464		26,947	754,936	781,883

STATE OF TEXAS
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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of Health and Human Services (Continued)					
Alzheimer's Disease Program Initiative (ADPI)	93.470				
<i>Pass-Through from WellMed Charitable Foundation</i>		WELLMED/90ADPI0014-01-00	-	80,156	80,156
Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	93.511		-	182,300	182,300
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF	93.521		-	32,932	32,932
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539		(1,861)	2,544,151	2,542,290
Promoting Safe and Stable Families	93.556		1,819,180	24,589,588	26,408,768
Child Support Enforcement	93.563		-	212,332,244	212,332,244
Child Support Enforcement Research	93.564		-	172,023	172,023
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		-	(998,705)	(998,705)
Low-Income Home Energy Assistance	93.568		164,002,443	1,406,504	165,408,947
Community Services Block Grant	93.569		34,333,790	1,086,985	35,420,775
Refugee and Entrant Assistance Targeted Assistance Grants	93.584		(4,771)	-	(4,771)
State Court Improvement Program	93.586		-	1,979,715	1,979,715
Community-Based Child Abuse Prevention Grants	93.590		1,402,888	1,886,818	3,289,706
Grants to States for Access and Visitation Programs	93.597		348,257	511,646	859,903
Chafee Education and Training Vouchers Program (ETV)	93.599		-	2,692,876	2,692,876
Head Start	93.600		5,970,801	4,387,135	10,357,936
<i>Pass-Through from San Antonio Independent School District</i>		UTA18-000796	-	277,778	277,778
<i>Pass-Through from San Antonio Independent School District</i>		UTA18-000796 1	-	81,747	81,747
Total - CFDA 93.600			5,970,801	4,746,660	10,717,461
Adoption and Legal Guardianship Incentive Payments	93.603		-	8,960,500	8,960,500
Developmental Disabilities Basic Support and Advocacy Grants	93.630		2,297,651	2,579,025	4,876,676
<i>Pass-Through from North Carolina DHHS, Council on Developmental Disabilities</i>		1-CS-18	-	25,000	25,000
Total - CFDA 93.630			2,297,651	2,604,025	4,901,676
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632		-	614,109	614,109
Children's Justice Grants to States	93.643		98,129	(26,269)	71,860
<i>Pass-Through from Texas Center for the Judiciary</i>		280860	-	(500)	(500)
Total - CFDA 93.643			98,129	(26,769)	71,360
Stephanie Tubbs Jones Child Welfare Services Program	93.645		214,241	25,750,659	25,964,900
Adoption Opportunities	93.652		-	35,818	35,818
<i>Pass-Through from Spaulding for Children</i>		UTA17-001315	117,274	388,160	505,434
Total - CFDA 93.652			117,274	423,978	541,252
Foster Care Title IV-E	93.658		4,224,916	220,419,248	224,644,164

STATE OF TEXAS
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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of Health and Human Services (Continued)					
Adoption Assistance	93.659		18,924	151,352,658	151,371,582
Social Services Block Grant	93.667		33,498,019	152,140,885	185,638,904
Child Abuse and Neglect State Grants	93.669		-	2,811,088	2,811,088
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		6,556,580	16,378	6,572,958
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		-	9,376,162	9,376,162
Mental and Behavioral Health Education and Training Grants	93.732		-	906,980	906,980
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - financed in part by the Prevention and Public Health Fund (PPHF)	93.733		-	229,311	229,311
Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs - financed by Prevention and Public Health Funds (PPHF)	93.734		6,250	58,455	64,705
State Public Health Approaches for Ensuring Quitline Capacity - Funded in part by Prevention and Public Health Funds (PPHF)	93.735		-	1,194,743	1,194,743
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds	93.752		(32,538)	(46,513)	(79,051)
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757		1,479	129,221	130,700
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758		6,095,655	1,168,963	7,264,618
Children's Health Insurance Program	93.767		-	1,294,954,219	1,294,954,219
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779				
<i>Pass-Through from Memorial Hermann Health System</i>		CMSPVAM18	-	5,695	5,695
<i>Pass-Through from Memorial Hermann Health System</i>		CMSPVAM19	-	12,809	12,809
<i>Pass-Through from Memorial Hermann Health System</i>		CMSTGCGNE13	-	190	190
Total - CFDA 93.779			-	18,694	18,694
Opioid STR	93.788		11,178,814	12,379,190	23,558,004
<i>Pass-Through from University of Missouri - Kansas City</i>		0081633/00061663	-	119,871	119,871
<i>Pass-Through from University of Missouri - Kansas City</i>		0090498/00066589 YR 2	-	168,143	168,143
Total - CFDA 93.788			11,178,814	12,667,204	23,846,018
Money Follows the Person Rebalancing Demonstration	93.791		4,477,448	22,362,045	26,839,493
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796		-	35,802,988	35,802,988
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC).	93.815		2,433	626,308	628,741
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817		615,170	(178,094)	437,076
Health Careers Opportunity Program	93.822		-	422,521	422,521
National Ebola Training and Education Center (NETEC)	93.825				
<i>Pass-Through from Emory University</i>		5U3REP1705520300	-	40,182	40,182
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829		-	(2,946)	(2,946)

STATE OF TEXAS
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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of Health and Human Services (Continued)					
Biomedical Research and Research Training	93.859		110,930	696,428	807,358
<i>Pass-Through from Baylor College of Medicine</i>		5T32GM008280-30	-	62,584	62,584
Total - CFDA 93.859			110,930	759,012	869,942
Maternal, Infant and Early Childhood Home Visiting Grant	93.870		12,083,165	5,460,458	17,543,623
Medical Library Assistance	93.879		-	25,628	25,628
Grants for Primary Care Training and Enhancement	93.884		-	338,352	338,352
<i>Pass-Through from UC Davis School of Medicine Office of Research</i>		A17-0284- S002/UH1HP29965	6,905	19,495	26,400
Total - CFDA 93.884			6,905	357,847	364,752
National Bioterrorism Hospital Preparedness Program	93.889		2,679,365	413,316	3,092,681
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		3,439,300	3,448,705	6,888,005
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912		-	3,314	3,314
<i>Pass-Through from Converge Day Treatment Center</i>		46-4895982			
Grants to States for Operation of State Offices of Rural Health	93.913		-	231,339	231,339
HIV Emergency Relief Project Grants	93.914				
<i>Pass-Through from Harris County Public Health and Environmental Services</i>		18GEN0115/ CS 2017-01	-	94,127	94,127
<i>Pass-Through from Harris County Public Health and Environmental Services</i>		19GEN0340 / CS 2017-01	-	66,867	66,867
<i>Pass-Through from Harris Health System</i>		6H12HA000390-20 GA-04712	-	460,261	460,261
<i>Pass-Through from University Health System</i>		RYAN WHITE PART A FORMULA	-	(9,315)	(9,315)
<i>Pass-Through from University Health System</i>		RYAN WHITE PT A FORM&SUPP	-	20,087	20,087
Total - CFDA 93.914			-	632,027	632,027
HIV Care Formula Grants	93.917		25,992,040	67,800,608	93,792,648
<i>Pass-Through from Resource Group</i>		18UTV00PTB	-	165	165
<i>Pass-Through from Resource Group</i>		18UTV00SS	-	368	368
<i>Pass-Through from Resource Group</i>		19UTV00PTB	-	279,241	279,241
<i>Pass-Through from Resource Group</i>		19UTV00SS	-	38,714	38,714
<i>Pass-Through from Resource Group</i>		20UTV00PTB	-	169,923	169,923
<i>Pass-Through from University Health System</i>		180196/RYAN WHITE PT B	-	6,048	6,048
Total - CFDA 93.917			25,992,040	68,295,067	94,287,107
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		-	36,249	36,249
<i>Pass-Through from Dallas County Hospital District</i>		9913	-	83,469	83,469
<i>Pass-Through from Resource Group</i>		19UTV00RWC	-	85,120	85,120
<i>Pass-Through from Resource Group</i>		19UTV00SSR	-	70,800	70,800
Total - CFDA 93.918			-	275,638	275,638
Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants	93.924		-	11,435	11,435
HIV Prevention Activities Health Department Based	93.940		15,445,646	4,222,415	19,668,061
<i>Pass-Through from City of Houston Health and Human Services</i>		C19-001-003	-	76,591	76,591
Total - CFDA 93.940			15,445,646	4,299,006	19,744,652
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944		995,251	1,592,821	2,588,072

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of Health and Human Services (Continued)					
Assistance Programs for Chronic Disease Prevention and Control	93.945		-	20,816	20,816
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946		-	135,737	135,737
Tuberculosis Demonstration, Research, Public and Professional Education	93.947		-	1,228,643	1,228,643
Block Grants for Community Mental Health Services	93.958		44,229,687	2,396,737	46,626,424
Block Grants for Prevention and Treatment of Substance Abuse	93.959		122,060,580	19,443,823	141,504,403
The Zika Health Care Services Program	93.966		518,442	42,261	560,703
PPHF Geriatric Education Centers	93.969		-	753,431	753,431
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		4,982,650	1,611,417	6,594,067
Mental Health Disaster Assistance and Emergency Mental Health	93.982		1,660,196	823,786	2,483,982
Maternal and Child Health Services Block Grant to the States	93.994		13,509,562	19,685,776	33,195,338
Total - U.S. Department of Health and Human Services			616,865,404	2,926,852,545	3,543,717,949
Corporation for National and Community Service					
Retired and Senior Volunteer Program	94.002		-	121,463	121,463
AmeriCorps	94.006				
<i>Pass-Through from National College Advising Corps</i>		UTA18-000741	-	291,460	291,460
<i>Pass-Through from OneStar Foundation</i>		16AFHTX0010001	-	2,886	2,886
<i>Pass-Through from OneStar Foundation</i>		16AFHTX0010006	-	691,522	691,522
<i>Pass-Through from OneStar Foundation</i>		17ES189601	-	(985)	(985)
<i>Pass-Through from OneStar Foundation</i>		19AC215308	-	426	426
<i>Pass-Through from OneStar Foundation</i>		19AC215637	-	67,703	67,703
Total - CFDA 94.006			-	1,053,012	1,053,012
Training and Technical Assistance	94.009				
<i>Pass-Through from OneStar Foundation</i>		18AC203164	-	1,337,826	1,337,826
Volunteers in Service to America	94.013		-	103,962	103,962
Social Innovation Fund	94.019				
<i>Pass-Through from Methodist Healthcare Ministries of South Texas, Inc.</i>		14SIHTX001-07	-	429,597	429,597
Total - Corporation for National and Community Service			-	3,045,860	3,045,860
Executive Office of the President					
High Intensity Drug Trafficking Areas Program	95.001		-	1,230,814	1,230,814
Total - Executive Office of the President			-	1,230,814	1,230,814
U.S. Department of Homeland Security					
State and Local Homeland Security National Training Program	97.005		1,736,708	19,829,768	21,566,476
<i>Pass-Through from Norwich University Applied Research Institutes, Ltd.</i>		PO# 2015-019 06	-	4,089	4,089
<i>Pass-Through from Norwich University Applied Research Institutes, Ltd.</i>		2018-011	-	(115)	(115)
Total - CFDA 97.005			1,736,708	19,833,742	21,570,450
Non-Profit Security Program	97.008		1,216,721	-	1,216,721
Boating Safety Financial Assistance	97.012		-	3,600,458	3,600,458

STATE OF TEXAS
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FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
U.S. Department of Homeland Security					
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023		-	560,991	560,991
National Urban Search and Rescue (US&R) Response System	97.025		-	4,288,021	4,288,021
Flood Mitigation Assistance	97.029		5,325,687	585,740	5,911,427
Crisis Counseling	97.032		277,945	13,004	290,949
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		393,733,077	140,406,930	534,140,007
Hazard Mitigation Grant	97.039		18,115,595	4,930,147	23,045,742
National Dam Safety Program	97.041		-	338,028	338,028
Emergency Management Performance Grants	97.042		5,162,642	13,809,624	18,972,266
State Fire Training Systems Grants	97.043		-	18,890	18,890
Assistance to Firefighters Grant	97.044		-	434,783	434,783
Cooperating Technical Partners	97.045		322,209	669,793	992,002
Fire Management Assistance Grant	97.046		219,787	21,092	240,879
Pre-Disaster Mitigation	97.047		1,078,516	16,062	1,094,578
Federal Disaster Assistance to Individuals and Households in Presidential Declared Disaster Areas	97.048		13,224,493	31,758,448	44,982,941
Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	97.050		-	13,683,545	13,683,545
Port Security Grant Program	97.056		-	585,000	585,000
Centers for Homeland Security	97.061		-	35,120	35,120
Scientific Leadership Awards	97.062		-	67,212	67,212
Homeland Security Grant Program	97.067		84,967,674	4,920,592	89,888,266
Disaster Assistance Projects	97.088		-	32,290,117	32,290,117
Homeland Security Biowatch Program	97.091		-	2,475,143	2,475,143
Severe Repetitive Loss Program	97.110		459,943	51,308	511,251
Preparing for Emerging Threats and Hazards	97.133		-	276,622	276,622
Total - U.S. Department of Homeland Security			<u>525,840,997</u>	<u>275,670,412</u>	<u>801,511,409</u>
U.S. Agency for International Development					
USAID Development Partnerships for University Cooperation and Development <i>Pass-Through from Arizona State University</i>	98.012	A 00000194	-	80,877	80,877
Total - U.S. Agency for International Development			<u>-</u>	<u>80,877</u>	<u>80,877</u>
Total Non-Clustered Programs			<u>4,693,446,137</u>	<u>6,682,899,669</u>	<u>11,376,345,806</u>
RESEARCH AND DEVELOPMENT CLUSTER					
U.S. Department of Agriculture					
U.S. Department of Agriculture	10.XXX	16-CR-11242313-068	-	30	30
<i>Pass-Through from Dairy Management, Inc.</i>		16-CS-11153900-015	-	108	108
		UTA15-000186	-	198	198
Total - CFDA 10.XXX			<u>-</u>	<u>336</u>	<u>336</u>

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FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Agriculture (Continued)					
Agricultural Research Basic and Applied Research	10.001		5,264	5,193,273	5,198,537
<i>Pass-Through from CRDF Global</i>		DAA217629851	-	3,981	3,981
<i>Pass-Through from Dairy Management, Inc.</i>		M1801437	10,000	186,628	196,628
Total - CFDA 10.001			15,264	5,383,882	5,399,146
Plant and Animal Disease, Pest Control, and Animal Care	10.025		3,912	3,119,705	3,123,617
<i>Pass-Through from Colorado State University</i>		G-07101-01	-	7,810	7,810
<i>Pass-Through from Texas Citrus Pest and Disease Management</i>		TCPDMC 6800 6	-	108,175	108,175
<i>Pass-Through from University of Florida</i>		UFDSP00011979	-	52,714	52,714
Total - CFDA 10.025			3,912	3,288,404	3,292,316
Wildlife Services	10.028		-	247,157	247,157
Federal-State Marketing Improvement Program	10.156		-	47,560	47,560
Transportation Services	10.167		-	238,711	238,711
Specialty Crop Block Grant Program - Farm Bill	10.170		-	284,024	284,024
<i>Pass-Through from Black Gold Farms</i>		M1800964	-	64,671	64,671
<i>Pass-Through from J&D Produce</i>		M1801666	-	52,111	52,111
<i>Pass-Through from Nacogdoches Economic Development Corporation</i>		AGRILIFE 19-001	-	13,123	13,123
<i>Pass-Through from Nacogdoches Economic Development Corporation</i>		SC-1617-035	-	61	61
<i>Pass-Through from Nacogdoches Economic Development Corporation</i>		SC-1819-26	-	13,812	13,812
<i>Pass-Through from Nacogdoches Economic Development Corporation</i>		1718-016	-	22,458	22,458
<i>Pass-Through from Texas Association of Olive Oil</i>		AGRILIFEEXT 19-001	-	606	606
<i>Pass-Through from Texas Association of Olive Oil</i>		AGRILIFERES 19-001	-	25,935	25,935
<i>Pass-Through from Texas Beekeepers Association</i>		2017-001	-	12,796	12,796
<i>Pass-Through from Texas Pecan Board</i>		2017-001	-	17,626	17,626
<i>Pass-Through from Texas Pomegranate Growers Cooperative</i>		M1801539	-	13,379	13,379
<i>Pass-Through from Texas Watermelon Association</i>		M1801186	-	102,302	102,302
<i>Pass-Through from Texas Watermelon Association</i>		2017-001	-	(298)	(298)
<i>Pass-Through from United Supermarkets LLC</i>		M1800965	-	52,048	52,048
<i>Pass-Through from University of Arizona</i>		2017CPS05/16-SCBGP-CA-0035	-	(3,016)	(3,016)
<i>Pass-Through from Uvalde County Underground Water Conservation</i>		AGRILIFE 001	-	79,619	79,619
<i>Pass-Through from Uvalde County Underground Water Conservation</i>		SC-1819-09	-	52,850	52,850
<i>Pass-Through from Wintergarden Spinach Producers Board</i>		M1801659	-	80,740	80,740
Total - CFDA 10.170			-	884,847	884,847
Grants for Agricultural Research, Special Research Grants	10.200		-	105,365	105,365
<i>Pass-Through from Colorado State University</i>		G-01314-03	-	6,662	6,662
<i>Pass-Through from Mississippi State University</i>		M1702475	-	26,328	26,328
<i>Pass-Through from Mississippi State University</i>		M1900432 - SRAC	-	284	284
<i>Pass-Through from Oklahoma State University</i>		2-560050TAMUR	-	2561090	2561090
<i>Pass-Through from Oklahoma State University</i>		TAMUR/PO149697	-	14,493	14,493
<i>Pass-Through from University of Florida - Gainesville</i>		PO 1900663646	-	48,644	48,644
<i>Pass-Through from University of Florida - Gainesville</i>		PO 93997017	-	47,281	47,281
Total - CFDA 10.200			-	249,057	249,057
Cooperative Forestry Research	10.202		-	893,923	893,923
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203		-	8,434,745	8,434,745
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205		-	4,762,736	4,762,736
Animal Health and Disease Research	10.207		-	300,033	300,033

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Agriculture (Continued)					
Higher Education - Graduate Fellowships Grant Program	10.210		-	20,298	20,298
Small Business Innovation Research	10.212		-	37,903	37,903
Sustainable Agriculture Research and Education	10.215		-	62,358	62,358
<i>Pass-Through from University of Georgia</i>		LS19-313	-	373	373
<i>Pass-Through from University of Georgia</i>		RD309-137/S001413	-	3,071	3,071
<i>Pass-Through from University of Georgia</i>		RD309-137/S001433	-	3,209	3,209
<i>Pass-Through from University of Georgia</i>		RD309144/S001673	-	7,948	7,948
<i>Pass-Through from University of Georgia</i>		00001085	-	92,249	92,249
<i>Pass-Through from University of Georgia</i>		00001770	-	98,060	98,060
<i>Pass-Through from University of Georgia</i>		00001836	-	11,238	11,238
<i>Pass-Through from University of Georgia</i>		00001873	-	1,103	1,103
<i>Pass-Through from University of Georgia</i>		436071	-	54,262	54,262
<i>Pass-Through from University of Georgia Research Foundation, Inc.</i>		00001788	-	2,172	2,172
Total - CFDA 10.215			-	336,043	336,043
1890 Institution Capacity Building Grants	10.216		21,163	605,239	626,402
<i>Pass-Through from University of Arkansas</i>		229-23-11110612	-	5,007	5,007
Total - CFDA 10.216			21,163	610,246	631,409
Higher Education - Institution Challenge Grants Program	10.217		93,802	114,182	207,984
<i>Pass-Through from Cornell University</i>		83704-11020	4,700	51,988	56,688
<i>Pass-Through from University of Arkansas</i>		UA AES 91444-01	-	54,981	54,981
<i>Pass-Through from University of Arkansas for Medical Sciences</i>		91444-02	-	35,318	35,318
<i>Pass-Through from University of Florida</i>		UFDSP00011213	-	61,682	61,682
<i>Pass-Through from University of Florida</i>		00001756	-	431	431
Total - CFDA 10.217			98,502	318,582	417,084
Biotechnology Risk Assessment Research	10.219		349	294,007	294,356
Hispanic Serving Institutions Education Grants	10.223		754,005	2,219,907	2,973,912
<i>Pass-Through from Florida International University</i>		800005937-02UG	-	52,249	52,249
Total - CFDA 10.223			754,005	2,272,156	3,026,161
Community Food Projects	10.225				
<i>Pass-Through from Sequim Food Bank</i>		M1900539	-	5,820	5,820
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	10.226		-	13,776	13,776
Consumer Data and Nutrition Research	10.253		-	1,644	1,644
<i>Pass-Through from Tufts University</i>		103183-00001	-	3,475	3,475
Total - CFDA 10.253			-	5,119	5,119
Agricultural Market and Economic Research	10.290		-	401,490	401,490
Agricultural and Food Policy Research Centers	10.291		-	1,217,582	1,217,582
Integrated Programs	10.303		-	173,867	173,867
<i>Pass-Through from Arkansas State University</i>		14-686-15	-	(2)	(2)
Total - CFDA 10.303			-	173,865	173,865
Homeland Security Agricultural	10.304		-	326,614	326,614
<i>Pass-Through from Kansas State University</i>		S18034	-	(290)	(290)
<i>Pass-Through from Kansas State University</i>		S19052	-	24,715	24,715
Total - CFDA 10.304			-	351,039	351,039

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Agriculture (Continued)					
Organic Agriculture Research and Extension Initiative	10.307		37,900	148,922	186,822
<i>Pass-Through from Iowa State University</i>		416-23-33A	-	33,964	33,964
<i>Pass-Through from University of Minnesota</i>		2018-51300-28563	-	48,703	48,703
Total - CFDA 10.307			37,900	231,589	269,489
Specialty Crop Research Initiative	10.309		1,028,504	1,848,597	2,877,101
<i>Pass-Through from Clemson University</i>		1763-207-2020386	-	122,428	122,428
<i>Pass-Through from Michigan State University</i>		RC104285D	-	21,289	21,289
<i>Pass-Through from University of Arkansas</i>		91447-01	-	105,812	105,812
<i>Pass-Through from University of California - Riverside</i>		S000778	-	94,315	94,315
<i>Pass-Through from University of Florida</i>		UFDSP00011197	-	127,206	127,206
<i>Pass-Through from University of Florida</i>		UFDSP00011792	-	18,922	18,922
<i>Pass-Through from University of Florida</i>		00001682	-	12,014	12,014
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		417518-19837	-	407	407
Total - CFDA 10.309			1,028,504	2,350,990	3,379,494
Agriculture and Food Research Initiative (AFRI)	10.310		1,696,770	8,472,262	10,169,032
<i>Pass-Through from Colorado State University</i>		G-06263-3	-	30,505	30,505
<i>Pass-Through from Colorado State University</i>		G-14765-6	-	72,204	72,204
<i>Pass-Through from Colorado State University</i>		2016-680074-25066	-	150,989	150,989
<i>Pass-Through from Connecticut Agricultural Experiment Station</i>		CAES-AC-2016-01	-	66,314	66,314
<i>Pass-Through from Cornell University</i>		76482-10583	-	19,497	19,497
<i>Pass-Through from Kansas State University</i>		490170	-	35,801	35,801
<i>Pass-Through from Michigan State University</i>		RC108598TEX	-	3,719	3,719
<i>Pass-Through from Mississippi State University</i>		191000 321646 01	-	162,962	162,962
<i>Pass-Through from Montana State University</i>		270770	-	10,809	10,809
<i>Pass-Through from Ohio State University</i>		60070640(NEW) / 60045862(OLD)	-	46,016	46,016
<i>Pass-Through from Purdue University</i>		F0009601902002	-	8,636	8,636
<i>Pass-Through from Purdue University</i>		F9000320702008	-	25,359	25,359
<i>Pass-Through from Purdue University</i>		8000053333-AG	-	12,316	12,316
<i>Pass-Through from Regents of the University of California</i>		201503344-01	-	15,198	15,198
<i>Pass-Through from South Dakota State University</i>		3TB453	-	61,529	61,529
<i>Pass-Through from University of Arkansas</i>		253549-18TAMU	-	39,326	39,326
<i>Pass-Through from University of Arkansas for Medical Sciences</i>		US AES 0402-82681-01	-	38,133	38,133
<i>Pass-Through from University of California - Davis</i>		A18-1616-S006	-	69,596	69,596
<i>Pass-Through from University of California - Davis</i>		201300264-01	-	68,665	68,665
<i>Pass-Through from University of California - Davis</i>		201603566-16/A17-0484- S016	-	36,952	36,952
<i>Pass-Through from University of California - Santa Cruz</i>		A16-0086-S002-P0587973 2 (EXT)	-	45,977	45,977
<i>Pass-Through from University of Florida</i>		UFDSP00012089	-	83,511	83,511
<i>Pass-Through from University of Florida</i>		UFDSP00012371	-	29,879	29,879
<i>Pass-Through from University of Georgia</i>		RC398-139/S000791/ 00000791	-	69,434	69,434
<i>Pass-Through from University of Maine</i>		UMS-1155	-	81,605	81,605
<i>Pass-Through from University of Maine</i>		UMS1124	-	37,284	37,284
<i>Pass-Through from University of Miami</i>		2015-68001-23232	-	53,325	53,325
<i>Pass-Through from University of Missouri</i>		C00051167-2	-	97,469	97,469
<i>Pass-Through from University of Nebraska - Lincoln</i>		25-6221-0347-002	-	38,296	38,296
<i>Pass-Through from University of Nebraska - Lincoln</i>		25-6221-0386-002	-	20,781	20,781
<i>Pass-Through from University of Nebraska - Lincoln</i>		25-6222-0810-002	-	141,291	141,291
<i>Pass-Through from University of Nebraska - Lincoln</i>		25-6239-0235-304	-	102,213	102,213
<i>Pass-Through from University of Nebraska - Lincoln</i>		25-6268-0005-003 2013- 68004-20358	-	13,966	13,966
<i>Pass-Through from University of North Carolina - Wilmington</i>		577470-17-02; P0104899	-	54,481	54,481
<i>Pass-Through from University of Tennessee</i>		270720	-	591	591
<i>Pass-Through from Utah State University</i>		200984-422	-	1,427	1,427
<i>Pass-Through from Utah State University</i>		201587-560	-	7,529	7,529
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		422568-19094	-	66,583	66,583
<i>Pass-Through from Washington State University</i>		132190-G003936	-	17,831	17,831
<i>Pass-Through from William Marsh Rice University</i>		R18761	-	1,037	1,037
<i>Pass-Through from William Marsh Rice University</i>		R18762	-	4,889	4,889
Total - CFDA 10.310			1,696,770	10,416,187	12,112,957

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Agriculture (Continued)					
Beginning Farmer and Rancher Development Program	10.311		9,935	-	9,935
Sun Grant Program	10.320		-	1,020	1,020
<i>Pass-Through from Oklahoma State University</i>		2568390 TALR2	28,813	47,729	76,542
<i>Pass-Through from Oklahoma State University</i>		2568930 TALR			
<i>Pass-Through from Oklahoma State University</i>		3/PO162014	33,102	89,390	122,492
<i>Pass-Through from Oklahoma State University</i>		2568930 TALR1	17,044	43,647	60,691
<i>Pass-Through from Oklahoma State University</i>		2568930 UTSA1	13,464	146,289	159,753
<i>Pass-Through from University of Oklahoma</i>		2018-29	-	2,562	2,562
Total - CFDA 10.320			92,423	330,637	423,060
Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)	10.326		-	660,314	660,314
<i>Pass-Through from Middle Tennessee State University</i>		C16-0811	-	58,559	58,559
<i>Pass-Through from Middle Tennessee State University</i>		270580	-	8,780	8,780
Total - CFDA 10.326			-	727,653	727,653
National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program	10.328				
<i>Pass-Through from University of Florida</i>		UFDSP00011141	-	(6)	(6)
<i>Pass-Through from University of Florida</i>		UFDSP00012352	-	10,345	10,345
Total - CFDA 10.328			-	10,339	10,339
Crop Protection and Pest Management Competitive Grants Program	10.329		52,045	153,310	205,355
<i>Pass-Through from Louisiana State University</i>		PO-0000001898	-	376	376
<i>Pass-Through from North Carolina State University</i>		2018-3200-04	-	36	36
Total - CFDA 10.329			52,045	153,722	205,767
Veterinary Services Grant Program	10.336		-	26,692	26,692
Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers	10.443		-	172,487	172,487
Crop Insurance	10.450		-	3,593,825	3,593,825
Socially Disadvantaged Farmers and Ranchers Policy Research Center	10.464		-	(3,025)	(3,025)
<i>Pass-Through from Alcorn State University</i>		330140-05	-	(3,025)	(3,025)
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475		-	167,364	167,364
Meat, Poultry, and Egg Products Inspection	10.477		-	11,608	11,608
Food Safety Cooperative Agreements	10.479		-	83,000	83,000
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		-	1,863,666	1,863,666
Emerging Markets Program	10.603				
<i>Pass-Through from National Sheep Industry Improvement</i>		M1803300	-	10,979	10,979
<i>Pass-Through from National Sheep Industry Improvement</i>		M1901470	-	2,212	2,212
Total - CFDA 10.603			-	13,191	13,191
Food for Progress	10.606		-	598,140	598,140
<i>Pass-Through from National Cooperative Business Association</i>		M001-16-03	-	598,140	598,140
Forestry Research	10.652		-	1,361,405	1,361,405
Wood Utilization Assistance	10.674		-	28,652	28,652
<i>Pass-Through from Clemson University</i>		1993-205-2022305	-	28,652	28,652
Forest Stewardship Program	10.678		-	(36)	(36)

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Agriculture (Continued)					
Partnership Agreements	10.699		-	15,905	15,905
Norman E. Borlaug International Agricultural Science and Technology Fellow	10.777		-	129,510	129,510
Soil and Water Conservation	10.902		233,302	2,062,931	2,296,233
<i>Pass-Through from New Mexico State University</i>		Q01872	-	973	973
<i>Pass-Through from Pheasants Forever, Inc.</i>		LCPI 2017-02	-	36,531	36,531
<i>Pass-Through from University of Tennessee</i>		68-3A75-17-482	-	8,120	8,120
Total - CFDA 10.902			233,302	2,108,555	2,341,857
Soil Survey	10.903		-	23,843	23,843
Environmental Quality Incentives Program	10.912		3,281	298,381	301,662
<i>Pass-Through from Oklahoma State University</i>		3-580130 TAMAL1	-	12,270	12,270
<i>Pass-Through from Pheasants Forever, Inc.</i>		LPCI-16-03	-	8,945	8,945
<i>Pass-Through from Pheasants Forever, Inc.</i>		LPCI-16-06	-	10,284	10,284
Total - CFDA 10.912			3,281	329,880	333,161
Agricultural Statistics Reports	10.950		-	150,523	150,523
Technical Agricultural Assistance	10.960		216,736	1,233,406	1,450,142
<i>Pass-Through from Catholic Relief Services</i>		FCC-686-2013-027-00	-	20,898	20,898
<i>Pass-Through from National Cotton Council of America</i>		SRS M1800045	-	86,062	86,062
Total - CFDA 10.960			216,736	1,340,366	1,557,102
Scientific Cooperation and Research	10.961		-	6,968	6,968
Cochran Fellowship Program-International Training-Foreign Participant	10.962		-	137,367	137,367
Total - U.S. Department of Agriculture			4,264,091	57,170,320	61,434,411
U.S. Department of Commerce					
U.S. Department of Commerce	11.XXX		-	95,027	95,027
		1305M318PNRMA0234	-	27,916	27,916
		1305M318PNRMA0296	-	66,146	66,146
		1305M319PNRMA0066	-	42,947	42,947
<i>Pass-Through from Abt Associates, Inc.</i>		1333MD18PNEED0044	-	19,876	19,876
<i>Pass-Through from CODAR Ocean Sensors LTD</i>		50050	-	40,070	40,070
<i>Pass-Through from Eastern Research Group, Inc.</i>		M1802987	-	5,849	5,849
<i>Pass-Through from Industrial Economics, Inc.</i>		0400 27 034/01	-	73	73
<i>Pass-Through from Woods Hole Group, Inc.</i>		5700-TAMU-G	-	48,909	48,909
<i>Pass-Through from Woods Hole Group, Inc.</i>		PO# 2017-0063	-	14,588	14,588
<i>Pass-Through from Woods Hole Group, Inc.</i>		PO# 2018-0084	-	18,787	18,787
<i>Pass-Through from Woods Hole Group, Inc.</i>		PO# 2018-010 REV A	-	-	-
		2019-0029-00-001	-	25,880	25,880
<i>Pass-Through from Woods Hole Group, Inc.</i>		PO#2019-0020	-	10,013	10,013
<i>Pass-Through from Woods Hole Oceanographic Institution</i>		PO# 2015-0026	-	138,748	138,748
<i>Pass-Through from Woods Hole Oceanographic Institution</i>		PO# 2018-0034	-	179,036	179,036
<i>Pass-Through from Woods Hole Oceanographic Institution</i>		2019-0028-00	-	-	-
Total - CFDA 11.XXX			-	733,865	733,865
Census Bureau Data Products	11.001		-	142	142
NOAA Mission-Related Education Awards	11.008		8,042	12,434	20,476
Ocean Exploration	11.011		-	-	-
<i>Pass-Through from University of Hawaii</i>		MA1118	-	13,111	13,111

STATE OF TEXAS
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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Commerce (Continued)					
Integrated Ocean Observing System (IOOS)	11.012		577,137	1,874,777	2,451,914
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5112125	-	577	577
<i>Pass-Through from University of Notre Dame</i>		203453UTA	-	36,544	36,544
<i>Pass-Through from Woods Hole Oceanographic Institution</i>		A101272	-	17,477	17,477
<i>Pass-Through from Woods Hole Oceanographic Institution</i>		A101273	-	75,436	75,436
Total - CFDA 11.012			577,137	2,004,811	2,581,948
Education Quality Award Ambassadorship	11.013		-	5,000	5,000
Cluster Grants	11.020		-	327,787	327,787
Bipartisan Budget Act of 2018	11.022		-	18,267	18,267
Economic Development Technical Assistance	11.303		-	80,643	80,643
Economic Adjustment Assistance	11.307		-	56,914	56,914
Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)	11.400				
<i>Pass-Through from University of Southern Mississippi</i>		UMS-GR04905-02	-	596,816	596,816
<i>Pass-Through from University of Southern Mississippi</i>		USM-8006122-03 01	-	607,967	607,967
Total - CFDA 11.400			-	1,204,783	1,204,783
Interjurisdictional Fisheries Act of 1986	11.407		-	156,112	156,112
<i>Pass-Through from Gulf States Marine Fisheries Commission</i>		TCS-650-001-2018-01	-	45,516	45,516
<i>Pass-Through from Gulf States Marine Fisheries Commission</i>		TT-650-005-2019-01	-	157,168	157,168
Total - CFDA 11.407			-	358,796	358,796
Sea Grant Support	11.417		22,286	2,587,332	2,609,618
<i>Pass-Through from University of Mississippi</i>		19-12-024	-	1,766	1,766
<i>Pass-Through from University of Southern Mississippi</i>		USM-GR05655-R/SFA-RS-15	2,333,792	777,997	3,111,789
<i>Pass-Through from University of Southern Mississippi</i>		USM-8006133-R-RCE-12 (TAMU)	-	27,221	27,221
Total - CFDA 11.417			2,356,078	3,394,316	5,750,394
Coastal Zone Management Administration Awards	11.419		59,084	688,490	747,574
Coastal Zone Management Estuarine Research Reserves	11.420		-	641,653	641,653
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427		3,594	123,984	127,578
<i>Pass-Through from South Carolina Department of Natural Resources</i>		SCDNR FY2017003	-	43,264	43,264
Total - CFDA 11.427			3,594	167,248	170,842
Climate and Atmospheric Research	11.431		47,645	564,118	611,763
<i>Pass-Through from University of Oklahoma</i>		2019-16	-	29,921	29,921
Total - CFDA 11.431			47,645	594,039	641,684
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432		-	47,303	47,303
<i>Pass-Through from North Carolina State University</i>		2014-2918-10	-	27,078	27,078
<i>Pass-Through from University of Maryland - College Park</i>		NA14NES4320003	-	48,416	48,416
<i>Pass-Through from University of Oklahoma</i>		2018-04	-	33,888	33,888
Total - CFDA 11.432			-	156,685	156,685
Marine Fisheries Initiative	11.433		2,019	166,545	168,564

STATE OF TEXAS
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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Commerce (Continued)					
Cooperative Fishery Statistics	11.434				
<i>Pass-Through from Gulf States Marine Fisheries Commission</i>		BSP-799-017-2018-01	-	5,637	5,637
<i>Pass-Through from Gulf States Marine Fisheries Commission</i>		SCFV-749-045-2019-01	-	3,929	3,929
<i>Pass-Through from Gulf States Marine Fisheries Commission</i>		TT-749-005-2018-01	-	53,482	53,482
<i>Pass-Through from Gulf States Marine Fisheries Commission</i>		TT1-749-005-2017-01	-	(14)	(14)
Total - CFDA 11.434			-	63,034	63,034
Regional Fishery Management Councils	11.441				
<i>Pass-Through from Gulf of Mexico Fishery Management Council</i>		18-7050	-	5,351	5,351
<i>Pass-Through from Gulf of Mexico Fishery Management Council</i>		19-7050	-	22,605	22,605
Total - CFDA 11.441			-	27,956	27,956
Gulf Coast Ecosystem Restoration Science, Observation, Monitoring, and Technology	11.451		1,004	1,993	2,997
<i>Pass-Through from Florida International University</i>		800007856-01UG	-	9,036	9,036
Total - CFDA 11.451			1,004	11,029	12,033
Unallied Management Projects	11.454		4,435	47,979	52,414
<i>Pass-Through from Florida State University</i>		R01859	-	15,232	15,232
<i>Pass-Through from National Fish and Wildlife Foundation</i>		0304 16 054237	-	5,903	5,903
Total - CFDA 11.454			4,435	69,114	73,549
Weather and Air Quality Research	11.459		13,314	443,909	457,223
<i>Pass-Through from Deltares USA, Inc.</i>		NA18OAR4590370-01	-	50,870	50,870
<i>Pass-Through from University of Florida</i>		NA18OAR4590306	-	66,389	66,389
Total - CFDA 11.459			13,314	561,168	574,482
Habitat Conservation	11.463		-	1,368	1,368
Meteorologic and Hydrologic Modernization Development	11.467		15,000	238,641	253,641
<i>Pass-Through from University Corporation for Atmospheric Research</i>		AWD000020	-	34,625	34,625
Total - CFDA 11.467			15,000	273,266	288,266
Applied Meteorological Research	11.468		5,200	147,070	152,270
Unallied Science Program	11.472		-	13,837	13,837
<i>Pass-Through from Gulf States Marine Fisheries Commission</i>		ACQ-210-039-2017-TAMU	-	33,926	33,926
<i>Pass-Through from National Fish and Wildlife Foundation</i>		0303 18 062137	-	55,734	55,734
<i>Pass-Through from The North Pacific Research Board</i>		1728	-	54,455	54,455
<i>Pass-Through from The North Pacific Research Board</i>		1728; LOA 1 WHITEAKER	-	16,345	16,345
Total - CFDA 11.472			-	174,297	174,297
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478		12,551	340,612	353,163
<i>Pass-Through from Louisiana State University</i>		PO-0000012275	-	36,966	36,966
<i>Pass-Through from University of South Florida</i>		2500-1650-00-A	-	17,141	17,141
<i>Pass-Through from Virginia Institute of Marine Science</i>		720913-712683	-	41,854	41,854
Total - CFDA 11.478			12,551	436,573	449,124
Educational Partnership Program	11.481				
<i>Pass-Through from City College of New York</i>		49312-B	-	145,569	145,569
<i>Pass-Through from Florida Agricultural and Mechanical University</i>		C-4946	-	276,896	276,896
<i>Pass-Through from Florida Agricultural and Mechanical University</i>		C-4951	-	127,520	127,520
<i>Pass-Through from Florida Agricultural and Mechanical University</i>		C-5013	-	311,066	311,066
<i>Pass-Through from Florida Agricultural and Mechanical University</i>		NA 16SEC4810009	-	4,528	4,528
<i>Pass-Through from Florida Agricultural and Mechanical University</i>		NA16SEC4810009	-	323,293	323,293
<i>Pass-Through from Howard University</i>		0008971-100006614	-	63,247	63,247
Total - CFDA 11.481			-	1,252,119	1,252,119

STATE OF TEXAS
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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Commerce (Continued)					
Measurement and Engineering Research and Standards	11.609		480,969	1,472,245	1,953,214
<i>Pass-Through from Southern Methodist University</i>		60NANB17D180	-	86,102	86,102
<i>Pass-Through from University of Michigan</i>		60NANB17D191	-	67,329	67,329
Total - CFDA 11.609			480,969	1,625,676	2,106,645
Manufacturing Extension Partnership	11.611		1,802,090	4,637,635	6,439,725
<i>Pass-Through from A. L. Philpott Manufacturing Extension Partnership</i>		MEDACCRED-TMAC	-	23,651	23,651
<i>Pass-Through from Illinois Manufacturing Excellence Center</i>		2019-249	-	16,739	16,739
<i>Pass-Through from Michigan Manufacturing Technology Center</i>		32163-OT	-	45,658	45,658
Total - CFDA 11.611			1,802,090	4,723,683	6,525,773
Advanced Technology Program	11.612		-	92,619	92,619
Arrangements for Interdisciplinary Research Infrastructure	11.619		-	65,404	65,404
<i>Pass-Through from Colorado State University</i>		G-00745-6	-	218,774	218,774
<i>Pass-Through from University of Delaware</i>		PC1 0-20	-	137,225	137,225
Total - CFDA 11.619			-	421,403	421,403
Science, Technology, Business and/or Education Outreach	11.620		-	21,970	21,970
<i>Pass-Through from Omega Optics, Inc.</i>		UTA17-001156	-	71,477	71,477
Total - CFDA 11.620			-	93,447	93,447
Patent and Trademark Technical Information Dissemination	11.900		5,886	3,085	8,971
Total - U.S. Department of Commerce			5,394,048	20,602,436	25,996,484
U.S. Department of Defense					
U.S. Department of Defense	12.XXX	DARPAMBL02	-	51,443	51,443
		FA3016-18-P-0166	-	59,947	59,947
		FA8650-15-C-6589	-	(10,005)	(10,005)
		FA8650-17-C -5278	-	171,040	171,040
		FA8650-17-C-5716	-	191,820	191,820
		FA9451-19-C-0020	-	85,350	85,350
		FA9550-19-1-0145	-	93,963	93,963
		HDTRA1-14-C-0113	229,801	294,055	523,856
		HDTRA1-14-C-0116	1,958,856	137,347	2,096,203
		HDTRA1-16-C-0024	134,044	27,958	162,002
		HDTRA1-17-C-0008-(CLIN 0001/0002)	62,414	133,992	196,406
		HE1254-15-C-0002	-	38,654	38,654
		HR0011-15-C-0095	-	291	291
		HR001117C0094	679,000	2,425,142	3,104,142
		H98230-18-1-0264	-	59,800	59,800
		H98230-19-P-0095	-	6,499	6,499
		H98230-19-P-0097	-	3,050	3,050
		IPA000-18-0-0016	-	14,050	14,050
		IPA2015CHOTIROS	-	263,359	263,359
		MOOREIPA	-	305,893	305,893
		M1600686	-	28,355	28,355
		N00014-11-G-0041 #0022	-	-	-
		CLN 0001 ACN AA	-	413,507	413,507
		N00014-11-G-0041 #0024	-	-	-
		CLIN 0002	-	190,786	190,786
		N00014-11-G-0041 D0#	-	-	-
		N00014-16-F-2005	-	1,616,363	1,616,363
		N00014-11-G-0041 0018	-	5	5
		N00014-11-G-0041 0019	-	1,737	1,737
		N00014-16-F-3010--D O 3010	-	228,649	228,649
		N0001411G0041 0023	-	80,985	80,985
		N00024-07-D-6200-0622- 08	-	5,079	5,079

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Defense (Continued)					
		N00024-07-D-6200-0624			
		CLN 0003 ACN AE	-	119,985	119,985
		N00024-07-D-6200-0813			
		CLN 0003 ACN AA AB	-	82	82
		N00024-07-D-6200-0851			
		CLN 0003 ACN AA	-	2	2
		N00024-07-D-6200-0854			
		CLN 0003 ACN AA	-	1	1
		N00024-07-D-6200-0855			
		CLN 0003 ACN AA	-	624	624
		N00024-07-D-6200-0856			
		CLN 0003 ACN AA	-	1,762	1,762
		N00024-07-D-6200-0861			
		CLN 0003 ACN AA	-	5	5
		N00024-07-D-6200-0863			
		CLN 0003 ACN AA	-	715	715
		N00024-07-D-6200-0866			
		CLN 0003 ACN AA AB	-	57,650	57,650
		N00024-07-D-6200-0873			
		CLN 0003 ACN AA	-	31,406	31,406
		N00024-07-D-6200-0877			
		CLN 0003 ACN AA	-	1,591	1,591
		N00024-07-D-6200-0881			
		CLN 0003 ACN AA	-	459,380	459,380
		N0002407D6200 17F8504			
		CLN 0003 ACN AA	-	216,258	216,258
		N0002407D6200 17F8522			
		CLN 0003 ACN AA	-	8,792	8,792
		N0002407D6200 17F8530	-	47	47
		N0002407D6200 17F8535			
		CLN 0003 ACN AA	-	3,223	3,223
		N0002407D6200 17F8540			
		CLN 0003 ACN AA	-	4,815	4,815
		N0002417D6421			
		N0002419F8538	-	3,482	3,482
		N0002417D6421 18F8644			
		CLN 0001 ACN AA	-	661,751	661,751
		N62645-16-D-5033	-	221,026	221,026
		RSC17023	-	(1,233)	(1,233)
		UTA18-000377-			
		DUNS#170230239	-	221,433	221,433
		W56HZV-17-P-L532	-	45,903	45,903
		W56HZV-17-P-L573	-	61,821	61,821
		W81XWH-15-9-0001	40,285	-	40,285
		W81XWH-17-P-0168	-	115,836	115,836
		W911NF-16-2-0019	-	613,804	613,804
		W911QY18P0262	-	30,880	30,880
		W911QY18P0320	-	84,208	84,208
		W91151-15-D-0009			
		#W91151-18-F-0173	-	439,419	439,419
		W91151-15-D-0009 D O			
		0006 0011AB	-	(13)	(13)
		W91151-15-D-0009-0006			
		5CLIN0011AG	-	(4,340)	(4,340)
		W91151-15-D-0009-0007			
		CLIN0011AD	-	(11,456)	(11,456)
		W91151-15-D-0009-0007			
		3	-	59	59
		W91151-18-F-0170 CLIN			
		0002	-	1,828	1,828
		W91151-18-F-0170 CLIN			
		0003	-	38,326	38,326
		W91151-18-F-0173 CLIN			
		0002	-	9,053	9,053
		W91151-18-F-0173 CLIN			
		0003	-	23,910	23,910
		W91151-18-F-0176 CLIN			
		000104 AC P0003	-	1,121,379	1,121,379

STATE OF TEXAS
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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Defense (Continued)					
		W91151-18-F-0176 CLIN 0003	-	10,860	10,860
		W9115115D0009 #W9115118F0176 CLIN 0002	-	45,442	45,442
		W9115115D0009 #W9115118F0176 SLIN00103	-	818,126	818,126
		W9115115D0009 W91151- 18-F-0170 CLIN0001	-	238,095	238,095
		W9115115D00090007 5 CLIN0011AE	-	11,456	11,456
		W9115115D00090007 5 CLIN0011AF	-	4,340	4,340
		W912DW-17-P0089	-	57,244	57,244
		W912DW17P0177	-	1,092	1,092
		W912HQ-14-C-0019	166,718	77,822	244,540
		W912HQ-15-C-0014; ER- 2530	220,705	145,972	366,677
		W912HQ-17-C-0039	108,018	226,699	334,717
		W912HQ18P0091	-	169,196	169,196
		W912HQ19C0001	7,706	181,096	188,802
		W912HZ19P0060	-	9,956	9,956
		W912HZ1920006	-	78,608	78,608
		W912L1-17-P-0289	-	5,217	5,217
		W9124D-18-P-0291	-	5,088	5,088
		10P0030595	-	66,455	66,455
		107090 0001 0101-0001	-	8,865	8,865
		15-JV-11272167-067	-	(420)	(420)
		1950636	-	16,722	16,722
		2014-14072500009 TO 006	-	(149)	(149)
		2014-14072500009 TO 010 CLIN 0001	-	960	960
		2014-14072500009 TO 010 CLIN 0002	-	262,983	262,983
		2014-14072500009 TO 010 CLIN 0003	-	261,939	261,939
		2014-14072500009 TO 013 CLIN 0001	-	138,833	138,833
		2015-15080500003 TO 012 CLN 0001	-	255,805	255,805
		2015-15080500003-008 CLIN 0001	-	128,628	128,628
		20160926- 0085-01 14-17 / 14-17A	-	23,251	23,251
		Pass-Through from Academy of Applied Science	-	927	927
		Pass-Through from Advanced Technology International	-	308,115	308,115
		Pass-Through from Advanced Technology International	-	290,745	290,745
		Pass-Through from Advanced Technology International	13,510	50,189	63,699
		Pass-Through from Amethyst Research, Inc.	-	65,381	65,381
		Pass-Through from Apogee Research, LLC	-	151,783	151,783
		Pass-Through from Applied Defense Solutions, Inc.	-	29,904	29,904
		Pass-Through from Applied Defense Solutions, Inc.	-	58,305	58,305
		Pass-Through from Applied Defense Solutions, Inc.	-	1,100	1,100
		Pass-Through from Applied Space Solutions Limited	-	36,748	36,748
		Pass-Through from Aptronik, Inc.	-	264,866	264,866
		Pass-Through from Arsenal Medical, Inc.	-	34,494	34,494
		Pass-Through from Atmospheric and Space Technology Research Associates, LLC	-	41,405	41,405
		Pass-Through from ADA Technologies, Inc.	-	5,668	5,668
		Pass-Through from ASRC Federal Data Networks Technologies, LLC	-	279,196	279,196
		Pass-Through from ASRC Federal Data Networks Technologies, LLC	-	41,406	41,406
		Pass-Through from AURA Technologies, LLC	-	74,853	74,853
		Pass-Through from Ball Aerospace and Technologies Corporation	-	(132)	(132)
		Pass-Through from Battelle	-	1,004	1,004
		Pass-Through from Bellkim Energy LLC	-	23,093	23,093
		Pass-Through from Boeing Company	-	26,309	26,309

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Defense (Continued)					
<i>Pass-Through from Boeing Company</i>		PO# 1404578	-	258,705	258,705
<i>Pass-Through from Boeing Company</i>		PO#1161311	-	3,001	3,001
<i>Pass-Through from Booz Allen Hamilton, Inc.</i>		S900821BAH	-	59,691	59,691
<i>Pass-Through from BAE Systems</i>		976559	-	351,218	351,218
<i>Pass-Through from Charles River Analytics, Inc.</i>		SC1814701	-	48,190	48,190
<i>Pass-Through from Chiral Photonics</i>		CHABA V-STTR CON	-	120,884	120,884
<i>Pass-Through from Clarkson Aerospace Corporation</i>		UNT 18-S7700-03C2	-	22,775	22,775
<i>Pass-Through from Clarkson Aerospace Corporation</i>		UTEP WIC 16-S7700-03	-	44,680	44,680
<i>Pass-Through from Clarkson University</i>		101184-1	-	43,584	43,584
<i>Pass-Through from Cordillera Applications Group Inc</i>		UTA18-000713	-	10,205	10,205
<i>Pass-Through from Coreform, LLC</i>		UTA18-000151	-	106,496	106,496
<i>Pass-Through from Data Fusion & Neural Networks</i>		FA8750-18-C-0120- UNIVTEXAS	-	23,193	23,193
<i>Pass-Through from Dominion Privatization Texas, LLC</i>		70341816	-	15,000	15,000
<i>Pass-Through from Duke University</i>		13-ONR-1112	-	133,899	133,899
<i>Pass-Through from DCS Corporation</i>		PO 161444	-	200,129	200,129
<i>Pass-Through from DCS Corporation</i>		PO 181931 CO1	-	87,977	87,977
<i>Pass-Through from Engility Corporation</i>		14463-PETTT-UTAUSTIN; BY18-102SP;REL 13	-	62,248	62,248
<i>Pass-Through from Engility Corporation</i>		14463-PETTT-UTAUSTIN; EQM-KY10-001 TO 11	-	194,264	194,264
<i>Pass-Through from Envisioneering Inc</i>		19-0321	-	39,506	39,506
<i>Pass-Through from Excet, Inc.</i>		8278	-	6,632	6,632
<i>Pass-Through from Exoanalytic Solutions, Inc.</i>		510950	-	70,354	70,354
<i>Pass-Through from Fabrico Technology, Inc.</i>		W81XHW18C0344	-	27,725	27,725
<i>Pass-Through from Gallup, Inc</i>		D17PC00002	-	815,551	815,551
<i>Pass-Through from General Dynamics Information Technology, Inc.</i>		GSD-SC18-128/FA8650- 13-D	-	15,183	15,183
<i>Pass-Through from General Technical Services, LLC</i>		GTS-S-18-396	-	190,664	190,664
<i>Pass-Through from General Technical Services, LLC</i>		GTS-S-19-163	-	20,848	20,848
<i>Pass-Through from Georgia Institute of Technology</i>		D8679-S1	-	183,088	183,088
<i>Pass-Through from GSI Environmental, Inc.</i>		UTA19-000494	-	15,562	15,562
<i>Pass-Through from HyPerComp, Inc.</i>		M1803019	-	26,029	26,029
<i>Pass-Through from HRL Laboratories, LLC</i>		17038-182026-QS	-	135,433	135,433
<i>Pass-Through from Innovision, LLC</i>		DACAA-II-TTU01	-	51,749	51,749
<i>Pass-Through from Intelligent Automation, Inc.</i>		FA875015C0066	-	65,068	65,068
<i>Pass-Through from Intelligent Fusion Technology, Inc.</i>		IFT044-01	-	43,294	43,294
<i>Pass-Through from Intraband, LLC</i>		UTA16-001077	-	119,713	119,713
<i>Pass-Through from Iowa State University</i>		436-17-47F	-	28,698	28,698
<i>Pass-Through from Issac Corp</i>		UTA18-000084	-	146,204	146,204
<i>Pass-Through from John B Pierce Laboratory</i>		285-I	-	893,088	893,088
<i>Pass-Through from Johns Hopkins University</i>		W81XWH-10-2-0134	-	8,815	8,815
<i>Pass-Through from Johns Hopkins University</i>		151461	-	52,752	52,752
<i>Pass-Through from Karagozian & Case, Inc.</i>		TTU180036 000	-	101,441	101,441
<i>Pass-Through from Knowledge Based Systems, Inc.</i>		M1700380	-	2,172	2,172
<i>Pass-Through from Laulima Systems, LLC</i>		NSC-16-0140-004	-	177,924	177,924
<i>Pass-Through from Leidos Biomedical Research, Inc.</i>		P010229290	-	2,440	2,440
<i>Pass-Through from Leidos, Inc.</i>		P010211919	-	36,550	36,550
<i>Pass-Through from Lockheed Martin Corporation</i>		PO# XS3605300E	-	5,167	5,167
<i>Pass-Through from Lockheed Martin Corporation</i>		6574017665	84,720	122,124	206,844
<i>Pass-Through from Luna Innovations Incorporated</i>		D17PC00125	-	76,775	76,775
<i>Pass-Through from Luna Innovations Incorporated</i>		342502UTA	-	15,187	15,187
<i>Pass-Through from Lynntech, Inc.</i>		AF-014	-	18,914	18,914
<i>Pass-Through from Lynntech, Inc.</i>		AF-075	-	78,625	78,625
<i>Pass-Through from Lynntech, Inc.</i>		ARM-003	-	41,274	41,274
<i>Pass-Through from Lynntech, Inc.</i>		ARM-060	-	8,371	8,371
<i>Pass-Through from Lynntech, Inc.</i>		DTR-022	-	13,201	13,201
<i>Pass-Through from Lynntech, Inc.</i>		NAV-389	-	32,618	32,618
<i>Pass-Through from Lynntech, Inc.</i>		NGA-035	-	97	97
<i>Pass-Through from Lynntech, Inc.</i>		W911NF16C0115	-	14,230	14,230
<i>Pass-Through from Manufacturing Techniques, INC</i>		PO 35905	-	73,692	73,692
<i>Pass-Through from Max-IR Labs, LLC</i>		FA865018C1737	-	72,503	72,503
<i>Pass-Through from Metrolaser, Inc.</i>		02AF03	-	12,585	12,585
<i>Pass-Through from Metrolaser, Inc.</i>		03AC22	-	31,685	31,685
<i>Pass-Through from Metrolaser, Inc.</i>		04WP34	-	350	350
<i>Pass-Through from Mohawk Innovative Technology, Inc.</i>		18-30312-02	-	30,114	30,114
<i>Pass-Through from MSI STEM Research & Development Consortium</i>		D01-W911SR19F0009	-	62,910	62,910
<i>Pass-Through from MYNDTEC INC</i>		MM-SCI-4002	-	12,631	12,631

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Defense (Continued)					
<i>Pass-Through from Nanohmics, Inc.</i>		FA8650-18-P-1706	-	46,035	46,035
<i>Pass-Through from Nanohmics, Inc.</i>		M1803871	-	95,181	95,181
<i>Pass-Through from Nanohmics, Inc.</i>		M1900965	-	48,105	48,105
<i>Pass-Through from Nanohmics, Inc.</i>		UTA17-001408	-	104,200	104,200
<i>Pass-Through from Nanohmics, Inc.</i>		UTA18-000445	-	180	180
<i>Pass-Through from Nanohmics, Inc.</i>		UTA19-000005	-	44,229	44,229
<i>Pass-Through from National Center for Defense Manufacturing and Machining</i>		FA8650-16-2-5700	-	60,428	60,428
<i>Pass-Through from Ness Engineering, Inc.</i>		W15QKN-16-C-0085	-	87,662	87,662
<i>Pass-Through from North Carolina State University</i>		H9823013D0054	-	64,610	64,610
		JFDMAC-UTA-2016			
<i>Pass-Through from Northrop Grumman Corporation</i>		TO1011 CN#17	-	134,023	134,023
<i>Pass-Through from Numerical Technology Company, LLC</i>		2017-366	-	31,229	31,229
<i>Pass-Through from Ohio Aerospace Institute</i>		OAI-CAPST-19843	-	19,866	19,866
		60052491 PO			
		RF01423516; LOA #1			
<i>Pass-Through from Ohio State University</i>		(SHVETS)	-	135,913	135,913
<i>Pass-Through from Omega Optics, Inc.</i>		UTA18-001416	-	20,999	20,999
<i>Pass-Through from Omega Optics, Inc.</i>		UTA18-001522	-	156,807	156,807
<i>Pass-Through from Omega Optics, Inc.</i>		UTA19-000132	-	47,175	47,175
<i>Pass-Through from Orbit Logic Incorporated</i>		UTA16-001176	-	40,725	40,725
		ROS0029-02/W81XWH-17-			
<i>Pass-Through from Palo Alto Veterans Institute for Research</i>		C-02	-	268,141	268,141
		ROS0029-03; PO			
<i>Pass-Through from Palo Alto Veterans Institute for Research</i>		#ROS073276	-	67,631	67,631
<i>Pass-Through from Palo Alto Veterans Institute for Research</i>		UTA18-000219	-	(264)	(264)
<i>Pass-Through from Paratus Diagnostics</i>		HDTRA A-16-P-0048	-	1,243	1,243
<i>Pass-Through from Physical Sciences, Inc.</i>		SC7377-033-6929-01	-	407	407
<i>Pass-Through from Qualia, Inc.</i>		D17PC00111	-	73,474	73,474
<i>Pass-Through from QuesTek Innovations</i>		M1902547	-	13,402	13,402
		PO#LBN9513646;BBN#14			
<i>Pass-Through from Raytheon BBN Technologies Corporation</i>		787	-	150,518	150,518
		90056 ATP; PO#			
<i>Pass-Through from Raytheon BBN Technologies Corporation</i>		4201960486	-	51,274	51,274
<i>Pass-Through from Raytheon Company</i>		4201724730	-	47,676	47,676
<i>Pass-Through from Regents of the University of Colorado</i>		1555245	-	21,284	21,284
<i>Pass-Through from Research Foundation of CUNY</i>		CM00001678-00	-	74,630	74,630
<i>Pass-Through from REDLattice, Inc.</i>		P00920101	-	1,066	1,066
<i>Pass-Through from Sandia National Laboratories</i>		2010846	-	43,870	43,870
<i>Pass-Through from Sandia National Laboratories</i>		2047640	-	32,261	32,261
<i>Pass-Through from Scientific Applications and Research Associates, Inc.</i>		DTRA12 SC1	-	146,184	146,184
<i>Pass-Through from Scimitar Technologies, LLC</i>		ST-F18001	-	21,660	21,660
<i>Pass-Through from Signature Science, LLC</i>		S1110	-	111,073	111,073
		FA9550-16-C-0036;			
<i>Pass-Through from Silicon Audio Labs</i>		UTA16-000710	-	7,820	7,820
<i>Pass-Through from Solamo Inc</i>		M6785418P6535	-	8,225	8,225
<i>Pass-Through from Southwest Research Institute</i>		K99095MEC	-	62,839	62,839
<i>Pass-Through from Space Dynamics Laboratory</i>		CP0054588	-	9,870	9,870
<i>Pass-Through from Spectral Energies, LLC</i>		SB1201-001-2	-	21,876	21,876
<i>Pass-Through from Spectral Energies, LLC</i>		SB1821-001-1	-	53,195	53,195
<i>Pass-Through from Stanford University</i>		61102421-118342	-	72,875	72,875
<i>Pass-Through from Stevens Institute of Technology</i>		2102796-23	-	3,552	3,552
<i>Pass-Through from Stevens Institute of Technology</i>		2102796-27	-	2,941	2,941
<i>Pass-Through from Survive Engineering Company, LLC</i>		S17-032001	-	180,599	180,599
<i>Pass-Through from Survive Engineering Company, LLC</i>		S17-095007	-	53,046	53,046
<i>Pass-Through from SRI International</i>		N4175618C3006	-	83,911	83,911
<i>Pass-Through from Technology Service Corporation</i>		205382	-	169,983	169,983
<i>Pass-Through from Technology Service Corporation</i>		205561	-	26,454	26,454
<i>Pass-Through from Texas Research Institute Austin, Inc.</i>		F-30118-G-500-02-1703	-	61,222	61,222
<i>Pass-Through from The Charles Stark Draper Laboratory, Inc.</i>		SC001-0000001137	-	7,057	7,057
<i>Pass-Through from The Charles Stark Draper Laboratory, Inc.</i>		UTA18-001136	-	6,836	6,836
<i>Pass-Through from TransWave Photonics, LLC</i>		UTA18-001342	-	102,370	102,370
<i>Pass-Through from TransWave Photonics, LLC</i>		UTA18-001358	-	29,693	29,693
<i>Pass-Through from TransWave Photonics, LLC</i>		UTA18-001359	-	30,645	30,645
<i>Pass-Through from Tulane University</i>		TUL-SCC-553201-15/16	-	101,735	101,735
<i>Pass-Through from Two Six Labs, LLC</i>		FA8750-13-C-0198-S-15	40,510	27,934	68,444
<i>Pass-Through from Universal Technology Corporation</i>		17-S8401-10-C1	-	155,654	155,654

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Defense (Continued)					
<i>Pass-Through from Universal Technology Corporation</i>		18-S7700-02-C10	-	45,792	45,792
<i>Pass-Through from University of California - San Diego</i>		113729427	-	51,998	51,998
<i>Pass-Through from University of Dayton Research Institute</i>		RSC18013	-	93,459	93,459
<i>Pass-Through from University of Illinois - Champaign</i>		089750-17290	-	9,639	9,639
<i>Pass-Through from University of Illinois - Chicago</i>		FA875019C0006	-	44,791	44,791
<i>Pass-Through from University of Maryland</i>		46731-Z8458101	-	111,709	111,709
<i>Pass-Through from University of Maryland</i>		48190-Z8436101	-	175,677	175,677
<i>Pass-Through from University of Maryland - College Park</i>		2014-14071600012	-	46,904	46,904
<i>Pass-Through from University of Maryland - College Park</i>		2019-022600002	-	75,470	75,470
<i>Pass-Through from University of Michigan</i>		3004789310	-	112,344	112,344
<i>Pass-Through from University of Pennsylvania</i>		566321 PO 3475881	-	148,670	148,670
<i>Pass-Through from University of Pittsburgh</i>		W81XWH-16-D-0024-0002	-	206,189	206,189
<i>Pass-Through from University of Pittsburgh</i>		0043845-7	-	166,996	166,996
<i>Pass-Through from University of Southern California</i>		107729869	-	46,437	46,437
<i>Pass-Through from Utah State University Research Foundation</i>		CP0053708	-	12,690	12,690
<i>Pass-Through from VectorNav Technologies, LLC</i>		M1901969	-	53,256	53,256
<i>Pass-Through from Vision Systems, Inc.</i>		2017-0516	-	(710)	(710)
<i>Pass-Through from Vision Systems, Inc.</i>		2019-0582	-	24,572	24,572
<i>Pass-Through from Wildlife Conservation Society</i>		SERDP110515-117	-	187,590	187,590
<i>Pass-Through from Wyle Laboratories</i>		51005A10552-005-S007 / LX	-	297,319	297,319
<i>Pass-Through from Zymergen, Inc.</i>		UTA15-000540; PO #4286	-	86,872	86,872
<i>Pass-Through from Zyvex</i>		UTA15-001288	-	28,583	28,583
Total - CFDA 12.XXX			3,746,287	27,893,219	31,639,506
Flood Control Projects	12.106		-	31,415	31,415
Navigation Projects	12.107				
<i>Pass-Through from ECS-GEC JV</i>		W91237-16-D-0002 3 - WO 1	-	36,435	36,435
Planning Assistance to States	12.110		-	113,817	113,817
Collaborative Research and Development	12.114		-	1,008,009	1,008,009
<i>Pass-Through from Massachusetts Institute of Technology</i>		7000339119	-	(41)	(41)
<i>Pass-Through from NTESS, LLC - National Technology & Engineering Solutions of Sandia</i>		1954941	-	40,014	40,014
<i>Pass-Through from Towson University</i>		22	-	90,167	90,167
Total - CFDA 12.114			-	1,138,149	1,138,149
Basic and Applied Scientific Research	12.300		2,954,178	106,907,760	109,861,938
<i>Pass-Through from Academy of Applied Science</i>		2018-UNIVOFTXELPASO-	-	3,748	3,748
<i>Pass-Through from Accacia International</i>		SRS REF# M1701332	-	1,061	1,061
<i>Pass-Through from Applied Research in Acoustics, LLC</i>		UTA16-001018 CLIN 0003	-	100,987	100,987
<i>Pass-Through from Battelle Pacific Northwest Laboratory</i>		305672-453007	-	50,119	50,119
<i>Pass-Through from Boston Engineering Corporation</i>		1806534	-	62,809	62,809
<i>Pass-Through from Brown University</i>		00001139	-	254,572	254,572
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1587881	-	27,264	27,264
<i>Pass-Through from Cepheid</i>		W15QKN1691002	-	4,986	4,986
<i>Pass-Through from Combustion Research and Flow Technology, Inc.</i>		17-C-0459/C709	-	8,003	8,003
<i>Pass-Through from Combustion Research and Flow Technology, Inc.</i>		19-C-0189/C763	-	2,850	2,850
<i>Pass-Through from Concurrent Technologies</i>		151000168 SLIN 001	-	104,342	104,342
<i>Pass-Through from Concurrent Technologies</i>		151000168 SLIN 002	-	9,357	9,357
<i>Pass-Through from Duke University</i>		N00014-16-1-2327	-	25,574	25,574
<i>Pass-Through from Duke University</i>		14-ONR-1005	-	358,241	358,241
<i>Pass-Through from Duke University</i>		313-0620	-	28,694	28,694
<i>Pass-Through from Duke University</i>		313-0813	-	5,277	5,277
<i>Pass-Through from Florida State University</i>		R01853 LOA #6	-	246,004	246,004
<i>Pass-Through from Florida State University</i>		R01853 LOA 6 HUANG	-	202,119	202,119
<i>Pass-Through from Florida State University</i>		R01853 MAD 9 2/EXT	-	269,286	269,286
<i>Pass-Through from Florida State University</i>		R01853 2; LOA #2	-	29,127	29,127
<i>Pass-Through from Georgia Institute of Technology</i>		RE195-G1	-	37,002	37,002
<i>Pass-Through from Georgia Institute of Technology</i>		RH040-G2	-	113,072	113,072

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Defense (Continued)					
		RH322-G1; PO			
<i>Pass-Through from Georgia Institute of Technology</i>		#3600371239	-	50,729	50,729
<i>Pass-Through from Harvard University</i>		FA87501720114	-	75,539	75,539
<i>Pass-Through from Helicon Chemical Company, LLC</i>		M1800503	-	48	48
<i>Pass-Through from Indiana University - Bloomington</i>		BL4311001UTRGV	-	6,936	6,936
		103318 CLIN 2 PROJ			
<i>Pass-Through from Johns Hopkins University</i>		R4T03 JHU/APL	-	65,737	65,737
<i>Pass-Through from National Marine Mammal Foundation</i>		NN00014-15-1-2327	-	40,524	40,524
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0701-00-1 CLIN 0001	-	28,958	28,958
		26-0702-02-1 19F7702			
<i>Pass-Through from Non - Disclosed Sponsor</i>		CLIN 0001	-	56,906	56,906
		26-0702-02-3 19F7702			
<i>Pass-Through from Non - Disclosed Sponsor</i>		CLIN 0003	-	25,411	25,411
		26-0702-02-4 19F7702			
<i>Pass-Through from Non - Disclosed Sponsor</i>		CLIN 0004	-	101,727	101,727
		26-0702-02-5 19F7702			
<i>Pass-Through from Non - Disclosed Sponsor</i>		CLIN 0005	-	162,946	162,946
		26-0702-03-1 19F7703			
<i>Pass-Through from Non - Disclosed Sponsor</i>		CLIN 0001	-	123,881	123,881
		26-0702-04-1 19F7704			
<i>Pass-Through from Non - Disclosed Sponsor</i>		CLIN 0001	-	110	110
		26-0702-05-06 19F7705			
<i>Pass-Through from Non - Disclosed Sponsor</i>		CLIN 0006	-	43,860	43,860
		26-0702-05-1 19F7705			
<i>Pass-Through from Non - Disclosed Sponsor</i>		CLIN 0001	-	1,213	1,213
		26-0702-05-2 19F7705			
<i>Pass-Through from Non - Disclosed Sponsor</i>		CLIN 0002	-	1,213	1,213
		26-0702-05-3 19F7705			
<i>Pass-Through from Non - Disclosed Sponsor</i>		CLIN 0003	-	9,257	9,257
		26-0702-05-5 19F7705			
<i>Pass-Through from Non - Disclosed Sponsor</i>		CLIN 0005	-	18,291	18,291
		26-0702-05-7 19F7705			
<i>Pass-Through from Non - Disclosed Sponsor</i>		CLIN 0007	-	14,301	14,301
		26-0702-06-1 19F7706			
<i>Pass-Through from Non - Disclosed Sponsor</i>		CLIN 0001	-	11,894	11,894
		26-0702-06-2 19F7706			
<i>Pass-Through from Non - Disclosed Sponsor</i>		CLIN 0002	-	13,057	13,057
		26-0702-07-1 19F7707			
<i>Pass-Through from Non - Disclosed Sponsor</i>		CLIN 0001	-	10,974	10,974
		26-0702-08-1 19F7708			
<i>Pass-Through from Non - Disclosed Sponsor</i>		CLIN 0001	-	22,671	22,671
		26-0702-08-2 19F7708			
<i>Pass-Through from Non - Disclosed Sponsor</i>		CLIN 0002	-	35,282	35,282
		26-0702-08-3 19F7708			
<i>Pass-Through from Non - Disclosed Sponsor</i>		CLIN 0003	-	19,788	19,788
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0711-01	-	7,252,236	7,252,236
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0711-02	-	199,272	199,272
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0711-03	-	1,605,329	1,605,329
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0711-04 CLIN 0001AA	-	(986)	(986)
		26-0711-04-20 CLIN			
<i>Pass-Through from Non - Disclosed Sponsor</i>		0001AB	-	188,779	188,779
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0711-05	-	270,826	270,826
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0711-06-1	-	93,708	93,708
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0711-06-2	-	315,829	315,829
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0711-06-3	-	2,565,587	2,565,587
		26-0711-07-1 19F5242			
<i>Pass-Through from Non - Disclosed Sponsor</i>		CLIN 0001	-	37,542	37,542
		26-0711-07-2 19F5242			
<i>Pass-Through from Non - Disclosed Sponsor</i>		CLIN 0002	-	21,715	21,715
		26-0762-23-1 CLIN			
<i>Pass-Through from Non - Disclosed Sponsor</i>		3001AB	-	87	87
		26-0762-23-2 CLIN			
<i>Pass-Through from Non - Disclosed Sponsor</i>		3011AB	-	191	191
		26-0762-24-1 CLIN			
<i>Pass-Through from Non - Disclosed Sponsor</i>		3001AB	-	4	4
		26-0762-25-1 CLIN			
<i>Pass-Through from Non - Disclosed Sponsor</i>		3001AB	-	(489)	(489)

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Defense (Continued)					
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-25-2 CLIN 3011AB	-	3,416	3,416
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-26-1 CLIN 3001AA	-	4	4
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-26-2 CLIN 3011AA	-	8	8
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-26-3 CLIN 3021AA	-	4	4
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-27-1 CLIN 3001AA	-	6	6
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-28-1 CLIN 3001AA	-	2,933	2,933
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-28-2 CLIN 3011AA	-	8	8
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-28-3 CLIN 3021AA	-	1,613	1,613
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-29-1 CLIN 3001AA	-	(240)	(240)
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-29-2 CLIN 3001AB	-	1,675	1,675
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-29-3 CLIN 3011AA	-	6,228	6,228
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-29-4 CLIN 3011AB	-	2,166	2,166
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-29-5 CLIN 3021AA	-	9,860	9,860
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-29-6 CLIN 3021AB	-	6	6
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-30-1 18F7601 CLIN 3001AA	-	60,530	60,530
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-31-1 (18F7602) CLIN 4001	-	273,776	273,776
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-31-2 (18F7602) CLIN 4011	-	442,126	442,126
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-31-3 (18F7602) CLIN 4021	-	410,376	410,376
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-32-1 (18F7603) CLIN 4001AA	-	452,307	452,307
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-32-19 (18F7603)CLIN 4001AA	-	(1,635)	(1,635)
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-32-2 (18F7603) CLIN 4011AA	-	272,751	272,751
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-33-1 (18F7604) CLIN 4001AA	-	49,073	49,073
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-34-1 (18F7605) CLIN 4001AA	-	427,404	427,404
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-34-2 (18F7605) CLIN 4011AA	-	337,338	337,338
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-34-3 (18F7605) CLIN 4021AA	-	988,645	988,645
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-35-1 (18F7606) CLIN 4001AA	-	147,753	147,753
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-35-2 (18F7606) CLIN 4011AA	-	42,406	42,406
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-36-1 (18F7607) CLIN 4001AA	-	239,057	239,057
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-36-2 (18F7607) CLIN 4011AA	-	245,245	245,245
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0762-36-3 (18F7607) CLIN 4021AA	-	68,507	68,507
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0767-01 18F2169 CLIN 0001	-	219,790	219,790
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0767-02 CLIN 0001	-	1,307,158	1,307,158
<i>Pass-Through from North Carolina Agricultural and Technical State University</i>		#210158B	-	310,840	310,840
<i>Pass-Through from Princeton University</i>		0000022	-	33,306	33,306
<i>Pass-Through from Princeton University</i>		0000022;LOA #1 MAC NALD	-	51,827	51,827

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Defense (Continued)					
<i>Pass-Through from Rutgers University</i>		0000003 PO 562969	-	192,594	192,594
<i>Pass-Through from Sandia National Laboratories</i>		2007137	-	147,890	147,890
<i>Pass-Through from Solamo Inc</i>		A2018-114	-	83,773	83,773
<i>Pass-Through from Southern Methodist University</i>		G001706-7500	-	31,225	31,225
<i>Pass-Through from Technical Data Analysis, Inc.</i>		2078-001-01	-	6,229	6,229
<i>Pass-Through from University of California - Davis</i>		A18-0607-S001	-	253,499	253,499
<i>Pass-Through from University of California - Irvine</i>		N000141612741	-	54,716	54,716
<i>Pass-Through from University of Central Florida</i>		68016082-01	-	79,821	79,821
		CU-445773 PROJ			
<i>Pass-Through from University of Colorado</i>		1556254 PO 1000986127	-	7,380	7,380
		CU-445773 PROJ			
<i>Pass-Through from University of Colorado</i>		1557432 PO 1001144116	-	10,048	10,048
<i>Pass-Through from University of Iowa</i>		W001010921	-	(104)	(104)
<i>Pass-Through from University of Massachusetts - Amherst</i>		18-010425 A 01	-	294,334	294,334
<i>Pass-Through from University of Mississippi</i>		18-06-050	-	283,445	283,445
<i>Pass-Through from University of Oregon</i>		236700A	-	144,057	144,057
<i>Pass-Through from University of Virginia</i>		GG12136 159335	-	12,386	12,386
<i>Pass-Through from University of Washington</i>		UWSC9989;BPO# 25939	-	142,724	142,724
<i>Pass-Through from William Marsh Rice University</i>		R18681	67,175	115,678	182,853
<i>Pass-Through from William Marsh Rice University</i>		R19011	-	8,544	8,544
<i>Pass-Through from William Marsh Rice University</i>		R19092	-	245,094	245,094
Total - CFDA 12.300			3,021,353	130,862,737	133,884,090
Science, Technology, Engineering & Mathematics (STEM) Education, Outreach and Workforce Program	12.330		-	9,441	9,441
Navy Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance	12.335		-	6,774	6,774
Scientific Research - Combating Weapons of Mass Destruction	12.351		1,538,189	1,684,391	3,222,580
<i>Pass-Through from CRDF Global</i>		HDTRA117C0019	-	16,487	16,487
<i>Pass-Through from Georgia State University</i>		HDTRA11610033	-	196,563	196,563
<i>Pass-Through from Vanderbilt University Medical Center</i>		HDTRA1-13-1-0034	-	2,739	2,739
<i>Pass-Through from World Organisation for Animal Health</i>		AD/ET/2016/293	-	55,229	55,229
Total - CFDA 12.351			1,538,189	1,955,409	3,493,598
ROTC Language and Culture Training Grants	12.357				
<i>Pass-Through from Institute of International Education</i>		PGO1801-TAMU-11-PGO-051-PO1	-	334,031	334,031
<i>Pass-Through from Institute of International Education</i>		2603-TAMU-18-GO-051-PO4	-	22,563	22,563
Total - CFDA 12.357			-	356,594	356,594
Research on Chemical and Biological Defense	12.360				
<i>Pass-Through from Profectus BioSciences Incorporated</i>		W911QY1410001	-	103	103
<i>Pass-Through from Profectus BioSciences Incorporated</i>		W911QY1510014	-	132,052	132,052
Total - CFDA 12.360			-	132,155	132,155
National Guard Military Operations and Maintenance (O&M) Projects	12.401		-	39,542	39,542
Military Medical Research and Development	12.420		2,781,064	33,078,244	35,859,308
<i>Pass-Through from American Burn Association</i>		W81XWH-11-1-0835	-	9,523	9,523
<i>Pass-Through from American Burn Association</i>		W81XWH-18-2-0030	7,843	-	7,843
<i>Pass-Through from American Burn Association</i>		W81XWH0920194	-	(7,626)	(7,626)
<i>Pass-Through from American Burn Association</i>		W81XWH1110835	-	15,087	15,087
<i>Pass-Through from American Burn Association</i>		W81XWH1620055	-	14,676	14,676
<i>Pass-Through from ArchieMD, Inc.</i>		W81XWH-17-C-0157	-	248,343	248,343
<i>Pass-Through from Baylor College of Medicine</i>		W81XWH-16-D-0024	-	9,228	9,228
<i>Pass-Through from Baylor College of Medicine</i>		W81XWH-17-1-0368	-	24,542	24,542
<i>Pass-Through from Baylor College of Medicine</i>		W81XWH-18-1-0462	-	69,610	69,610
<i>Pass-Through from Baylor College of Medicine</i>		W81XWH1710628	-	67,257	67,257
<i>Pass-Through from Baylor College of Medicine</i>		W81XWH1810743	-	16,829	16,829
<i>Pass-Through from Boston Children's Hospital</i>		W81XWH-17-1-0532	5,038	-	5,038
<i>Pass-Through from Boston University</i>		W81XWH-11-2-0161 04	-	(24)	(24)

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Defense (Continued)					
Pass-Through from Boston University		4500001734/W81XWH-14 0174FEDC/W81XWH-17-2- 0067	-	295,398	295,398
Pass-Through from Boston VA Research Institute, Inc.		0204FEDA/W81XWH-15-1- 0391	-	23,067	23,067
Pass-Through from Boston VA Research Institute, Inc.		121119	-	448,904	448,904
Pass-Through from Brigham and Women's Hospital		W81XWH-16-C-0031	-	1,703	1,703
Pass-Through from Christopher and Dana Reeve Foundation		W81XWH-16-C-0031 / CTN15-2019	-	8,468	8,468
Pass-Through from Christopher and Dana Reeve Foundation		HDTA108D0008	-	23,685	23,685
Pass-Through from CH2M Hill, Inc.		MSRC-FY18-05	76,417	19,806	19,806
Pass-Through from Denver Research Institute		W81XWH-16-1-0744	54,845	46,231	122,648
Pass-Through from Emory University				(1,589)	53,256
Pass-Through from Foundation for Advancing Veterans' Health Research		AGRMT# PUGHMJ/UTSA PIZZINI-	-	17,419	17,419
Pass-Through from Foundation for Advancing Veterans' Health Research		SALARY/W81XWH-14-	-	5,840	5,840
Pass-Through from Foundation for Advancing Veterans' Health Research		ROYALL D/UTHSCSA	-	2,071	2,071
Pass-Through from Foundation for Advancing Veterans' Health Research		ROYALL D/W81XWH-14-1- 05	-	5,540	5,540
Pass-Through from Foundation for Advancing Veterans' Health Research		W81XWH-14-1-0606	-	(2,202)	(2,202)
Pass-Through from Geneva Foundation		S-1424-01	-	17,479	17,479
Pass-Through from Geneva Foundation		W81XWH-06-2-0033 03	-	(17,652)	(17,652)
Pass-Through from Harvard University		109746-5103111	-	526,440	526,440
Pass-Through from Henry M. Jackson Foundation		W81XWH1820014	-	39,598	39,598
Pass-Through from Henry M. Jackson Foundation		4695/W81XWH-18-2-0007 BIOBURDEN STUDY	-	2,908	2,908
Pass-Through from Johns Hopkins University		(METRC)	-	(31)	(31)
Pass-Through from Johns Hopkins University		FIXIT STUDY (METRC)	-	21,179	21,179
Pass-Through from Johns Hopkins University		OXYGEN/SR00002886	-	11,942	11,942
Pass-Through from Johns Hopkins University		W81XWH-10-2-0090	-	33,163	33,163
Pass-Through from Johns Hopkins University		W81XWH-15-2-0067	-	(55,920)	(55,920)
Pass-Through from Johns Hopkins University		W81XWH-15-2-0067 / 2002954944	-	(2,270)	(2,270)
Pass-Through from Johns Hopkins University		W81XWH-15-2-0074	-	3,114	3,114
Pass-Through from Johns Hopkins University		W81XWH-17-2-0032	-	2,667	2,667
Pass-Through from Johns Hopkins University		1R01AR064066-01	-	2,098	2,098
Pass-Through from Johns Hopkins University		2003560593	-	149,861	149,861
Pass-Through from Johns Hopkins University		2003560593 W81XWH-16- 2-0060	-	30,741	30,741
Pass-Through from Louisiana State University		W81XWH-10-1-0170	-	(10,388)	(10,388)
Pass-Through from Manzanita Pharmaceuticals, Inc.		13273014-TX-2	-	10,221	10,221
Pass-Through from Mapp Biopharmaceutical, Inc.		W911QY18P0299	-	50,527	50,527
Pass-Through from Massachusetts General Hospital		W81XWH-16-2-0038	-	(1,516)	(1,516)
Pass-Through from Methodist Hospital Research Institute		M1902185	-	3,163	3,163
Pass-Through from Methodist Hospital Research Institute		W81XWH-09-1-0212 02	-	(408)	(408)
Pass-Through from Methodist Hospital Research Institute		W81XWH-10-2-0125 01	-	(24,880)	(24,880)
Pass-Through from Methodist Hospital Research Institute		18130020-128	-	219,812	219,812
Pass-Through from Mountain Home Research and Education Corporation		SWAN- AWD AGRMNT 1 NTI-MIMIC17-	-	23,465	23,465
Pass-Through from National Trauma Institute		03/W81XWH1720	-	109,259	109,259
Pass-Through from National Trauma Institute		NTI-NTRR15-11/W81XWH NTI-NTRR15-16/W81XWH- 15-2	-	3,225	3,225
Pass-Through from National Trauma Institute		W81XWH-17-1-0673	-	9,589	9,589
Pass-Through from National Trauma Institute		NA-03ICP-01/W81XWH-17- 2-0	-	279,435	279,435
Pass-Through from Neural Analytics, Inc		60051953	-	85,129	85,129
Pass-Through from Ohio State University		W81XWH-17-1-0020	-	10,251	10,251
Pass-Through from Oregon Health Sciences University		W911QY-15-C-0099	-	5,177	5,177
Pass-Through from Prytime Medical Devices, Inc.		W81XWH-17-1-0671	-	156,560	156,560
Pass-Through from Regents of the University of California		W81XWH-15-2-0077	-	19,560	19,560
Pass-Through from RTI International		STRAC-REMTORN-001	-	103,744	103,744
Pass-Through from Southwest Texas Regional Advisory Council		W81XWH1210223	-	260,434	260,434
Pass-Through from SRI International		W81XWH16C0117	-	(216)	(216)
Pass-Through from Theranova LLC		AJ 1403 014 TTU 18 02	-	(300)	(300)
Pass-Through from TDA Research, Inc.			-	29,838	29,838

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Defense (Continued)					
<i>Pass-Through from TDA Research, Inc.</i>		AJ 1403 017 TTU 19 01	-	45,027	45,027
<i>Pass-Through from U.S. Army Medical Research Acquisition Activity</i>		W81XWH-14-1-0340	-	109,844	109,844
<i>Pass-Through from University of Alabama - Birmingham</i>		CTA201811-0005	-	1,235	1,235
<i>Pass-Through from University of Alabama - Birmingham</i>		W81XWH-16-2-0038	-	98,508	98,508
<i>Pass-Through from University of Alabama - Birmingham</i>		W81XWH-17-2-0037	169	-	169
<i>Pass-Through from University of Alabama - Birmingham</i>		000516840-013-T001	10,055	-	10,055
<i>Pass-Through from University of California - San Francisco</i>		W81XWH-17-1-0631	-	252,491	252,491
<i>Pass-Through from University of California - San Francisco</i>		10226SC	-	54,912	54,912
<i>Pass-Through from University of Cincinnati</i>		W81XWH-16-C-0161	-	(6,057)	(6,057)
<i>Pass-Through from University of Colorado</i>		W81XWH-16-1-0161	-	68,495	68,495
<i>Pass-Through from University of Colorado - Denver</i>		W81XWH-15-1-0504	-	3,835	3,835
<i>Pass-Through from University of Kansas</i>		FY2019-106	-	150	150
<i>Pass-Through from University of Maryland</i>		W81XWH-17-1-0702	-	76,368	76,368
<i>Pass-Through from University of Minnesota</i>		W81XWH1810319	-	118,487	118,487
<i>Pass-Through from University of Oklahoma</i>		W81XWH1410228	-	4,192	4,192
<i>Pass-Through from University of Pennsylvania</i>		W81XWH-18-C0163	-	11,842	11,842
<i>Pass-Through from University of Pennsylvania</i>		560165/W81XWH-12-2-0116	-	30,045	30,045
<i>Pass-Through from University of Pennsylvania</i>		565318/W91XWH-14-1-0	-	114,263	114,263
<i>Pass-Through from University of Pittsburgh</i>		UTES 0002	72,753	-	72,753
<i>Pass-Through from University of Pittsburgh</i>		W81XWH-12-2-0023	17,820	-	17,820
<i>Pass-Through from University of Pittsburgh</i>		W81XWH-16-D-0024	-	164,114	164,114
<i>Pass-Through from University of Pittsburgh</i>		W81XWH-17-20073	-	1,255	1,255
<i>Pass-Through from University of Pittsburgh</i>		0035859(409685-1)	-	92,644	92,644
<i>Pass-Through from University of Pittsburgh</i>		0061688-1	-	11,455	11,455
<i>Pass-Through from University of Puerto Rico</i>		W81XWH-08-1-0435 04	-	(935)	(935)
<i>Pass-Through from University of South Florida</i>		W81XWH-17-1-0146	-	59,944	59,944
<i>Pass-Through from University of Washington</i>		UWSC11196	-	2,352	2,352
<i>Pass-Through from UC Davis School of Medicine Office of Research</i>		201600536-01/W81XWH162001	-	357,239	357,239
<i>Pass-Through from Vanderbilt University</i>		2437-017449/WFUHS	-	2,089	2,089
<i>Pass-Through from Veterans Research Foundation</i>		GW160050	-	(75,642)	(75,642)
<i>Pass-Through from Wake Forest University Health Sciences</i>		WFUHS441055 ER-05	-	39,155	39,155
<i>Pass-Through from Wake Forest University Health Sciences</i>		W81XWH-14-2-0004	-	33,797	33,797
<i>Pass-Through from Wake Forest University Health Sciences</i>		W81XWH-16-1-0060	-	63,851	63,851
<i>Pass-Through from Weill Cornell Medicine</i>		180383	-	17,033	17,033
<i>Pass-Through from Western Institute for Biomedical Research</i>		800-1/W81XWH1810247	-	3,050	3,050
Total - CFDA 12.420			3,026,004	38,302,066	41,328,070
Basic Scientific Research	12.431		169,135	9,050,641	9,219,776
<i>Pass-Through from Boise State University</i>		7866-PO124406	-	104,389	104,389
<i>Pass-Through from Carnegie Mellon University</i>		W911NF1810150	-	29,372	29,372
<i>Pass-Through from Engility Corporation</i>		0015665	-	226,985	226,985
<i>Pass-Through from Georgia Institute of Technology</i>		RH541-G2	-	165,561	165,561
<i>Pass-Through from National Institute of Aerospace</i>		X19-808509-TAMU	-	16,090	16,090
<i>Pass-Through from Northeastern University</i>		504081-78060	-	26,927	26,927
<i>Pass-Through from Northeastern University</i>		504109-78054	-	224,110	224,110
<i>Pass-Through from Northeastern University - Boston</i>		504123-78050 1 W/EXT	-	22,111	22,111
<i>Pass-Through from Northeastern University - Boston</i>		504123-78050; PO	-	-	-
<i>Pass-Through from Northeastern University - Boston</i>		P1902251	-	24,369	24,369
<i>Pass-Through from Northwestern University</i>		PROJ0009952	-	376,979	376,979
<i>Pass-Through from Ohio State University</i>		PO#	-	-	-
<i>Pass-Through from Ohio State University</i>		RF01355822;60043375	-	336,713	336,713
<i>Pass-Through from Ohio State University</i>		PO#	-	-	-
<i>Pass-Through from Ohio State University</i>		RF01355822;60043375;	-	183,984	183,984
<i>Pass-Through from Penn State University</i>		5588-UTA-ARO-0019	-	71,364	71,364
<i>Pass-Through from Regents of the University of California</i>		S-001140	-	46,796	46,796
<i>Pass-Through from Temple University of the Commonwealth System</i>		TEM411-UNT	-	1,319,588	1,319,588
<i>Pass-Through from University of California - Los Angeles</i>		0160 G UA558	-	85,815	85,815
<i>Pass-Through from University of Delaware</i>		53910	-	10,009	10,009
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		W911NF1810150	-	90,949	90,949
<i>Pass-Through from University of Maryland</i>		Z845803	-	318	318
<i>Pass-Through from University of Michigan</i>		3004628717	-	11,403	11,403
<i>Pass-Through from University of Michigan</i>		3004628717; LOA # 1	-	116,796	116,796
<i>Pass-Through from University of Michigan</i>		3004628717; LOA # 2	-	95,206	95,206
<i>Pass-Through from University of Pittsburgh</i>		004815 (411221-1)	-	19,065	19,065
<i>Pass-Through from University of Southern California</i>		92688698/ PO10613044	-	135,228	135,228

STATE OF TEXAS
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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Defense (Continued)					
<i>Pass-Through from University of Tennessee</i>		A16-0237-S002	-	29,000	29,000
<i>Pass-Through from Washington State University</i>		130691-G003884	-	52,875	52,875
Total - CFDA 12.431			169,135	12,872,643	13,041,778
The Language Flagship Grants to Institutions of Higher Education	12.550				
<i>Pass-Through from Institute of International Education</i>		0054-UTA-19-POR-280- PO7 (YEAR 2)	-	19,344	19,344
Competitive Grants: Promoting K-12 Student Achievement at Military- Connected Schools	12.556				
<i>Pass-Through from Bossier Parish Schools</i>		M1801849	-	4,418	4,418
DOD, NDEP, DOTC-STEM Education Outreach Implementation	12.560		3,388	165,019	168,407
<i>Pass-Through from Helicon Chemical Company, LLC</i>		M1701443	-	54,991	54,991
Total - CFDA 12.560			3,388	220,010	223,398
Centers for Academic Excellence	12.598		-	919,794	919,794
Community Investment	12.600		-	19,086	19,086
Basic, Applied, and Advanced Research in Science and Engineering	12.630		157,940	3,754,750	3,912,690
<i>Pass-Through from Academy of Applied Science</i>		2018 UT ARLINGTON	-	1,000	1,000
<i>Pass-Through from Advanced Functional Fabrics of America</i>		382	-	38,568	38,568
<i>Pass-Through from Advanced Regenerative Manufacturing Institute, Inc.</i>		EWD-0006	-	33,667	33,667
<i>Pass-Through from Advanced Robotics for Manufacturing Institute</i>		ARM-17-01-F-C02	46,167	144,792	190,959
<i>Pass-Through from American Lightweight Materials Manufacturing Innovation Institute</i>		0004F-5	-	20,976	20,976
<i>Pass-Through from American Lightweight Materials Manufacturing Innovation Institute</i>		4 00E-05	-	21,248	21,248
<i>Pass-Through from DCS Corporation</i>		W911NF-10-D-0002	5,635	(17,905)	(12,270)
<i>Pass-Through from Imaginestics, LLC</i>		A 2017-0064	-	3,859	3,859
<i>Pass-Through from Johns Hopkins University</i>		2003752926	-	88,071	88,071
<i>Pass-Through from MSI STEM Research & Development Consortium</i>		D01W911SR14120001002	-	142,131	142,131
<i>Pass-Through from MSI STEM Research & Development Consortium</i>		D01W911SR14200010027	-	13,457	13,457
<i>Pass-Through from National Science Teachers Association</i>		19-871-044	-	19,920	19,920
<i>Pass-Through from Pennsylvania State University</i>		5589-UTEP-ARMY-0045	121,343	90,954	212,297
<i>Pass-Through from Shear Form, Inc.</i>		M1600968	-	533	533
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		083448-16435	-	(10,969)	(10,969)
<i>Pass-Through from University of Notre Dame</i>		203517UTA	-	84,990	84,990
<i>Pass-Through from University of Pennsylvania</i>		576433	-	248,925	248,925
<i>Pass-Through from University of Southern California</i>		201901371-003	-	21,862	21,862
Total - CFDA 12.630			331,085	4,700,829	5,031,914
Legacy Resource Management Program	12.632		391,639	1,380,512	1,772,151
<i>Pass-Through from Colorado State University</i>		G-09817-02	-	26,917	26,917
<i>Pass-Through from Ohio State University</i>		60057144	-	11,330	11,330
Total - CFDA 12.632			391,639	1,418,759	1,810,398
Uniformed Services University Medical Research Projects	12.750		-	101,910	101,910
<i>Pass-Through from Geneva Foundation</i>		S-10535-01	-	14,898	14,898
<i>Pass-Through from Geneva Foundation</i>		S-10557- 01/HU00011820037	-	97,489	97,489
<i>Pass-Through from Henry M. Jackson Foundation</i>		870237	-	21,512	21,512
<i>Pass-Through from Henry M. Jackson Foundation for the Advancement of Military Medicine</i>		PO849706 AWD2996	-	17,627	17,627
<i>Pass-Through from The Curators of The University of Missouri</i>		C00062987-2 130602	-	95,399	95,399
<i>Pass-Through from Washington State University</i>		G003993/HU00011810	-	7,976	7,976
Total - CFDA 12.750			-	356,811	356,811

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Defense (Continued)					
Air Force Defense Research Sciences Program	12.800		4,282,356	10,396,160	14,678,516
Pass-Through from Applied Defense Solutions, Inc.		509180	-	130,917	130,917
Pass-Through from Applied Space Solutions Limited		UTA18-001101	-	143,425	143,425
Pass-Through from Asian Office of Aerospace Research and Dev		FA2386-18-1-4075	-	108,874	108,874
Pass-Through from Brayton Energy, LLC		OSD13-PR5-1	-	1,629	1,629
Pass-Through from Brown University		00000557 / PO#P280811	-	(125)	(125)
Pass-Through from Cincinnati Children's Hospital Medical Center		008043-013	-	132,214	132,214
Pass-Through from Clarkson Aerospace Corporation		PVAM 16-S7700-03-C2	-	28,850	28,850
Pass-Through from Clarkson Aerospace Corporation		PVAM 17-D-0018-C2	-	(54,911)	(54,911)
Pass-Through from Clarkson Aerospace Corporation		TAMU N 17-S7700-03-C2	-	20,701	20,701
Pass-Through from Clarkson Aerospace Corporation		TAMU 13-S7700-01-C2	-	29,886	29,886
Pass-Through from Clarkson Aerospace Corporation		TAMU 13-S7700-02-C2	-	24,581	24,581
Pass-Through from Clarkson Aerospace Corporation		TAMUC 16-S7700-04-C2	-	8,571	8,571
Pass-Through from Clarkson Aerospace Corporation		TEES 17-D-0018-S13	-	(31,516)	(31,516)
Pass-Through from Clarkson Aerospace Corporation		UHH-13-S7700-01-C2	-	878	878
Pass-Through from Clarkson Aerospace Corporation		UHM 13-S7700-01-C1	-	(2,115)	(2,115)
Pass-Through from Clarkson Aerospace Corporation		UTEP 15 S7700-01-C2	-	23,571	23,571
Pass-Through from Clarkson Aerospace Corporation		UTSA A16-S7700-03-C2	-	15,000	15,000
Pass-Through from Clarkson Aerospace Corporation		UTSA M16-S7700-03-C2	-	13,404	13,404
Pass-Through from Clarkson Aerospace Corporation		UTSA 15-S7700-01-C2	-	10,940	10,940
Pass-Through from Clarkson Aerospace Corporation		UTSA 17-D-0018-S13	-	(5,802)	(5,802)
Pass-Through from CFD Research Corporation		CFDRC 9317	-	41,428	41,428
Pass-Through from Engineering Research and Consulting, Inc.		PS170090	-	(3,140)	(3,140)
Pass-Through from Engineering Research and Consulting, Inc.		PS180001	-	9,933	9,933
Pass-Through from Florida State University		R01748 4 (W/BP EXT)	-	109,180	109,180
Pass-Through from Florida State University		R02023	-	55,188	55,188
Pass-Through from Foundation for Advancing Veterans' Health Research		AHUUSAF/UTHSCSA/FA8 650-17	-	233,192	233,192
Pass-Through from Foundation for Advancing Veterans' Health Research		FA8650-18-2-6953	-	171,463	171,463
Pass-Through from Georgia Institute of Technology		D8679-S4	-	109,381	109,381
Pass-Through from Griffiss Institute, INC.,		SA2018-UP-025	-	44,217	44,217
Pass-Through from Harvard University		123974-5095937	-	94,263	94,263
Pass-Through from Henry M. Jackson Foundation		4439/FA8650-18-26837	-	19,620	19,620
Pass-Through from Intelligent Fusion Technology, Inc.		IFT022-01	-	(6)	(6)
Pass-Through from Lynntech, Inc.		M1700571	-	57	57
Pass-Through from Massachusetts Institute of Technology		5710003842	-	128,437	128,437
Pass-Through from Massachusetts Institute of Technology		5710004048	-	120,310	120,310
Pass-Through from Michigan State University		RC108022TT	-	183,012	183,012
Pass-Through from National Center for Defense Manufacturing and Machining		FA8650-12-2-7230	-	50,111	50,111
Pass-Through from New York University		F4359-01 PO IB00001336	-	83,994	83,994
Pass-Through from Northrop Grumman Corporation		FA880317C001	-	233,972	233,972
Pass-Through from Northwestern University		SP0022325- PROJ0007152 2(W/EXT)	-	235,776	235,776
Pass-Through from Ohio Aerospace Institute		1500019	-	126,565	126,565
Pass-Through from Ohio State University		60052491 PO RF01423516	-	389,735	389,735
Pass-Through from Old Dominion University Research Foundation		16-138-300345-010	-	102,743	102,743
Pass-Through from Omega Optics, Inc.		FA8814-19-P-0005	-	29,229	29,229
Pass-Through from Pacific Defense Solutions		S-2530-002-001-01	-	125	125
Pass-Through from Pennsylvania State University		5910-TAM-AFOSR-0233	-	139,521	139,521
Pass-Through from Physics, Materials, and Applied Mathematics Research, LLC		M1602121	-	(252)	(252)
Pass-Through from Physics, Materials, and Applied Mathematics Research, LLC		8045-S1	-	152,863	152,863
Pass-Through from Princeton University		0000242	-	29,753	29,753
Pass-Through from Regents of the University of Colorado		1556431	-	151,868	151,868
Pass-Through from Regents of the University of Michigan		3004102678	-	93,956	93,956
Pass-Through from Stanford University		60803373-114411	-	207,202	207,202
Pass-Through from Stanford University		61875870-113123	-	58,103	58,103
Pass-Through from Universal Technology Corporation		17-S7700-01-C5	-	51,856	51,856
Pass-Through from Universal Technology Corporation		17-S8401-07-C1	-	87,097	87,097
Pass-Through from Universal Technology Corporation		18-S7415-09-C1	-	26,139	26,139
Pass-Through from Universal Technology Corporation		18F5828-19-11-C1	-	34,535	34,535
Pass-Through from University at Buffalo - Suny		R1078518	-	106,061	106,061
Pass-Through from University at Buffalo - Suny		R1083246	-	14,318	14,318
Pass-Through from University of Akron		540781	-	22,163	22,163

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Defense (Continued)					
<i>Pass-Through from University of Arizona</i>		226258	-	191,790	191,790
<i>Pass-Through from University of Arizona</i>		471521 1	-	287,505	287,505
<i>Pass-Through from University of Arizona</i>		511857	-	35,581	35,581
<i>Pass-Through from University of Auckland</i>		311563	-	10,622	10,622
<i>Pass-Through from University of Auckland</i>		3711563	-	26,797	26,797
<i>Pass-Through from University of California - Merced</i>		E200GVA319	-	2,894	2,894
<i>Pass-Through from University of Cincinnati</i>		FA86501726G24	-	353,009	353,009
<i>Pass-Through from University of Colorado - Boulder</i>		FA95501710258	-	16,771	16,771
<i>Pass-Through from University of Dayton Research Institute</i>		RSC15078	-	28,049	28,049
<i>Pass-Through from University of Florida</i>		UFDSP00012105	-	96,675	96,675
<i>Pass-Through from University of Maryland - College Park</i>		589-Z8141001	-	515,062	515,062
<i>Pass-Through from University of Michigan</i>		3003932306	-	(178)	(178)
<i>Pass-Through from University of Tennessee - Knoxville</i>		A17-1323-S001	-	36,519	36,519
<i>Pass-Through from UHV Technologies, Inc.</i>		UTA-2019-1	-	46,797	46,797
<i>Pass-Through from Virginia Tech University</i>		450519-19093	-	81,869	81,869
<i>Pass-Through from Wichita State University</i>		WSU#15662	-	410,116	410,116
<i>Pass-Through from Wyle Laboratories</i>		FA807514D0025	-	186,010	186,010
Total - CFDA 12.800			4,282,356	17,064,988	21,347,344
Language Grant Program	12.900		-	47,307	47,307
Mathematical Sciences Grants	12.901		-	12,257	12,257
Information Security Grants	12.902		-	1,431,394	1,431,394
<i>Pass-Through from University of Arizona</i>		PO# 475420	-	177,586	177,586
<i>Pass-Through from Virginia Tech University</i>		321559-19892	-	106,087	106,087
Total - CFDA 12.902			-	1,715,067	1,715,067
GenCyber Grants Program	12.903		-	97,055	97,055
Research and Technology Development	12.910		1,774,093	10,465,187	12,239,280
<i>Pass-Through from Columbia University</i>		1(GG012588)	-	93,533	93,533
<i>Pass-Through from Creatv MicroTech, Inc.</i>		W911NF-14-C-0098	-	(2,387)	(2,387)
<i>Pass-Through from Duke University</i>		3130754	-	167,471	167,471
<i>Pass-Through from General Dynamics Information Technology, Inc.</i>		07ESM1071263	-	42,230	42,230
<i>Pass-Through from Icahn School of Medicine - Mount Sinai</i>		N6600119C4022	-	96,791	96,791
<i>Pass-Through from Johns Hopkins University</i>		HQ0147-12-D-0004	-	39,000	39,000
<i>Pass-Through from Johns Hopkins University</i>		2003377937	-	1,583	1,583
<i>Pass-Through from Johns Hopkins University</i>		2003794118	-	1,605	1,605
<i>Pass-Through from Johns Hopkins University</i>		2004292475	-	35,184	35,184
<i>Pass-Through from Kestrel Institute</i>		15-C-0007-UT-AUSTIN #4 1 1 1 5	-	43,001	43,001
<i>Pass-Through from Mayachitra Incorporated</i>		TSU-NAVAIR-0199	-	128,019	128,019
<i>Pass-Through from Montana State University</i>		G189-19-W7329	-	165,882	165,882
<i>Pass-Through from North Carolina State University</i>		2017-1952-01	-	111,752	111,752
<i>Pass-Through from Northeastern University - Boston</i>		505131-78050	-	148,453	148,453
<i>Pass-Through from NTESS, LLC - National Technology & Engineering Solutions of Sandia</i>		1851508	-	(522)	(522)
<i>Pass-Through from Old Dominion University</i>		19-117-100728-010	-	48,672	48,672
<i>Pass-Through from Pennsylvania State University</i>		5562-UTSA-DARPA-0055	-	308,929	308,929
<i>Pass-Through from Profusa, Inc.</i>		M1800413-17	-	36,065	36,065
<i>Pass-Through from Purdue University</i>		FA8750-17-C-0069	91,273	17,436	108,709
<i>Pass-Through from Qualia, Inc.</i>		140D6318C0097	-	207,344	207,344
<i>Pass-Through from Stanford University</i>		61345965-112762 1	-	27,527	27,527
<i>Pass-Through from University of California - San Diego</i>		FA86501817827	-	93,160	93,160
<i>Pass-Through from University of California - San Diego</i>		HR00111820032	-	232,031	232,031
<i>Pass-Through from University of California - San Diego</i>		S9002046	-	34,737	34,737
<i>Pass-Through from University of Chicago</i>		FP065306-B	-	148,818	148,818
<i>Pass-Through from University of Florida</i>		UFDSP00012148	-	178,888	178,888
<i>Pass-Through from University of Illinois - Champaign</i>		079287-17018	-	88,004	88,004
<i>Pass-Through from University of Illinois - Champaign</i>		090165-16882	-	137,761	137,761
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		HR001119C0042	-	129,518	129,518
<i>Pass-Through from University of Maryland</i>		67441-Z9246201	-	44,041	44,041
<i>Pass-Through from University of Minnesota</i>		A0006856901	-	197,416	197,416
<i>Pass-Through from University of Notre Dame</i>		208126UTA	-	41,419	41,419
<i>Pass-Through from University of Pennsylvania</i>		569456	22,518	-	22,518

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Defense (Continued)					
<i>Pass-Through from University of Pennsylvania</i>		574468; PO 4211445	-	167,014	167,014
<i>Pass-Through from Vencore Labs, Inc.</i>		0004130	-	84,432	84,432
<i>Pass-Through from Wesleyan University</i>		WESU5011106129	-	75,744	75,744
<i>Pass-Through from Yale University</i>		GR103492 (CON-	-	175,150	175,150
<i>Pass-Through from Yale University</i>		80001390)	-	66,935	66,935
<i>Pass-Through from Zyvex Labs, LLC</i>		GR104793	-	16,482	16,482
		FA865015C7542	-		
Total - CFDA 12.910			1,887,884	14,094,305	15,982,189
Total - U.S. Department of Defense			18,397,320	254,440,426	272,837,746
U.S. Department of Housing and Urban Development					
U.S. Department of Housing and Urban Development	14.XXX	TXHHU0046-18	-	107,175	107,175
<i>Pass-Through from Lower Manhattan Development Corporation</i>		9974	-	85,780	85,780
Total - CFDA 14.XXX			-	192,955	192,955
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228		123,587	468,647	592,234
Rural Capacity Building for Community Development and Affordable Housing Grants	14.265				
<i>Pass-Through from National Association for Latino Comm Asset Builders</i>		NALCAB PO#1299	-	20,411	20,411
General Research and Technology Activity	14.506		-	(953)	(953)
Healthy Homes Technical Studies Grants	14.906		12,413	51,203	63,616
<i>Pass-Through from Baylor College of Medicine</i>		TXHHU0043-18	-	21,493	21,493
Total - CFDA 14.906			12,413	72,696	85,109
Total - U.S. Department of Housing and Urban Development			136,000	753,756	889,756
U.S. Department of the Interior					
U.S. Department of the Interior	15.XXX	E16PC00001	-	4,549	4,549
		F13PC00013	-	16,578	16,578
		G17PX01119	-	23,330	23,330
		140G0118C0012	3,360	56,706	60,066
		140G0318PO323	-	26,620	26,620
<i>Pass-Through from LGL Ecological Research Associates Inc.</i>		UTA16-000819	-	193,992	193,992
<i>Pass-Through from Norwegian Geotechnical Institute</i>		18-1076	-	25,254	25,254
Total - CFDA 15.XXX			3,360	347,029	350,389
Cultural and Paleontological Resources Management	15.224		-	1,196	1,196
Recreation and Visitor Services	15.225		-	13,404	13,404
Wild Horse and Burro Resource Management	15.229		-	52,882	52,882
Joint Fire Science Program	15.232		-	108,648	108,648
Environmental Quality and Protection	15.236		70,408	84,433	154,841
Science and Technology Projects Related to Coal Mining and Reclamation	15.255		-	27,262	27,262
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	15.423		213	155,549	155,762
Marine Minerals Activities	15.424		-	195,047	195,047
Safety and Environmental Enforcement Research and Data Collection for Offshore Energy and Mineral Activities	15.441		-	945,565	945,565

STATE OF TEXAS
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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of the Interior (Continued)					
Water Desalination Research and Development	15.506		-	65,787	65,787
Cultural Resources Management	15.511		-	19,464	19,464
SECURE Water Act - Research Agreements	15.560		-	93,566	93,566
Sport Fish Restoration	15.605		-	14,454,179	14,454,179
Fish and Wildlife Management Assistance	15.608		-	92,135	92,135
<i>Pass-Through from Gulf States Marine Fisheries Commission</i>		FWS-800-037-2018-SFASU	-	25,037	25,037
Total - CFDA 15.608			-	117,172	117,172
Wildlife Restoration and Basic Hunter Education	15.611		1,799,937	6,078,334	7,878,271
<i>Pass-Through from Alaska Department of Fish and Game</i>		CT160001994	-	29,982	29,982
<i>Pass-Through from American Samoa Government</i>		NAID-20190015	-	149,552	149,552
Total - CFDA 15.611			1,799,937	6,257,868	8,057,805
Cooperative Endangered Species Conservation Fund	15.615		14,880	381,740	396,620
<i>Pass-Through from Bat Conservation International</i>		494464 MOA	-	32	32
Total - CFDA 15.615			14,880	381,772	396,652
Coastal	15.630		-	9,028	9,028
<i>Pass-Through from Coastal Bend Bays and Estuaries Program</i>		1722	-	3,211	3,211
Total - CFDA 15.630			-	12,239	12,239
State Wildlife Grants	15.634		246,747	2,447,816	2,694,563
<i>Pass-Through from Louisiana Department of Wildlife and Fisheries</i>		2000173589	-	31,708	31,708
<i>Pass-Through from Oklahoma State University</i>		2-561370-TAMU	-	16,722	16,722
<i>Pass-Through from Oklahoma State University</i>		PO#P168118	-	35,684	35,684
<i>Pass-Through from South Carolina Department of Natural Resources</i>		2-561740-TAMU	-	53,639	53,639
<i>Pass-Through from Southeast Aquatic Resources Partnership</i>		SCDNR-FY-2015-010	-	23,689	23,689
<i>Pass-Through from Southeast Aquatic Resources Partnership</i>		FLSWG-F16003-SARP2	-	23,689	23,689
Total - CFDA 15.634			246,747	2,609,258	2,856,005
Research Grants (Generic)	15.650		-	170,811	170,811
<i>Pass-Through from Louisiana Department of Wildlife and Fisheries</i>		U513104999 513	-	14,172	14,172
Total - CFDA 15.650			-	184,983	184,983
Invasive Species	15.652		-	447	447
National Wildlife Refuge System Enhancements	15.654		-	19,418	19,418
Migratory Bird Monitoring, Assessment and Conservation	15.655		-	115,906	115,906
Endangered Species Conservation - Recovery Implementation Funds	15.657		26,860	220,002	246,862
<i>Pass-Through from National Fish and Wildlife Foundation</i>		0406 17 057737	-	215,558	215,558
Total - CFDA 15.657			26,860	435,560	462,420
Coastal Impact Assistance	15.668		-	(243)	(243)
<i>Pass-Through from UMIAQ</i>		10-CIAP-025	-	(243)	(243)
Cooperative Landscape Conservation	15.669		-	55,831	55,831
<i>Pass-Through from The Nature Conservancy</i>		TXFO 090118-1	-	9,999	9,999
<i>Pass-Through from Wildlife Management Institute, Inc.</i>		GCP LCC 2015-01	-	253	253
<i>Pass-Through from Wildlife Management Institute, Inc.</i>		GCPLCC 2017-2	-	16,072	16,072
<i>Pass-Through from Wildlife Management Institute, Inc.</i>		GP LCC 2016-03	-	16,072	16,072
<i>Pass-Through from Wildlife Management Institute, Inc.</i>		F14AC00887	75,938	59,931	135,869
<i>Pass-Through from Wildlife Management Institute, Inc.</i>		RTHWEST BOREAL LCC	-	4,549	4,549
<i>Pass-Through from Wildlife Management Institute, Inc.</i>		#2016-01	-	35,890	35,890
<i>Pass-Through from Wildlife Management Institute, Inc.</i>		-	35,890	35,890	
Total - CFDA 15.669			75,938	182,525	258,463

**STATE OF TEXAS
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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of the Interior (Continued)					
Adaptive Science <i>Pass-Through from Center for Large Landscape Conservation</i>	15.670	UTA18-000740	-	36,659	36,659
Cooperative Ecosystem Studies Units	15.678		13,939	147,049	160,988
Assistance to State Water Resources Research Institutes	15.805		7,042	278,223	285,265
Earthquake Hazards Program Assistance <i>Pass-Through from University of Southern California</i> <i>Pass-Through from University of Southern California</i>	15.807	104713956 - 18220 104714151	- - -	174 30,000 4,558	174 30,000 4,558
Total - CFDA 15.807			-	34,732	34,732
U.S. Geological Survey Research and Data Collection	15.808		5,452	434,220	439,672
National Cooperative Geologic Mapping	15.810		-	157,540	157,540
Cooperative Research Units	15.812		-	91,193	91,193
National and Regional Climate Adaptation Science Centers <i>Pass-Through from University of Oklahoma</i>	15.820	G12AC00002 2012- 30/2014-51	-	180,766	180,766
Outdoor Recreation Acquisition, Development and Planning	15.916		-	20,101	20,101
Native American Graves Protection and Repatriation Act	15.922		-	8,218	8,218
National Center for Preservation Technology and Training	15.923		-	5,265	5,265
American Battlefield Protection	15.926		-	19,358	19,358
Cooperative Research and Training Programs - Resources of the National Park System <i>Pass-Through from University of Wyoming</i>	15.945	1003666-TSU	- -	472,618 2,632	472,618 2,632
Total - CFDA 15.945			-	475,250	475,250
Route 66 Corridor Preservation	15.958		-	10,331	10,331
Total - U.S. Department of the Interior			2,264,776	28,779,821	31,044,597
U.S. Department of Justice					
U.S. Department of Justice	16.XXX	DJD-17-HQ-P-0647	-	11,772	11,772
		DJF-15-1200-P-0001932 CLIN 0009	-	8,222	8,222
		DJF-15-1200-P-0001932 CLIN 0010	-	18,782	18,782
		DJF-15-1200-P-0001932 CLIN 0012	-	1	1
		DJF-15-1200-P-0001932 CLIN 0014	-	3	3
		DJF-15-1200-P-0001932 CLIN 0015	-	1	1
		DJF-15-1200-P-0001932 CLIN 0016	-	1	1
		DJF-15-1200-P-0001932 CLIN 0018	-	2	2
		15F06718C0002523	-	172,752	172,752
		15F06718C0002548	16,941	30,268	47,209
		15F06718C0002567	-	17,160	17,160
		15F06718P0001853 CLIN 0001	-	409,138	409,138
		15F06718P0001853 CLIN 0002	-	599,036	599,036
		15F06718P0001853 CLIN 0003	-	447,641	447,641

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Justice (Continued)					
		15F06718P0001853 CLIN 0004	-	900,311	900,311
		15F06718P0001853 CLIN 0005	-	940,027	940,027
		15F06719D0002094 CLIN 0001	-	125,439	125,439
		2016ADR8226	-	92,743	92,743
<i>Pass-Through from Michigan State University</i>		RC107887 UT	-	2,472	2,472
<i>Pass-Through from Washington University - St. Louis</i>		2019-595	-	8,774	8,774
Total - CFDA 16.XXX			16,941	3,784,545	3,801,486
OVW Research and Evaluation Program	16.026		-	134,218	134,218
Juvenile Justice and Delinquency Prevention <i>Pass-Through from FRIENDS FIRST, Inc.</i>	16.540	UTA17-001367	-	31,915	31,915
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		905,068	2,967,305	3,872,373
<i>Pass-Through from Arizona State University</i>		270680	-	5,512	5,512
<i>Pass-Through from Arizona State University</i>		270920	-	1,855	1,855
<i>Pass-Through from Development Services Group, Inc.</i>		2016VFGXK006	-	32,875	32,875
<i>Pass-Through from George Mason University</i>		E204021-3	-	47,643	47,643
<i>Pass-Through from McCrone Research Institute, Inc.</i>		280730	-	13,844	13,844
<i>Pass-Through from Missouri State University</i>		15203-001	-	4,128	4,128
<i>Pass-Through from Northeastern University</i>		2017VFGX0005	-	30,766	30,766
<i>Pass-Through from Northeastern University</i>		2018R2CX0022	-	58,673	58,673
<i>Pass-Through from Rutgers University</i>		0063 PO#507277	-	9,574	9,574
<i>Pass-Through from Rutgers University</i>		0063 PO#507277 (LOA#1)	-	12,035	12,035
<i>Pass-Through from University of Colorado</i>		270620	-	1,084	1,084
<i>Pass-Through from University of South Carolina</i>		17-3299PO#2000031494	-	17,855	17,855
Total - CFDA 16.560			905,068	3,203,149	4,108,217
Criminal Justice Research and Development Graduate Research Fellowships	16.562		-	113,025	113,025
National Institute of Justice W.E.B. DuBois Fellowship Program <i>Pass-Through from University of Illinois - Chicago</i>	16.566	2018R2CX0022	2,250 -	- 12,449	2,250 12,449
Total - CFDA 16.566			2,250	12,449	14,699
Crime Victim Assistance <i>Pass-Through from Fort Bend Women's Center</i> <i>Pass-Through from Texas Council on Family Violence</i>	16.575	CJD2019/01 2019-526	- -	66,053 11,223	66,053 11,223
Total - CFDA 16.575			-	77,276	77,276
Crime Victim Assistance/Discretionary Grants <i>Pass-Through from Justice Research and Statistics Association</i> <i>Pass-Through from Lone Star Legal Aid</i> <i>Pass-Through from National Crime Victim Law Institute</i> <i>Pass-Through from Research Foundation of CUNY</i>	16.582	UTA18-000410 7484-1 2012-VF-GX-2019 13-5372-053 2018-V3-GX-K025	- - - -	3,618 1,184 20,332 6,438	3,618 1,184 20,332 6,438
Total - CFDA 16.582			-	31,572	31,572
Drug Court Discretionary Grant Program <i>Pass-Through from Denton County</i>	16.585	2016-VV-BX-0021	-	45,511	45,511
Violence Against Women Formula Grants <i>Pass-Through from Texas Council on Family Violence</i>	16.588	2018-474	- -	33,550 21,610	33,550 21,610
Total - CFDA 16.588			-	55,160	55,160
Public Safety Partnership and Community Policing Grants <i>Pass-Through from CNA Corporation</i>	16.710	18UTSA11420PO0023329	- -	7,588,991 21,935	7,588,991 21,935
Total - CFDA 16.710			-	7,610,926	7,610,926

STATE OF TEXAS
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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Justice (Continued)					
Special Data Collections and Statistical Studies <i>Pass-Through from The Urban Institute</i>	16.734	101544-0001-UTSA-01	-	15,856	15,856
Edward Byrne Memorial Justice Assistance Grant Program <i>Pass-Through from Police Foundation</i>	16.738	NAID-OR20170311	-	1,002,975	1,002,975
Total - CFDA 16.738			-	16,814	16,814
			-	1,019,789	1,019,789
DNA Backlog Reduction Program	16.741		-	6,526,418	6,526,418
Criminal and Juvenile Justice and Mental Health Collaboration Program <i>Pass-Through from Lubbock County</i>	16.745	2017-MO-BX-0031	-	60,070	60,070
Edward Byrne Memorial Competitive Grant Program <i>Pass-Through from National Legal Aid and Defender Association</i>	16.751	M1702373	-	12,717	12,717
Second Chance Act Reentry Initiative	16.812		-	13,128	13,128
Innovations in Community-Based Crime Reduction	16.817		-	13,546	13,546
Smart Prosecution Initiative <i>Pass-Through from Montgomery County</i>	16.825	270840	-	31,755	31,755
Comprehensive Opioid Abuse Site-Based Program <i>Pass-Through from City of Houston</i>	16.838	2018-AR-BX-K080	30,000	-	30,000
Total - CFDA 16.838			-	90,951	90,951
Total - U.S. Department of Justice			30,000	90,951	120,951
			954,259	22,883,976	23,838,235
U.S. Department of Labor					
U.S. Department of Labor	17.XXX	MS-05086-18-55-48	-	518,700	518,700
Employment Service/Wagner-Peyser Funded Activities	17.207		-	462,864	462,864
International Labor Programs	17.401		-	59,076	59,076
Occupational Safety and Health Susan Harwood Training Grants	17.502		-	143,457	143,457
Total - U.S. Department of Labor			-	1,184,097	1,184,097
U.S. Department of State					
U.S. Department of State	19.XXX	SAQMMA16C0331	-	33,462	33,462
Academic Exchange Programs - Undergraduate Programs <i>Pass-Through from International Resources Group, Ltd</i> <i>Pass-Through from Iowa State University</i>	19.009	FY19-YALI-BE-UTA-06 404-28-63B	-	134,086	134,086
Total - CFDA 19.009			-	14,124	14,124
			-	148,210	148,210
Global Threat Reduction <i>Pass-Through from Duke University</i>	19.033	SISNCT19CA0002	-	270,808	270,808
Total - CFDA 19.033			-	10,080	10,080
			-	280,888	280,888
Public Diplomacy Programs <i>Pass-Through from Partners of the Americas</i> <i>Pass-Through from University of Nebraska at Omaha</i>	19.040	100K-257ARG-09 45-2402-1031-303	-	12,354	12,354
Total - CFDA 19.040			-	24,199	24,199
			-	36,553	36,553
Academic Exchange Programs - Graduate Students <i>Pass-Through from America-Mideast Ed. & Training Svc. Inc</i>	19.400	20320-19	-	47,403	47,403

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of State (Continued)					
Academic Exchange Programs - Scholars	19.401				
<i>Pass-Through from Institute of International Education</i>		FS18 UT-IVSP	-	44,872	44,872
<i>Pass-Through from Institute of International Education</i>		FS18-UTBUS-IVSP	-	28,348	28,348
<i>Pass-Through from Institute of International Education</i>		M1802230	-	82,401	82,401
Total - CFDA 19.401			-	155,621	155,621
General Department of State Assistance	19.700				
<i>Pass-Through from CRDF Global</i>		FSCX-18-63877-0	-	37,077	37,077
Criminal Justice Systems	19.703				
Total - U.S. Department of State			-	2,502,325	2,502,325
U.S. Department of Transportation					
U.S. Department of Transportation	20.XXX	693JJ619C000005	-	1,358	1,358
<i>Pass-Through from Center for Transportation and the Environment</i>		UTA12-000814 PORTLAND	-	2	2
<i>Pass-Through from Center for Transportation and the Environment</i>		UTA12-000814; #8: PORT AUTHORITY	-	42,739	42,739
<i>Pass-Through from Center for Transportation and the Environment</i>		UTA17-000717	-	18,254	18,254
<i>Pass-Through from Center for Transportation and the Environment</i>		UTA19-000611	-	1,058	1,058
<i>Pass-Through from Iowa State University</i>		436-17-39E	-	21,164	21,164
<i>Pass-Through from ICF International, Inc.</i>		35RELEASE#17	-	35,076	35,076
<i>Pass-Through from KAI, LLC</i>		UTA17-000980	-	2,268	2,268
<i>Pass-Through from Leidos, Inc.</i>		P010215679	-	17,627	17,627
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 165 # 14 HR 22-38	-	4,083	4,083
<i>Pass-Through from National Academy of Sciences</i>		HR 24-41	-	7,216	7,216
<i>Pass-Through from National Academy of Sciences - Transit Cooperative Research Program</i>		NAS 165 # 8 TCRP J- 11(034)	-	39,221	39,221
<i>Pass-Through from North Central Texas Council of Government</i>		TRN4696	-	7,094	7,094
<i>Pass-Through from R.D. Mingo and Associates</i>		T693JJ318F000161	-	42,958	42,958
<i>Pass-Through from Research Foundation of Suny</i>		2018-604	-	9,000	9,000
<i>Pass-Through from University of Alabama</i>		UA16-008	-	27,174	27,174
Total - CFDA 20.XXX			-	276,292	276,292
Aviation Research Grants	20.108		194,352	256,454	450,806
Air Transportation Centers of Excellence	20.109				
<i>Pass-Through from New Mexico State University</i>		Q01917	-	107,090	107,090
Total - CFDA 20.109			-	136,820	136,820
Highway Research and Development Program	20.200		14,738	314,073	328,811
<i>Pass-Through from American Road and Transportation Builders Association</i>		693JJ31750009	-	125,833	125,833
<i>Pass-Through from American Road and Transportation Builders Association</i>		693JJ31750009-1	-	27,083	27,083
<i>Pass-Through from Battelle Memorial Institute</i>		US001-601206-1	-	6,195	6,195
<i>Pass-Through from Battelle Memorial Institute</i>		US001-601304-18	-	159	159
<i>Pass-Through from Booz Allen Hamilton, Inc.</i>		S900066BAH - #2	-	4,735	4,735
<i>Pass-Through from California Department of Transportation</i>		U1019001	-	9,284	9,284
<i>Pass-Through from California State University - Long Beach</i>		SG175414100	-	24,413	24,413
<i>Pass-Through from Cambridge Systematics</i>		160007 - # 8	-	70,990	70,990
<i>Pass-Through from Cambridge Systematics</i>		8852	-	7,474	7,474
<i>Pass-Through from Cambridge Systematics</i>		8852 02	-	1,514	1,514
<i>Pass-Through from DIGITALiBiz</i>		CORA-045-04128 LETTER	-	460	460
<i>Pass-Through from DIGITALiBiz</i>		CORA-045-04128 0001	-	4,677	4,677
<i>Pass-Through from Economic Development Research Group, Inc.</i>		NCHRP 19-14	-	6,960	6,960
<i>Pass-Through from Houston - Galveston Area Council</i>		ID #2631	-	57,038	57,038
<i>Pass-Through from ICF International, Inc.</i>		16ABBO0168- RELEASE # 18	-	568	568
<i>Pass-Through from ICF International, Inc.</i>		17ANBO0007 - RELEASE # 2	-	79,383	79,383
<i>Pass-Through from Knowledge Based Systems, Inc.</i>		M1601921	-	9,210	9,210

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Transportation (Continued)					
		ACRP ALL-03(S01-17)/			
<i>Pass-Through from Nas - Acrp - Airport Cooperative Research</i>		0001038	-	891	891
<i>Pass-Through from Nas - Transportation Research Board</i>		HR 22-36 / 0001211	-	45,231	45,231
<i>Pass-Through from Nas - Transportation Research Board</i>		NAS 165- # 16 HR- 20-44	-	564	564
		NCHRP195/ 163516-0399/			
<i>Pass-Through from Nas - Transportation Research Board</i>		0000946	-	99,764	99,764
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		HR - 20-05-(50-08) - (
		0001301)	-	44,236	44,236
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		HR 03-132 (0001164)	1,731	90,398	92,129
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		HR 05-24 / 0001212	-	33,402	33,402
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		HR 09-57A / 0001203	-	219,033	219,033
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		HR 20-06(24-04)	-	53,307	53,307
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		HR 22-35 / 0001220	-	71,255	71,255
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		HR 22-37 - # 13	-	34,652	34,652
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		HR08-114A 0001244	92,157	128,795	220,952
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS - 165 # 6 - HR 17-92	-	6,706	6,706
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 150 T O #14 HR 17-66	4,558	357	4,915
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 150 TO 40 HR 14-40	-		
		0001079	-	101,027	101,027
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 150 TO 44 HR 20-05(49-01) 00	-	8,548	8,548
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 150 TO# 02 HR 07/23 0000273	-	82,789	82,789
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 150 36 -HR 09-52A-0000927	-	(5,029)	(5,029)
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 150 37 HR 20-114 000	2,280	37,135	39,415
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 165 # 7 - HR 11-08	-	81,634	81,634
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 165 # 9 HR 20-07(384)	-	2,092	2,092
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 165 #11 HR 03-134	-	4,212	4,212
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 165 #15 HR 20-44(009)	-	47,909	47,909
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 165 #17 HR 06-18	-	7,144	7,144
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 165 10 HR 20-07(368)	-	4,557	4,557
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NCHRP-14-41	-	98,405	98,405
<i>Pass-Through from National Academy of Sciences</i>		HR 12-113 PO 1111030	-	85,122	85,122
<i>Pass-Through from National Academy of Sciences</i>		HR 20-05(50-03); PO# 0001276	-	44,999	44,999
<i>Pass-Through from National Academy of Sciences</i>		J-05(18-01) 0001243	-	29,878	29,878
<i>Pass-Through from National Cooperative Highway Research Program</i>		HR 24-45	3,399	50,823	54,222
<i>Pass-Through from New Mexico Department of Transportation</i>		IG0007 8005-0000260266	-	2,004	2,004
		SPR 2304 / 3459061281			
<i>Pass-Through from Oklahoma Department of Transportation</i>		/JOB 01946(7)	-	58,707	58,707
		2277 3459056374			
<i>Pass-Through from Oklahoma Department of Transportation</i>		01946(70)	-	1,149	1,149
		2277 3459059203			
<i>Pass-Through from Oklahoma Department of Transportation</i>		01946(72)	-	100,296	100,296
		2278 3459056252			
<i>Pass-Through from Oklahoma Department of Transportation</i>		01946(70)	-	21,634	21,634
		2304 3459056254			
<i>Pass-Through from Oklahoma Department of Transportation</i>		01946(70)	-	47,474	47,474

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Transportation (Continued)					
<i>Pass-Through from Parsons Brinckerhoff, Inc.</i>		182427CC	-	2,129	2,129
<i>Pass-Through from State of Alaska, Department of Transportation and Public Facilities</i>		MOA 2517H026	-	122,381	122,381
<i>Pass-Through from University of Connecticut</i>		152092	-	570	570
<i>Pass-Through from University of Kansas Center for Research, Inc.</i>		0000503FY2018-048	-	19,421	19,421
<i>Pass-Through from University of Maryland - College Park</i>		Q0326103	-	78,802	78,802
<i>Pass-Through from University of Maryland - College Park</i>		47791-Z9000203	-	122,121	122,121
Total - CFDA 20.200			118,863	2,836,573	2,955,436
Highway Planning and Construction	20.205		624,182	2,897,443	3,521,625
<i>Pass-Through from Arizona Department of Transportation</i>		A T16-147813 / BINATIONAL FREIGHT CORRI	140,717	83,093	223,810
<i>Pass-Through from Arizona Department of Transportation</i>		A T16-147813 / MARIPOSA POINT OF ENTRY	-	119,647	119,647
<i>Pass-Through from Arizona Department of Transportation</i>		A T16-147813:6/MPD0062- 17 SPR756	51,292	89,897	141,189
<i>Pass-Through from Arizona Department of Transportation</i>		A T16-147813:7 / 0000017898	-	50,352	50,352
<i>Pass-Through from Arizona Department of Transportation</i>		JPA 18-0006846-I (P001 800 1577)	-	2,816	2,816
<i>Pass-Through from Battelle Memorial Institute</i>		US001-601304-21	-	73,241	73,241
<i>Pass-Through from Battelle Memorial Institute</i>		US001-601304-22	-	19,667	19,667
<i>Pass-Through from Battelle Memorial Institute</i>		US001-601304-23	-	3,165	3,165
<i>Pass-Through from Battelle Memorial Institute</i>		US001-601304-24	-	6,759	6,759
<i>Pass-Through from Cambridge Systematics</i>		SRS REF M1500610	-	3,660	3,660
<i>Pass-Through from Cambridge Systematics</i>		8852 017	-	26,065	26,065
<i>Pass-Through from Crash Avoidance Metrics Partnership</i>		CAMP0000167	70,883	182,298	253,181
<i>Pass-Through from Crash Avoidance Metrics Partnership</i>		331	-	24,761	24,761
<i>Pass-Through from CH2M Hill, Inc.</i>		10006-7-104029	-	64,270	64,270
<i>Pass-Through from Houston - Galveston Area Council</i>		M1602268	-	10,013	10,013
<i>Pass-Through from Houston - Galveston Area Council</i>		T T 17 0610-01 CSJ:0912- 00-545	-	(1,773)	(1,773)
<i>Pass-Through from Houston - Galveston Area Council</i>		T T 18 0220-01	-	62,036	62,036
<i>Pass-Through from Iteris, Inc.</i>		D00002-TEX	-	9,142	9,142
<i>Pass-Through from ICF International, Inc.</i>		16ABBO0168 - RELEASE # 12	-	249,418	249,418
<i>Pass-Through from ICF International, Inc.</i>		16ABBO0168 - RELEASE # 13	-	109,503	109,503
<i>Pass-Through from ICF International, Inc.</i>		16ABBO0168 - RELEASE # 14	-	107,836	107,836
<i>Pass-Through from ICF International, Inc.</i>		16ABBO0168 - RELEASE # 15	-	30,481	30,481
<i>Pass-Through from ICF International, Inc.</i>		16ABBO0168 - RELEASE #16	-	868	868
<i>Pass-Through from ICF International, Inc.</i>		16ABBO0168 - RELEASE # 16ABBO0168 - 20 -	-	568	568
<i>Pass-Through from ICF International, Inc.</i>		RELEASE 10	-	40,102	40,102
<i>Pass-Through from ICF International, Inc.</i>		16ABBO0168 #0021	-	42,440	42,440
<i>Pass-Through from ICF International, Inc.</i>		16ABBO0168 RELEASE 5 16	-	11,685	11,685
<i>Pass-Through from ICF International, Inc.</i>		16ABBO0168 RELEASE 6 15	-	36,396	36,396
<i>Pass-Through from ICF International, Inc.</i>		16ABBO0168 RELEASE 7 18	-	22,397	22,397
<i>Pass-Through from ICF International, Inc.</i>		16ABBO0168 13	-	688	688
<i>Pass-Through from ICF International, Inc.</i>		16ABBO0168 2	-	127,419	127,419
<i>Pass-Through from ICF International, Inc.</i>		16ABBO0168 3	-	55,308	55,308
<i>Pass-Through from ICF International, Inc.</i>		16ABBO0168/ TO 17 RELEASE 08	-	24,207	24,207
<i>Pass-Through from ICF International, Inc.</i>		16ABB00168 1	-	47,288	47,288
<i>Pass-Through from Kittelson & Associates, Inc.</i>		0210-01	-	(45)	(45)
<i>Pass-Through from Kittelson & Associates, Inc.</i>		17763	-	14,228	14,228
<i>Pass-Through from Leidos, Inc.</i>		10177856	-	12	12
<i>Pass-Through from MacroSys, LLC</i>		SRS REF M1501759	-	2,748	2,748
<i>Pass-Through from MRI Global (Midwest Research Institute)</i>		681-110950-1	-	14,746	14,746

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Transportation (Continued)					
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		HR 03-123 - 0000833 - NAS 150 TO 25	800	136,193	136,993
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 150 TO #12 HR 09-58	69,226	106,843	176,069
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 150 TO #16 HR01-53 0000582	-	96,399	96,399
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 150 TO 31 HR 20-07(395) 000089	-	(80)	(80)
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 150 TO 32; HR 15-64 0000917	56,650	82,643	139,293
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 150 TO 34 HR 17-79 0000920	17,912	68,405	86,317
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 150 TO 35 HR 17-76/ 0000921	68,510	187,857	256,367
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 150 TO 41 HR 20-07(370)B 0001080	-	57,478	57,478
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 150 TO 42 HR20-05(49-04) 0001	-	11,444	11,444
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 150 TO 45 HR 20-05(49-06) 00011	-	11,809	11,809
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 150 21; HR 05-21 0000708	-	57,105	57,105
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 150 39 HR 20-24(112)	22,131	40,900	63,031
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 22; HR 24-43 0000711	-	(404)	(404)
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NCHRP 20-102(6)	-	(435)	(435)
<i>Pass-Through from North Central Texas Council of Government</i>		M1801805	-	208,720	208,720
<i>Pass-Through from North Central Texas Council of Government</i>		TRN4743	-	28,993	28,993
<i>Pass-Through from North Central Texas Council of Government</i>		TRN5043	-	56,758	56,758
<i>Pass-Through from North Central Texas Council of Government</i>		TRN5044	-	63,645	63,645
<i>Pass-Through from North Central Texas Council of Government</i>		TRN5046	-	44,102	44,102
<i>Pass-Through from Ohio Department of Transportation</i>		31347	38,897	219,687	258,584
<i>Pass-Through from Ohio Department of Transportation</i>		32748	6,323	61,338	67,661
<i>Pass-Through from Oregon Department of Transportation</i>		30240	-	17,023	17,023
<i>Pass-Through from Parsons Brinckerhoff, Inc.</i>		A T13-041462:1 PB 11580A	-	7,682	7,682
<i>Pass-Through from State of South Dakota, Department of Transportation</i>		SD2013-08	-	292	292
<i>Pass-Through from University of Akron</i>		04204-TAMU	-	8,958	8,958
<i>Pass-Through from University of Cincinnati</i>		011678-003	-	11,078	11,078
<i>Pass-Through from Virginia Tech University</i>		417943-19C36	-	147,992	147,992
<i>Pass-Through from Wyoming Department of Transportation</i>		RS04219	-	19,850	19,850
<i>Pass-Through from Wyoming Department of Transportation</i>		RS05218	-	57,985	57,985
Total - CFDA 20.205			1,167,523	6,475,105	7,642,628
Highway Training and Education	20.215		-	128,548	128,548
<i>Pass-Through from Georgia Department of Transportation</i>		CSSFT000900150 P I 0009150	-	55,719	55,719
<i>Pass-Through from ICF International, Inc.</i>		17ANBO0007 RELEASE 1 TO HEPNXX1700000026	-	9,479	9,479
<i>Pass-Through from National Academy of Science - National Cooperative Highway Research</i>		NAS 150 TO 33 HR 20-102(009) 0000923	4,260	7	4,267
<i>Pass-Through from National Academy of Sciences</i>		2000009708	-	7,500	7,500
<i>Pass-Through from Toxcel, LLC</i>		TO 693JJ318F300056; NHTSA DTFH6117 0028	-	2,799	2,799
Total - CFDA 20.215			4,260	204,052	208,312
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237		-	427,571	427,571
Railroad Research and Development	20.313		-	-	-
<i>Pass-Through from CPCS Transcom</i>		15648	-	12,812	12,812

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Transportation (Continued)					
Federal Transit Formula Grants	20.507				
<i>Pass-Through from Fort Bend County</i>		WORK 3	-	9,106	9,106
<i>Pass-Through from Harris County - Texas</i>		#4	-	8,770	8,770
<i>Pass-Through from Harris County - Texas</i>		YEAR 18/19 - # 3	-	84,703	84,703
<i>Pass-Through from Harris County - Texas</i>		1	-	1	1
<i>Pass-Through from Harris County - Texas</i>		2	-	11,581	11,581
<i>Pass-Through from National Academy of Sciences - Transit Cooperative Research Program</i>		TRANSIT -91	-	49,211	49,211
Total - CFDA 20.507			-	163,372	163,372
Formula Grants for Rural Areas and Tribal Transit Program	20.509				
<i>Pass-Through from TransAction Associates, Inc.</i>		M1901050	-	59,594	59,594
<i>Pass-Through from TransAction Associates, Inc.</i>		M1902847	-	3,098	3,098
Total - CFDA 20.509			-	62,692	62,692
Public Transportation Research, Technical Assistance, and Training	20.514		8,762	125,773	134,535
<i>Pass-Through from National Academy of Sciences - Transit Cooperative Research Program</i>		J-07(SA-47) - (1635180599)	-	44,922	44,922
<i>Pass-Through from National Academy of Sciences - Transit Cooperative Research Program</i>		J-07(SB-29)/ 0000975	-	48	48
<i>Pass-Through from Rutgers University</i>		#0843 824862	-	26,852	26,852
<i>Pass-Through from Rutgers University</i>		#0844 824862	-	48,630	48,630
<i>Pass-Through from Rutgers University</i>		AGMT 0294 - PROJ 822264 - 776006 - OR	-	32,853	32,853
<i>Pass-Through from Rutgers University</i>		757020 3096 / # 822264	-	8,568	8,568
Total - CFDA 20.514			8,762	287,646	296,408
State and Community Highway Safety	20.600				
<i>Pass-Through from City of San Antonio</i>		DESSOUKY-TRAFFICSTD'	-	3,102,338	3,102,338
<i>Pass-Through from Colorado Department of Transportation</i>		411014725	-	74,472	74,472
<i>Pass-Through from Colorado Department of Transportation</i>		411017445	-	5,784	5,784
<i>Pass-Through from Colorado Department of Transportation</i>		411017445	-	46,857	46,857
<i>Pass-Through from Georgia Department of Transportation</i>		CSSFT000900150 P I	-	-	-
<i>Pass-Through from Georgia Department of Transportation</i>		0005819	71,826	117,938	189,764
<i>Pass-Through from National Academy of Sciences</i>		BTS-01 UNIT#912 0001294	-	39,751	39,751
<i>Pass-Through from National Academy of Sciences</i>		BTS-02	8,439	83,620	92,059
<i>Pass-Through from Nebraska Department of Health and Human Services</i>		M1703429	-	4,493	4,493
<i>Pass-Through from Nebraska Department of Health and Human Services</i>		44395 Y3	-	32,091	32,091
Total - CFDA 20.600			80,265	3,507,344	3,587,609
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614				
<i>Pass-Through from Colorado Department of Transportation</i>		SRS# 1601237	-	(19)	(19)
<i>Pass-Through from National Safety Council</i>		M1802287	-	105,492	105,492
Total - CFDA 20.614			-	105,473	105,473
National Priority Safety Programs	20.616				
			-	1,527,730	1,527,730
University Transportation Centers Program	20.701		1,385,622	2,653,047	4,038,669
<i>Pass-Through from Board of Supervisors of Louisiana State University and A&M College</i>		PO-0000029217	-	149,136	149,136
<i>Pass-Through from Cornell University</i>		79841-10831	7,750	146,653	154,403
<i>Pass-Through from Florida Atlantic University</i>		TR-K62	-	122,361	122,361
<i>Pass-Through from Louisiana State University</i>		M102455	-	185,438	185,438
<i>Pass-Through from Louisiana State University</i>		PO-0000032407	-	214,097	214,097
<i>Pass-Through from Louisiana State University</i>		0000030637	-	14,201	14,201
<i>Pass-Through from Michigan State University</i>		RC103194UTA	61,993	23,075	85,068
<i>Pass-Through from New York University</i>		F8741-02/IB00312722	-	153,648	153,648
<i>Pass-Through from Portland State University</i>		NITC2016-UT02 / UT01	-	226,959	226,959
<i>Pass-Through from Rutgers University</i>		5235/4-36362/10223	-	115,590	115,590
<i>Pass-Through from University of Arkansas</i>		SA1703158-A1	-	107,575	107,575
<i>Pass-Through from University of Michigan - Ann Arbor</i>		3002833944	-	1,224	1,224

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Transportation (Continued)					
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		20160688-02-UTX	-	322,384	322,384
<i>Pass-Through from University of Oklahoma</i>		2014-25 (:DTRT13-G- UTC36)	-	56,763	56,763
<i>Pass-Through from University of Oklahoma</i>		2014-27	-	65,882	65,882
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		451453-19C36	-	836,247	836,247
<i>Pass-Through from Western Michigan University</i>		8823-UTA-1	-	95,455	95,455
Total - CFDA 20.701			1,455,365	5,489,735	6,945,100
PHMSA Pipeline Safety Research and Development "Other Transaction Agreements";	20.723				
<i>Pass-Through from Colorado School of Mines</i>		401481-5802	-	106,739	106,739
Pipeline Safety Research Competitive Academic Agreement Program (CAAP)	20.724		-	29,616	29,616
State Maritime Schools	20.806		-	(68,420)	(68,420)
Transportation Planning, Research and Education	20.931		-	745,717	745,717
<i>Pass-Through from University of Arkansas</i>		SA1703158	-	42,338	42,338
Total - CFDA 20.931			-	788,055	788,055
Total - U.S. Department of Transportation			3,029,390	22,625,661	25,655,051
U.S. Department of the Treasury					
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States	21.015		2,760	417,599	420,359
<i>Pass-Through from Florida Institute of Oceanography</i>		PO# 7000035377	-	30,222	30,222
Total - CFDA 21.015			2,760	447,821	450,581
Total - U.S. Department of the Treasury			2,760	447,821	450,581
Office of Personnel Management					
Intergovernmental Personnel Act (IPA) Mobility Program	27.011		-	555,776	555,776
Total - Office of Personnel Management			-	555,776	555,776
General Services Administration					
Donation of Federal Surplus Personal Property	39.003		-	2,537	2,537
Total - General Services Administration			-	2,537	2,537
Library of Congress					
Library of Congress	42.XXX	17-04	-	1,318	1,318
		18-06	-	6,000	6,000
Total - CFDA 42.XXX			-	7,318	7,318
Total - Library of Congress			-	7,318	7,318
National Aeronautics and Space Administration					
National Aeronautics and Space Administration	43.XXX	NASA-28G / NNX15AE28G	-	141,331	141,331
		NNC17CA02C	-	143,000	143,000
		NND15SA85B	29,847	111,205	141,052
		NNG17VI05C	-	898,128	898,128
		NNJ15HK11B	-	816	816
		NNL14AA00C	-	-	-
		80LARC17F0071	-	2,066,523	2,066,523
		NNM16AA26C	428,671	1,021,464	1,450,135
		TAMU M1702325	-	(52)	(52)

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FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
National Aeronautics and Space Administration					
		1549259	-	64,224	64,224
		80AFRC19F0055/NND15S			
		A85B	677,151	207,910	885,061
		80MSFC18C0003	-	135,831	135,831
		80NSSC19P0391	-	28,708	28,708
		UT-001-2017	-	120,263	120,263
<i>Pass-Through from Apptronik, Inc.</i>					
<i>Pass-Through from Association of Universities for Research in Astronomy</i>		HST-GP-15118 002-A	-	20,190	20,190
<i>Pass-Through from Atmospheric and Environmental Research, Inc.</i>		P2026-001	-	83,491	83,491
<i>Pass-Through from Atmospheric and Space Technology Research Associates, LLC</i>		80NSSC18K0004	-	36,319	36,319
<i>Pass-Through from Balcones Technologies, LLC</i>		UTA17-001115	-	98,730	98,730
<i>Pass-Through from Brookhaven National Laboratory</i>		364201	-	1,862	1,862
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1405316	-	2,633	2,633
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1478584	-	1,099,399	1,099,399
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1479726	-	19,396	19,396
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1500179	-	18,475	18,475
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1543389	-	72,086	72,086
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1552339	-	1,741	1,741
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1554240	-	2,240	2,240
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1565241	-	796	796
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1565242	-	1,709	1,709
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1569380	-	177,121	177,121
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1569963	-	109,238	109,238
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1578157	-	2,827	2,827
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1578578	-	6,581	6,581
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1578579	-	3,015	3,015
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1581808	-	24,949	24,949
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1583416	-	35,725	35,725
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1594399	-	8,176	8,176
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1607040	-	14,587	14,587
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1607041	-	10,851	10,851
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1615085	-	73,044	73,044
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1620143	-	6,504	6,504
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1627903	-	20,991	20,991
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1630035	-	2,136	2,136
<i>Pass-Through from GeoOptics Inc.</i>		UTA16-001038 EGO-XO-02	-	62,841	62,841
<i>Pass-Through from Harris Corporation</i>		2712-15-87	-	23,625	23,625
<i>Pass-Through from Intelligent Optical Systems, Inc.</i>		16-0561	-	55	55
<i>Pass-Through from Jacobs Technology, Inc.</i>		EN41520TMS-002	-	461,311	461,311
<i>Pass-Through from Johns Hopkins University</i>		137011	-	2,059	2,059
<i>Pass-Through from Johns Hopkins University Applied Physics Laboratory</i>		122578	-	(603)	(603)
<i>Pass-Through from NASA - Jet Propulsion Lab - Pasadena, Ca</i>		RSA 1566409	-	1	1

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
National Aeronautics and Space Administration					
<i>Pass-Through from NASA - Jet Propulsion Lab - Pasadena, Ca</i>		1521569	-	29,643	29,643
<i>Pass-Through from NASA - Jet Propulsion Lab - Pasadena, Ca</i>		1600748	-	61,522	61,522
<i>Pass-Through from Omega Optics, Inc.</i>		M1803690	-	19,225	19,225
<i>Pass-Through from Omega Optics, Inc.</i>		UTA18-000766	-	25,000	25,000
<i>Pass-Through from Omega Optics, Inc.</i>		UTA18-001026	-	15,000	15,000
<i>Pass-Through from Paragon Space Development Corporation</i>		S09600023	-	122,530	122,530
<i>Pass-Through from Photon Systems, Inc.</i>		063TTU	-	71,300	71,300
<i>Pass-Through from Radiabeam Technologies, LLC</i>		2019-19724	-	16,381	16,381
<i>Pass-Through from San Jacinto Community College District</i>		M1600235	-	8,108	8,108
<i>Pass-Through from Sandia National Laboratories</i>		2040897 V 2	-	40,056	40,056
<i>Pass-Through from Southwest Research Institute</i>		L99042CAC	-	18,813	18,813
<i>Pass-Through from Space Telescope Science Institute</i>		HST-AR-13888 006-A	-	39	39
<i>Pass-Through from Space Telescope Science Institute</i>		HST-AR-13896 009-A	-	552	552
<i>Pass-Through from Space Telescope Science Institute</i>		HST-AR-15006 001-A	-	5,487	5,487
<i>Pass-Through from Space Telescope Science Institute</i>		HST-AR-15028 001-A	-	16,746	16,746
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-13650-009-A	-	173	173
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-13779 022-A	-	14,708	14,708
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-14139 001-A	-	38,337	38,337
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-14144 001	-	32,244	32,244
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-14172 009-A	-	12,855	12,855
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-14196 002	-	15,078	15,078
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-14227 001-A	-	73,175	73,175
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-14639 001-A	-	71,813	71,813
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-14665 001-A	-	30,056	30,056
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-14669 020-A	-	38,848	38,848
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-14845 006-A	-	2,360	2,360
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-15064 001-A	-	77,855	77,855
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-15071 001-A	-	188,391	188,391
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-15145 010-A	-	48,014	48,014
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-15238 001-A	-	162,182	162,182
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-15243 001-A	-	26,152	26,152
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-15323 001-A	-	27,135	27,135
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO14796 005-A	-	44,109	44,109
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-14796 001-A	-	(4,825)	(4,825)
<i>Pass-Through from Space Telescope Science Institute</i>		JWST-ERS-01345 001-A	-	990	990
<i>Pass-Through from The Aerospace Corporation</i>		NNX16AH46G	-	16,833	16,833
<i>Pass-Through from United Negro College Fund Special Programs Corporation</i>		NNX09AV017A-PV SOF 04-0146GREEN	-	(4,195)	(4,195)
<i>Pass-Through from Universities Space Research Association</i>		NAS2-97001	-	5,900	5,900
<i>Pass-Through from Universities Space Research Association</i>		SOF 06-0104	-	26,131	26,131
<i>Pass-Through from Universities Space Research Association</i>		SOF-06-0040-SPILKER	-	10,970	10,970
<i>Pass-Through from Universities Space Research Association</i>		SOF-06-0062 GREEN SOF05-0121DINERSTEIN	-	13,405	13,405
<i>Pass-Through from Universities Space Research Association</i>		NAS2-97001	-	43,540	43,540
<i>Pass-Through from UHV Technologies, Inc.</i>		80NSSC18P2193	-	28,798	28,798
<i>Pass-Through from Wyle Laboratories</i>		NNJ15HK11B NNJ15HK11B /	-	39,420	39,420
<i>Pass-Through from Wyle Laboratories</i>		TXS0152573	-	1,578	1,578
<i>Pass-Through from Wyle Laboratories</i>		NNJ15HK11B	-	48,035	48,035
<i>Pass-Through from Wyle Laboratories</i>		TXS0148263 9F008170087	-	4,846	4,846
Total - CFDA 43.XXX				1,135,669	9,028,765
Science	43.001			1,632,954	9,560,342
<i>Pass-Through from Association of Universities for Research in Astronomy</i>		PO49898 STSCI-510384	-	51,143	51,143
<i>Pass-Through from Board of Regents of the University of Wisconsin System</i>		584K732	-	5,045	5,045
<i>Pass-Through from Boise State University</i>		NNX17AB94G	-	19,909	19,909
<i>Pass-Through from Boise State University</i>		6445-PO124444	-	148	148
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1565726	-	848,443	848,443
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1567018	-	559,003	559,003
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1579246	-	24,162	24,162

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
National Aeronautics and Space Administration (Continued)					
Pass-Through from California Institute of Technology Jet Propulsion Lab		1604489; PHASE E	-	1,492,360	1,492,360
Pass-Through from California Institute of Technology Jet Propulsion Lab		1616149	-	122,558	122,558
Pass-Through from California Institute of Technology Jet Propulsion Lab		1616713	-	88,515	88,515
Pass-Through from Chandra X - Ray Observatory Center		DD8-19102B	-	7,369	7,369
Pass-Through from George Mason University		E2047263	-	43,797	43,797
Pass-Through from Georgetown University		AWD7773186-GR205833	-	65,758	65,758
Pass-Through from Georgia Institute of Technology		RK617-G7	-	8,416	8,416
Pass-Through from Georgia Tech Research Corporation		RG016-G1	-	35,101	35,101
Pass-Through from Jacobs Technology, Inc.		EN1500TMS #6	-	108,471	108,471
Pass-Through from Jacobs Technology, Inc.		EN41500TMS # S27701	-	1,709	1,709
Pass-Through from Jacobs Technology, Inc.		EN41500TMS # S27702	-	2,404	2,404
Pass-Through from Jacobs Technology, Inc.		EN41500TMS # S27703	-	1,989	1,989
Pass-Through from Jacobs Technology, Inc.		EN41500TMS ORD	-	6,861	6,861
Pass-Through from Jacobs Technology, Inc.		EN41500TMS-T01	-	103,884	103,884
Pass-Through from Jacobs Technology, Inc.		EN41500TMS-008	-	1,825	1,825
Pass-Through from Jacobs Technology, Inc.		EN415000TMS	-	50,252	50,252
		EN415000TMS-ES0351-			
Pass-Through from Jacobs Technology, Inc.		2571-	-	7,624	7,624
Pass-Through from Jacobs Technology, Inc.		PRS18-19	-	5,732	5,732
Pass-Through from Jacobs Technology, Inc.		S26179	-	7,186	7,186
Pass-Through from Jacobs Technology, Inc.		S26180	-	629	629
Pass-Through from Jacobs Technology, Inc.		S26181	-	623	623
Pass-Through from Jacobs Technology, Inc.		S26189	-	9,810	9,810
Pass-Through from Jacobs Technology, Inc.		S27720 TO# M LEPERE	-	13,099	13,099
Pass-Through from Jacobs Technology, Inc.		S27721 TO# TELLEZ	-	4,830	4,830
Pass-Through from Jacobs Technology, Inc.		S27722	-	93,420	93,420
Pass-Through from Jacobs Technology, Inc.		1-19308-S24611	-	141,193	141,193
Pass-Through from Jacobs Technology, Inc.		1-19308-S24612	-	250	250
Pass-Through from Jacobs Technology, Inc.		1-19308-S26166	-	49,127	49,127
Pass-Through from Jacobs Technology, Inc.		27678	-	2,493	2,493
Pass-Through from Johns Hopkins University		146828	-	15,980	15,980
Pass-Through from Johns Hopkins University Applied Physics Laboratory		129217	-	3,765	3,765
Pass-Through from Michigan Technological University		1609082Z4	-	11,732	11,732
Pass-Through from National Space Biomedical Research Institute		CA03801	(13,311)	-	(13,311)
Pass-Through from Nuvue Therapeutics		NNJ16GU04A	-	(1,970)	(1,970)
Pass-Through from NASA - Jet Propulsion Lab - Pasadena,Ca		1605080	-	115,710	115,710
Pass-Through from NASA - Jet Propulsion Lab - Pasadena,Ca		1615575	-	3,956	3,956
Pass-Through from NASA - Jet Propulsion Lab - Pasadena,Ca		1616806	-	57,787	57,787
Pass-Through from NASA - Jet Propulsion Lab - Pasadena,Ca		1623186	-	49,808	49,808
Pass-Through from NASA - Jet Propulsion Lab - Pasadena,Ca		1625959	-	12,371	12,371
Pass-Through from NASA - Jet Propulsion Lab - Pasadena,Ca		1631839	-	8,552	8,552
Pass-Through from Oregon State University		NS270A-A	-	22,402	22,402
Pass-Through from Pennsylvania State University		5887-UTEP-NASA-0094	-	85,682	85,682
Pass-Through from Physics, Materials, and Applied Mathematics Research, LLC		8043-S1	-	181	181
Pass-Through from Planetary Science Institute		1350	-	4,268	4,268
Pass-Through from Planetary Science Institute		1515	-	17,137	17,137
Pass-Through from Real-Time Analyzers, Inc.		588007SC01	-	(1,516)	(1,516)
Pass-Through from Regents of the University of California		80NSSC18K1112	-	26,892	26,892
Pass-Through from Regents of the University of California		9624	-	114,727	114,727
Pass-Through from Regents of the University of Colorado		1557497/PO1001136610	-	27,561	27,561
Pass-Through from Smithsonian Astrophysical Observatory		AR7-18006X	-	42,087	42,087
Pass-Through from Smithsonian Astrophysical Observatory		AR8-19009A	-	34,733	34,733
Pass-Through from Smithsonian Astrophysical Observatory		AR8-19014X	-	30,643	30,643
Pass-Through from Smithsonian Astrophysical Observatory		DD7-18094B	-	3,695	3,695
Pass-Through from Smithsonian Astrophysical Observatory		GO6-17066X	-	10,999	10,999
Pass-Through from Smithsonian Astrophysical Observatory		GO7-18022X	-	23,217	23,217
Pass-Through from Smithsonian Astrophysical Observatory		GO7-18023X	-	3,461	3,461
Pass-Through from Smithsonian Astrophysical Observatory		GO7-18060A	-	2,064	2,064
Pass-Through from Smithsonian Astrophysical Observatory		GO7-18061X	-	59,173	59,173
Pass-Through from Smithsonian Astrophysical Observatory		GO7-18081B	-	22,725	22,725
Pass-Through from Smithsonian Astrophysical Observatory		GO8--19072X	-	1,294	1,294
Pass-Through from Smithsonian Astrophysical Observatory		GO8-19043B	-	8,058	8,058
Pass-Through from Smithsonian Astrophysical Observatory		GO8-19055A	-	23,977	23,977

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
National Aeronautics and Space Administration (Continued)					
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		GO8-19057X	-	60,624	60,624
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		GO819110D	-	10,166	10,166
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		G07-18065X	-	21,098	21,098
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		G07-18095X	-	25,614	25,614
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		G07-18131A	-	167	167
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		G08-19058X	-	3,845	3,845
<i>Pass-Through from Southwest Research Institute</i>		-1415FC0094	-	34,366	34,366
<i>Pass-Through from Southwest Research Institute</i>		CNTRCT 1415GC0079	-	(3,797)	(3,797)
<i>Pass-Through from Southwest Research Institute</i>		J99060MEC	-	35,300	35,300
<i>Pass-Through from Southwest Research Institute</i>		J99062MEC	-	35,139	35,139
<i>Pass-Through from Southwest Research Institute</i>		J99063MEC	-	35,300	35,300
<i>Pass-Through from Southwest Research Institute</i>		J99066MEC	-	35,139	35,139
<i>Pass-Through from Southwest Research Institute</i>		K99012MEC	-	(60)	(60)
<i>Pass-Through from Southwest Research Institute</i>		K99013MEC	-	6,853	6,853
<i>Pass-Through from Southwest Research Institute</i>		K99018MEC	-	23,692	23,692
<i>Pass-Through from Southwest Research Institute</i>		K99031MEC	-	17,428	17,428
<i>Pass-Through from Southwest Research Institute</i>		K99049MEC	-	13,814	13,814
<i>Pass-Through from Southwest Research Institute</i>		K99069MEC	-	29,683	29,683
<i>Pass-Through from Southwest Research Institute</i>		K99087CAC	-	30,997	30,997
<i>Pass-Through from Southwest Research Institute</i>		L99041CAC	-	18,813	18,813
<i>Pass-Through from Southwest Research Institute</i>		L99061CAC	-	31,117	31,117
<i>Pass-Through from Southwest Research Institute</i>		L99062CAC	-	19,010	19,010
<i>Pass-Through from Southwest Research Institute</i>		L99072CAC	-	10,590	10,590
<i>Pass-Through from Southwest Research Institute</i>		L99073CAC	-	2,109	2,109
<i>Pass-Through from Southwest Research Institute</i>		L99074CAC	-	5,826	5,826
<i>Pass-Through from Southwest Research Institute</i>		L99077CAC	-	6,693	6,693
<i>Pass-Through from Southwest Research Institute</i>		M99007CAC	-	21,638	21,638
<i>Pass-Through from Southwest Research Institute</i>		M99008CAC	-	23,083	23,083
<i>Pass-Through from Southwest Research Institute</i>		M99046VE2	-	4,542	4,542
<i>Pass-Through from Space Telescope Science Institute</i>		HST-AR- 14300 003-A	-	2,931	2,931
<i>Pass-Through from Space Telescope Science Institute</i>		HST-AR-14282 003-A	-	26,018	26,018
<i>Pass-Through from Space Telescope Science Institute</i>		HST-AR-14554 002-A	-	29,276	29,276
<i>Pass-Through from Space Telescope Science Institute</i>		HST-AR-14561 002-A	-	(10,201)	(10,201)
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-12914 009-A	-	529	529
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-14191 007-A	-	13,501	13,501
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-14227 010-A	-	60,551	60,551
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-14232 003-A	-	2,687	2,687
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-14257 004-A	-	3,221	3,221
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-15197 001-A	-	25,158	25,158
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-15227 005-A	-	24,791	24,791
<i>Pass-Through from Stanford University</i>		61373208-124103	-	61,152	61,152
<i>Pass-Through from Tao of Systems Integration, Inc.</i>		M1502845	-	2,979	2,979
<i>Pass-Through from Universities Space Research Association</i>		02235-06	-	10,000	10,000
		UAF 16-0083 PO #			
<i>Pass-Through from University of Alaska</i>		P0503052	-	8,484	8,484
<i>Pass-Through from University of California - Berkeley</i>		NNG12FA45C	-	245,185	245,185
<i>Pass-Through from University of California - Los Angeles</i>		2090 G WA850	-	17,160	17,160
<i>Pass-Through from University of California - Santa Cruz</i>		A19-0446-S004-P0707973	-	19,563	19,563
<i>Pass-Through from University of Colorado</i>		1553339 - 1000553095	-	58,162	58,162
<i>Pass-Through from University of Colorado - Boulder</i>		NNX16AB83G	-	9,093	9,093
<i>Pass-Through from University of Colorado - Boulder</i>		80NSSC18K1034	-	34,733	34,733
<i>Pass-Through from University of Illinois - Champaign</i>		067208-14031 04	-	10,524	10,524
<i>Pass-Through from University of Kansas Center for Research, Inc.</i>		FY2014-068	-	18,870	18,870
<i>Pass-Through from University of Maryland</i>		46817-Z6125001	-	41,493	41,493
<i>Pass-Through from University of Maryland</i>		54309-Z6059204	-	42,920	42,920
<i>Pass-Through from University of Maryland - Baltimore County</i>		18497	-	66,913	66,913
<i>Pass-Through from University of Minnesota</i>		H006183801	-	49,320	49,320
<i>Pass-Through from University of Nebraska - Kearney</i>		14-065-01B 1 (W EXT)	-	18,105	18,105
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5109796	-	20,450	20,450
		NNX14AP62A (2500-1616-			
<i>Pass-Through from University of South Florida</i>		00-E)	-	44,284	44,284
<i>Pass-Through from University of South Florida</i>		2500-1662-00-A	-	42,622	42,622
<i>Pass-Through from University of South Florida</i>		2500-1704-00-A	-	43,337	43,337
<i>Pass-Through from University of Utah</i>		10046284-TX PO#U000	-	37,711	37,711
<i>Pass-Through from William Marsh Rice University</i>		80NSSC17K0721	-	15,453	15,453
<i>Pass-Through from Wyle Integrated Science and Engineering Group</i>		T73005	-	1,088,280	1,088,280
<i>Pass-Through from Wyle Laboratories</i>		T72314	-	(402)	(402)
<i>Pass-Through from Wyle Laboratories</i>		T73031	-	64,750	64,750

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
National Aeronautics and Space Administration (Continued)					
Pass-Through from Yale University		C15N12088 (N00218)	-	1,278	1,278
Total - CFDA 43.001			1,619,643	17,196,301	18,815,944
Aeronautics	43.002		830,331	1,261,343	2,091,674
Pass-Through from California Institute of Technology Jet Propulsion Lab		1585846	-	(405)	(405)
Pass-Through from California Institute of Technology Jet Propulsion Lab		1618537	-	28,939	28,939
Pass-Through from NASA - Jet Propulsion Lab - Pasadena, Ca		1615121	-	81,998	81,998
Pass-Through from University of Tennessee		A18-0139-S005	-	99,786	99,786
Total - CFDA 43.002			830,331	1,471,661	2,301,992
Exploration	43.003		236,895	3,005,733	3,242,628
Pass-Through from Baylor College of Medicine		NNX16A069A	-	95,397	95,397
Pass-Through from Baylor College of Medicine		NNX17AE04G 7000000550	-	23,575	23,575
Pass-Through from Baylor College of Medicine		PO 7000000375	-	9,463	9,463
Pass-Through from Baylor College of Medicine		7000000523	-	74,985	74,985
Pass-Through from Baylor College of Medicine		7000000532	-	130,571	130,571
Pass-Through from Baylor College of Medicine		7000000594	-	17,955	17,955
Pass-Through from Baylor College of Medicine		7000000795	30,317	-	30,317
Pass-Through from Baylor College of Medicine		7000000869	-	12,728	12,728
Pass-Through from Baylor College of Medicine		7000000903	-	8,210	8,210
Pass-Through from Baylor Research Institute		PO#7000000827	-	63,355	63,355
Pass-Through from Colorado State University		G-00066-3	-	247	247
Pass-Through from Colorado State University		NNX15AK13G	-	304,415	304,415
Pass-Through from Georgetown University		GR410927 1 -	137,317	-	137,317
Pass-Through from Georgetown University		GR410945 3	158,243	-	158,243
Pass-Through from Georgetown University		410929-GR410924-UTSMC	-	277	277
Pass-Through from Georgetown University		410930	9,944	-	9,944
Pass-Through from National Space Grant Foundation		XHAB 2020-03	-	7,997	7,997
Pass-Through from University of California - Irvine		NNX15A122G	-	9,526	9,526
Pass-Through from University of California - San Diego		103876250/NNX17AB12G	-	19,957	19,957
Pass-Through from University of California - San Diego		104025438/NNX16AG03G	-	26,308	26,308
Pass-Through from University of California - San Diego		80NSSC19K0301	-	5,113	5,113
Pass-Through from University of Washington		NNX16AE78G	8,102	-	8,102
Total - CFDA 43.003			580,818	3,815,812	4,396,630
Space Operations	43.007		70,941	471,500	542,441
Pass-Through from Florida State University		R01886	-	7,977	7,977
		IN4382128TAM			
Pass-Through from Indiana University		PO1829525	-	2,757	2,757
Pass-Through from Wyle Integrated Science and Engineering Group		T73063	-	3,519	3,519
Total - CFDA 43.007			70,941	485,753	556,694
Education	43.008		458,572	4,925,703	5,384,275
Pass-Through from Langston University		NNX15AP43A	-	61,198	61,198
Pass-Through from Metrolaser, Inc.		01NA06	-	120	120
Pass-Through from National Institute of Aerospace		C16-2B00-TAMU	-	135,267	135,267
Pass-Through from Oklahoma State University Research Foundation, Inc		TAMU-HU-1	-	52,585	52,585
Pass-Through from Oklahoma State University Research Foundation, Inc		TAMU-OE-1	-	67,989	67,989
Pass-Through from Wex Foundation		NNX16AM33G-WEX01	-	44,739	44,739
Total - CFDA 43.008			458,572	5,287,601	5,746,173
Cross Agency Support	43.009		-	486,356	486,356
Pass-Through from Mesa Photonics, LLC		NNX15CA09C	-	(5,000)	(5,000)
Total - CFDA 43.009			-	481,356	481,356
Space Technology	43.012		-	672,494	672,494
Total - National Aeronautics and Space Administration			4,695,974	38,439,743	43,135,717

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
National Endowment For The Humanities					
Promotion of the Arts Grants to Organizations and Individuals	45.024		21,024	56,988	78,012
Promotion of the Humanities Federal/State Partnership	45.129				
<i>Pass-Through from Humanities Texas</i>		2018-5468	-	273	273
<i>Pass-Through from Humanities Texas</i>		2018-5489	-	3,345	3,345
<i>Pass-Through from Humanities Texas</i>		2019-5562	-	1,145	1,145
Total - CFDA 45.129			-	4,763	4,763
Promotion of the Humanities Division of Preservation and Access	45.149		1,715	117,521	119,236
Promotion of the Humanities Fellowships and Stipends	45.160		-	153,637	153,637
<i>Pass-Through from American Antiquarian Society</i>		AESNEH201920	-	16,263	16,263
Total - CFDA 45.160			-	169,900	169,900
Promotion of the Humanities Research	45.161		-	31,208	31,208
<i>Pass-Through from George Mason University</i>		UTA16-001144; PO#E2040021	-	8,919	8,919
Total - CFDA 45.161			-	40,127	40,127
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development	45.162		-	60,475	60,475
Promotion of the Humanities Professional Development	45.163		1,032	85,662	86,694
Promotion of the Humanities Office of Digital Humanities	45.169		-	61,056	61,056
Grants to States	45.310		-	33,761	33,761
National Leadership Grants	45.312		22,840	227,696	250,536
<i>Pass-Through from Virginia Polytechnic Institute</i>		451415-19C28	-	6,500	6,500
Total - CFDA 45.312			22,840	234,196	257,036
Laura Bush 21st Century Librarian Program	45.313		63,712	253,784	317,496
<i>Pass-Through from PRATT Institute</i>		0051077(411962-1)	-	4,348	4,348
Total - CFDA 45.313			63,712	258,132	321,844
Total - National Endowment For The Humanities			110,323	1,122,581	1,232,904
National Science Foundation					
National Science Foundation	47.XXX	CMMI-1756084	-	64,622	64,622
		CNS-1853375	-	189,469	189,469
		DEB-1937859	-	32,824	32,824
		DRL-1851654	-	105,940	105,940
		IIS-1759537	-	17,395	17,395
		IIS-1921508	-	53,592	53,592
		M1902576	-	25,241	25,241
		1543301	-	83,830	83,830
		1826585	-	84,376	84,376
<i>Pass-Through from Columbia University</i>		26 (GG009393-01)	-	(9)	(9)
		RG958-G1; PO#	-		
<i>Pass-Through from Georgia Institute of Technology</i>		3640410694	-	52,260	52,260
<i>Pass-Through from Louisiana Multi - functional Materials Group, LLC</i>		1711369	-	4,481	4,481
<i>Pass-Through from Max-IR Labs, LLC</i>		1745730	-	1,554	1,554
<i>Pass-Through from Missouri Botanical Garden</i>		NSF08115UOT	-	14,496	14,496
<i>Pass-Through from New York Botanical Garden</i>		1802305-02-UT	-	7,361	7,361
<i>Pass-Through from Research Foundation of Suny</i>		76749/1136652/2/TIER	64,806	826,716	891,522
<i>Pass-Through from University of Washington</i>		BP037900 - 75-0367	-	2,433	2,433
Total - CFDA 47.XXX			64,806	1,566,581	1,631,387

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
National Science Foundation (Continued)					
Engineering	47.041		4,948,165	43,823,763	48,771,928
<i>Pass-Through from Apollo AI INC</i>		M1900891	-	23,635	23,635
<i>Pass-Through from Aptronik, Inc.</i>		UTA18-000211	-	21,123	21,123
<i>Pass-Through from Ares Materials, Inc.</i>		1853034	-	4,569	4,569
<i>Pass-Through from Arizona State University</i>		A 00000108	-	121,102	121,102
<i>Pass-Through from Association of Public and Land-grant Universities</i>		M1801231	-	1	1
<i>Pass-Through from BaoNano, LLC</i>		1820098-01	-	84,772	84,772
<i>Pass-Through from Battelle Energy Alliance, LLC</i>		0207631	-	224,594	224,594
<i>Pass-Through from Carnegie Mellon University</i>		1123333-407873	-	11,715	11,715
<i>Pass-Through from Colorado School of Mines</i>		4010308-5803	-	45,062	45,062
<i>Pass-Through from Colorado State University</i>		G-00973-15	-	35,581	35,581
<i>Pass-Through from CorInnova, Inc.</i>		M1901617-8	-	66,910	66,910
<i>Pass-Through from ENANTIOSENSE LLC</i>		UTA18-001517	-	1,781	1,781
<i>Pass-Through from Florida International University</i>		80001033-01UG	-	3,839	3,839
<i>Pass-Through from Framergy, Inc.</i>		M1700969	-	15,759	15,759
<i>Pass-Through from FAS Holdings Group, LLC</i>		2017-0087	-	3,453	3,453
<i>Pass-Through from Hydronalix, Inc.</i>		M1703227	-	602	602
<i>Pass-Through from Kansas State University</i>		CBET1842670	-	35,719	35,719
<i>Pass-Through from Louisiana State University</i>		96227-0000001694	-	(35)	(35)
<i>Pass-Through from Macromoltek, LLC</i>		UTA16-001222	-	91,564	91,564
<i>Pass-Through from Medical Innovators Company, LLC</i>		NSF # 1746170	-	33,658	33,658
<i>Pass-Through from Morgan State University</i>		NSF087-454-013	-	176,548	176,548
<i>Pass-Through from Neurological Rehabilitation Virtual Reality LLC</i>		1843880	-	8,035	8,035
<i>Pass-Through from Neurological Rehabilitation Virtual Reality LLC</i>		2018-748	-	32,422	32,422
<i>Pass-Through from North Carolina State University</i>		2012-1067-11	-	5,297	5,297
<i>Pass-Through from Ohio State University</i>		60046373 PO	-	2,318	2,318
<i>Pass-Through from Ohio State University</i>		60066342	-	93,548	93,548
<i>Pass-Through from Oklahoma State University</i>		1-565747-TAMU	-	89,784	89,784
<i>Pass-Through from Pennsylvania State University</i>		5830-TAMU-NSF-6990	-	101,211	101,211
<i>Pass-Through from Purdue University</i>		10001034-007	6,440	501,333	507,773
<i>Pass-Through from Purdue University</i>		10001437-046	-	314,293	314,293
<i>Pass-Through from Purdue University</i>		4101-76209	-	19,618	19,618
<i>Pass-Through from Purdue University</i>		4101-76825	-	121,698	121,698
<i>Pass-Through from Purdue University</i>		4104-83480; LOA #001 FREEMAN T1 P2	-	209,154	209,154
<i>Pass-Through from Purdue University</i>		4104-83480; LOA #003 ALLEN T4 P5	-	88,572	88,572
<i>Pass-Through from Purdue University</i>		4104-83480; LOA #004 STADTHERR T4 P3	-	81,802	81,802
<i>Pass-Through from Purdue University</i>		4104-83480; LOA #005 ALLEN	-	31,179	31,179
<i>Pass-Through from PC Krause and Associates, Inc.</i>		NSF-1831805-UT001	-	14,361	14,361
<i>Pass-Through from Research Foundation of Suny</i>		1920468	-	79,931	79,931
<i>Pass-Through from Saber Corporation</i>		M1803239	-	38,705	38,705
<i>Pass-Through from Sciperio, Inc.</i>		01090-UTEP	-	41,716	41,716
<i>Pass-Through from SkywriterRX</i>		1549549	-	(1)	(1)
<i>Pass-Through from Stevens Institute of Technology</i>		2102880-01	-	85,417	85,417
<i>Pass-Through from Thermal Expansion Solutions, LLC</i>		M1701194	-	19,231	19,231
<i>Pass-Through from Tufts University</i>		SF0035/ PO EP0180908	-	11,748	11,748
<i>Pass-Through from University of Alabama - Birmingham</i>		000512048-001	-	39,583	39,583
<i>Pass-Through from University of California - Berkeley</i>		00008204/BB00188148	-	110,935	110,935
<i>Pass-Through from University of California - Los Angeles</i>		1160504	-	111,656	111,656
<i>Pass-Through from University of California - Riverside</i>		CBET-1144237 01	-	(1,219)	(1,219)
<i>Pass-Through from University of California - Santa Cruz</i>		1925524	-	10,294	10,294
<i>Pass-Through from University of Colorado - Boulder</i>		1556901 LOA	-	93,317	93,317
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		1540030	-	33,944	33,944
<i>Pass-Through from University of Massachusetts - Amherst</i>		19-010647	-	1,404	1,404
<i>Pass-Through from University of Minnesota</i>		A0005262201	-	122,015	122,015
<i>Pass-Through from University of Minnesota</i>		A007228701	-	26,948	26,948
<i>Pass-Through from University of Notre Dame</i>		1917025	-	11,776	11,776
<i>Pass-Through from University of Pennsylvania</i>		570440;PO#3876507	-	49,844	49,844
<i>Pass-Through from University of South Alabama</i>		17-0073-01	-	8,398	8,398
<i>Pass-Through from University of Wisconsin - Madison</i>		813K245 BP1	-	3,798	3,798
<i>Pass-Through from UT - Battelle, LLC</i>		4000165949	-	30,695	30,695
<i>Pass-Through from Vidatronic, Inc.</i>		M1801654	-	91	91
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		479861-19911	-	11,006	11,006
<i>Pass-Through from Virginia Tech University</i>		1854898	-	39,357	39,357
Total - CFDA 47.041			4,954,605	47,520,929	52,475,534

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
National Science Foundation (Continued)					
Mathematical and Physical Sciences	47.049		928,316	36,355,908	37,284,224
<i>Pass-Through from American Physical Society</i>		PT-016-2016	-	(147)	(147)
<i>Pass-Through from Associated Universities, Inc.</i>		361844	-	32,694	32,694
<i>Pass-Through from Barnard College</i>		UH-1565843	-	63,373	63,373
<i>Pass-Through from Baylor University</i>		32250179-01	-	45,795	45,795
<i>Pass-Through from California Institute of Technology</i>		S392338	-	50,996	50,996
<i>Pass-Through from City University of New York</i>		1309640	-	186	186
<i>Pass-Through from Cornell University</i>		78877-10901	-	76,318	76,318
<i>Pass-Through from Houston Community College System</i>		DRM 1460564	-	2,700	2,700
<i>Pass-Through from Houston Community College System</i>		3550	-	4,193	4,193
<i>Pass-Through from Idaho State University</i>		16-0088	-	36,217	36,217
<i>Pass-Through from Johns Hopkins University</i>		2003795009	-	32,254	32,254
<i>Pass-Through from National Radio Astronomy Observatory</i>		359369	-	(1,534)	(1,534)
<i>Pass-Through from Notre Dame University - Erasmus Institute</i>		1806631	-	1,500	1,500
<i>Pass-Through from Occidental College</i>		OXY-CURM0011	-	5,250	5,250
<i>Pass-Through from Ohio State University</i>		60047148	-	(83)	(83)
<i>Pass-Through from Ohio State University</i>		60066812	-	103,648	103,648
<i>Pass-Through from Oklahoma State University</i>		1-573709	-	5,439	5,439
<i>Pass-Through from Oregon State University</i>		S2014A-A	-	14,152	14,152
<i>Pass-Through from Oregon State University</i>		1606982	-	15,375	15,375
<i>Pass-Through from Research Foundation of Stony Brook</i>		76749/1136652/2R&D; PO#: R1094066	-	141,323	141,323
<i>Pass-Through from Research Foundation of Suny</i>		76749/1136652/2R&D	-	151,316	151,316
<i>Pass-Through from Southern Methodist University</i>		1653474/G001632-7500	18,654	-	18,654
<i>Pass-Through from University of California - Berkeley</i>		00008791 BB00582889	-	72,335	72,335
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5113826	-	2,352	2,352
<i>Pass-Through from University of Northern Iowa</i>		S6252A	-	22,792	22,792
<i>Pass-Through from University of South Carolina</i>		17-3168	-	14,391	14,391
<i>Pass-Through from University of South Carolina</i>		19-3696; PO#2000041966	-	45,327	45,327
<i>Pass-Through from University of Wisconsin - Milwaukee</i>		183405392	-	32,469	32,469
<i>Pass-Through from Wesleyan University</i>		WESU5011003130 05 (W/EXT)	-	76,313	76,313
<i>Pass-Through from William Marsh Rice University</i>		CHE1743392	-	69,005	69,005
<i>Pass-Through from William Marsh Rice University</i>		PHY-1605817	-	143,157	143,157
<i>Pass-Through from William Marsh Rice University</i>		R3F204	-	309,706	309,706
<i>Pass-Through from William Marsh Rice University</i>		R3F80B	-	403,170	403,170
<i>Pass-Through from William Marsh Rice University</i>		R3F992	-	191,439	191,439
Total - CFDA 47.049			946,970	38,519,329	39,466,299
Geosciences	47.050		866,941	17,865,472	18,732,413
<i>Pass-Through from Austin Community College</i>		BPO12987; BPO12988	-	708	708
<i>Pass-Through from College of Charleston</i>		521314-TT	-	4,158	4,158
<i>Pass-Through from Columbia University</i>		COLUM-0000137120	-	8,570	8,570
<i>Pass-Through from Columbia University</i>		10(GG009393) AUSTIN (LOA #13 AUSTIN)	-	36,996	36,996
<i>Pass-Through from Columbia University</i>		10(GG009393) FULTHORPE (LOA#22)	-	3,269	3,269
<i>Pass-Through from Columbia University</i>		10(GG009393) LOA# 12 SNEDDEN	-	16,884	16,884
<i>Pass-Through from Columbia University</i>		10(GG009393) LOA#10 FULTHORPE	-	18	18
<i>Pass-Through from Columbia University</i>		10(GG009393) LOA#23 (SNEDDEN)	-	13,033	13,033
<i>Pass-Through from Columbia University</i>		10(GG009393) LOA#7 GULICK	-	58,787	58,787
<i>Pass-Through from Columbia University</i>		10(GG009393)LOA#7 GULICK	-	29,122	29,122
<i>Pass-Through from Columbia University</i>		2(GG013106-02)	-	63,082	63,082
<i>Pass-Through from Columbia University</i>		26 (GG009393)	-	76,345	76,345
<i>Pass-Through from Columbia University</i>		26 (GG009393) 15	-	11,271	11,271
<i>Pass-Through from Columbia University</i>		26 (GG009393) 18	-	13,985	13,985
<i>Pass-Through from Columbia University</i>		26 (GG009393) 19	-	74,382	74,382
<i>Pass-Through from Columbia University</i>		26 (GG009393-01)	-	8,648	8,648
<i>Pass-Through from Columbia University</i>		72(GG009393)	-	1,395	1,395
<i>Pass-Through from Columbia University</i>		72C(GG009393)	-	8,983	8,983
<i>Pass-Through from Columbia University</i>		81(GG009393)	-	26,224	26,224
<i>Pass-Through from Duke University</i>		14-NSF-1030	-	54,857	54,857

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
National Science Foundation (Continued)					
		14-NSF-1030 LOA #1			
<i>Pass-Through from Duke University</i>		LATRUBESSE	-	11,989	11,989
<i>Pass-Through from Duke University</i>		333-2448	-	7,368	7,368
		17056-NSF-UTXA-01;			
<i>Pass-Through from Florida Gulf Coast University Board of Trustees</i>		P0077108	-	27,118	27,118
<i>Pass-Through from Georgia State University</i>		SP00011816-03	-	454	454
<i>Pass-Through from Incorporated Research Institutions for Seismology</i>		SU-19-1001-10-UTEF	-	299,957	299,957
<i>Pass-Through from Morgan State University</i>		UTA-2065-01	-	57,427	57,427
<i>Pass-Through from NorthWest Research Associates, Inc.</i>		NWRA-15-S-182	-	18,254	18,254
<i>Pass-Through from NorthWest Research Associates, Inc.</i>		NWRA-18-S-199	-	11,769	11,769
		60064032; PO			
<i>Pass-Through from Ohio State University</i>		RF01510377	-	29,869	29,869
<i>Pass-Through from Pennsylvania State University</i>		5381-UTEF-NSF-2211	-	13,578	13,578
<i>Pass-Through from Southwest Research Institute</i>		K99068MEC	-	6,793	6,793
<i>Pass-Through from University of California - San Diego</i>		102253593	-	10,991	10,991
<i>Pass-Through from University of California - San Diego</i>		117314993	-	62,600	62,600
<i>Pass-Through from University of California - San Diego</i>		117315797	-	5,883	5,883
<i>Pass-Through from University of California - San Diego</i>		93308338	-	21,785	21,785
<i>Pass-Through from University of California - Santa Cruz</i>		A180296S003-P0668820	-	83,689	83,689
<i>Pass-Through from University of Georgia</i>		RR100-621/4943786	-	37,303	37,303
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		077659-16220	-	367,308	367,308
<i>Pass-Through from University of Kansas</i>		2017-061	-	22,534	22,534
<i>Pass-Through from University of Maryland</i>		39745-Z4761001	-	196,518	196,518
<i>Pass-Through from University of Minnesota</i>		A003176718	-	18,210	18,210
<i>Pass-Through from University of Southern California</i>		91256400	-	23,376	23,376
		UWSC8200; BPO10859;			
<i>Pass-Through from University of Washington</i>		PO 764877	-	169,626	169,626
<i>Pass-Through from University Corporation for Atmospheric Research</i>		W1416198	-	201,072	201,072
<i>Pass-Through from University Corporation for Atmospheric Research</i>		Z16-21926	-	3,096	3,096
<i>Pass-Through from University Corporation for Atmospheric Research</i>		000704	-	1,082	1,082
<i>Pass-Through from William Marsh Rice University</i>		R3E515	-	42,231	42,231
<i>Pass-Through from Woods Hole Oceanographic Institution</i>		A101275	-	5,999	5,999
<i>Pass-Through from Woods Hole Oceanographic Institution</i>		A101285	-	(3,617)	(3,617)
Total - CFDA 47.050				866,941	20,130,451
				20,130,451	20,997,392
Computer and Information Science and Engineering	47.070		1,496,135	39,764,161	41,260,296
<i>Pass-Through from California State University</i>		1626586	-	23,138	23,138
		BL-4812517-UTA; PO			
<i>Pass-Through from Harvard University</i>		#1872855	-	260,522	260,522
<i>Pass-Through from Indiana University</i>		ENG-6396 PO 1878585	-	52,136	52,136
<i>Pass-Through from Iowa State University</i>		1513263	-	9,223	9,223
<i>Pass-Through from Iowa State University</i>		1518897	-	48,225	48,225
<i>Pass-Through from New Mexico State University</i>		Q02023	-	46,123	46,123
<i>Pass-Through from New York University</i>		F4365-01 PO IB00001240	-	88,389	88,389
<i>Pass-Through from North Dakota State University</i>		FAR0027268	-	119	119
<i>Pass-Through from Nova Southeastern University</i>		331417	-	52,191	52,191
<i>Pass-Through from Purdue University</i>		10000686-026	-	238,746	238,746
<i>Pass-Through from Syracuse University</i>		28175-04140-S01	-	11,096	11,096
<i>Pass-Through from The Rector and Visitors of the University of Virginia</i>		GA11196 153075	-	51,707	51,707
<i>Pass-Through from University of Buffalo</i>		R965416 3 (W/EXT)	-	157,893	157,893
<i>Pass-Through from University of California - San Diego</i>		77844080; PO# S9001481	-	837,349	837,349
<i>Pass-Through from University of California - Santa Cruz</i>		1929410	-	34,566	34,566
<i>Pass-Through from University of Colorado</i>		1557199; PO 1001096786	-	48,933	48,933
		078343-15669 (2015-			
<i>Pass-Through from University of Illinois - Champaign</i>		05845-05)	-	84,595	84,595
<i>Pass-Through from University of Illinois - Champaign</i>		083842-16259	-	3,201,170	3,201,170
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		076162-16518	-	136	136
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		086975-16499	-	136,979	136,979
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		2014-03629-01	-	21,582	21,582
<i>Pass-Through from University of Michigan</i>		3002960285	-	1,082	1,082
<i>Pass-Through from University of Pittsburgh</i>		0061826 (012257-1)	-	84,844	84,844
<i>Pass-Through from University of Washington</i>		UWSC8901 BPO13326	-	457	457
<i>Pass-Through from US Ignite, Inc.</i>		1531046	-	6,606	6,606
<i>Pass-Through from Vanderbilt University</i>		UNIV59448	-	47,380	47,380
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		479648-19C41	-	3,324	3,324
Total - CFDA 47.070				1,496,135	45,312,672
				45,312,672	46,808,807

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
National Science Foundation (Continued)					
Biological Sciences	47.074		1,600,570	18,922,603	20,523,173
<i>Pass-Through from Arizona State University</i>		14-343	-	2,243	2,243
<i>Pass-Through from Duke University</i>		1856726	-	1,553	1,553
<i>Pass-Through from Essentium Materials, LLC</i>		M1602882	-	(594)	(594)
<i>Pass-Through from Iowa State University</i>		420-71-61A	-	218,395	218,395
<i>Pass-Through from Michigan State University</i>		RC107432C	-	55,743	55,743
<i>Pass-Through from Michigan State University</i>		61-2075UT 013 (W/ EXT)	-	196,209	196,209
<i>Pass-Through from Montana State University</i>		G166-18-W6822	-	33,086	33,086
<i>Pass-Through from Ohio State University</i>		60065337	-	120,866	120,866
<i>Pass-Through from University of Alabama - Birmingham</i>		000519741-002	-	7,509	7,509
<i>Pass-Through from University of Arizona</i>		131816	-	567,411	567,411
<i>Pass-Through from University of Arizona</i>		464882	-	387,204	387,204
<i>Pass-Through from University of California - Los Angeles</i>		0521 G RA115	-	122,401	122,401
<i>Pass-Through from University of California - Riverside</i>		S-000996	-	33,546	33,546
<i>Pass-Through from University of Colorado - Boulder</i>		1556975 LOA ZEMELMAN	-	7,442	7,442
<i>Pass-Through from University of Colorado - Boulder</i>		1556975; PO#1001077213	-	31,217	31,217
<i>Pass-Through from University of Dayton Research Institute</i>		NSF 14-503	-	11,019	11,019
<i>Pass-Through from University of Georgia</i>		00001564	-	27,259	27,259
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		15998	-	2,895	2,895
<i>Pass-Through from University of Michigan</i>		K00008578; PO	-		
<i>Pass-Through from University of Missouri - Columbia</i>		3005143864	-	93,843	93,843
<i>Pass-Through from University of Missouri - Columbia</i>		C00065506-1	-	10,980	10,980
<i>Pass-Through from University of New Mexico</i>		0480P3-87BT	-	56,015	56,015
<i>Pass-Through from University of Tennessee</i>		950073624	-	24,429	24,429
<i>Pass-Through from University of Washington</i>		UWSC10648	-	373	373
<i>Pass-Through from West Virginia University Research</i>		DBI-1747788	-	6,784	6,784
Total - CFDA 47.074			1,600,570	20,940,431	22,541,001
Social, Behavioral, and Economic Sciences	47.075		559,477	6,147,487	6,706,964
<i>Pass-Through from American Bar Foundation</i>		M1600593	-	8,168	8,168
<i>Pass-Through from Association of American Geographers</i>		F7118	-	10,045	10,045
<i>Pass-Through from Boston University</i>		4500002976	-	15,923	15,923
<i>Pass-Through from George Washington University Medical Center</i>		1542848	-	113,998	113,998
<i>Pass-Through from Human Relations Area Files, Inc.</i>		SA CO14-19 UTH CRE	-	42	42
<i>Pass-Through from Illinois Institute of Technology</i>		A17-0039-S001	-	9,443	9,443
<i>Pass-Through from Iowa State University</i>		420-71-26A	-	4,743	4,743
<i>Pass-Through from Michigan State University</i>		RC104050TAMU	-	24,700	24,700
<i>Pass-Through from Rochester Institute of Technology</i>		31597-01	-	5,673	5,673
<i>Pass-Through from San Diego State University Research Foundation</i>		1826839	-	17,551	17,551
<i>Pass-Through from University of Arizona</i>		364486	-	35,863	35,863
<i>Pass-Through from University of Connecticut</i>		352486	-	30,371	30,371
<i>Pass-Through from University of Kentucky</i>		1560907	-	2,350	2,350
<i>Pass-Through from University of Michigan</i>		K00009359; PO#	-		
<i>Pass-Through from University of Michigan</i>		3005255716	-	109,115	109,115
<i>Pass-Through from Utah State University</i>		200541-00001-296	-	31,210	31,210
Total - CFDA 47.075			559,477	6,566,682	7,126,159
Education and Human Resources	47.076		1,058,560	35,676,880	36,735,440
<i>Pass-Through from Amarillo College</i>		A16-0864	-	12,000	12,000
<i>Pass-Through from American Association for the Advancement of Science</i>		2018-382	-	6,170	6,170
<i>Pass-Through from American Educational Research Association</i>		SAW-HOW STEM LEARNI	-	8,522	8,522
<i>Pass-Through from American Physical Society</i>		BP-009-2017	-	973	973
<i>Pass-Through from American Physical Society</i>		RFP2017	-	(978)	(978)
<i>Pass-Through from Arizona State University</i>		A 00000133	-	10,827	10,827
<i>Pass-Through from Collin College</i>		216007-UNT	-	30,662	30,662
<i>Pass-Through from Consortium for Ocean Leadership</i>		SA16-38	-	10,679	10,679
<i>Pass-Through from Council of Graduate Schools</i>		M1800703	-	5,947	5,947
<i>Pass-Through from Council of Graduate Schools</i>		UTA18-000223	-	3,689	3,689
<i>Pass-Through from Del Mar College</i>		#1	-	20,534	20,534
<i>Pass-Through from Embry - Riddle Aeronautical University</i>		63019 03	-	32,920	32,920
<i>Pass-Through from Franklin County Historical Society</i>		NSF DRL 1612555	-	11,715	11,715
<i>Pass-Through from Iowa State University</i>		4207263B	-	52,940	52,940
<i>Pass-Through from Mathematical Association of America</i>		3-8-710-89	-	36,963	36,963

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
National Science Foundation (Continued)					
<i>Pass-Through from Mathematical Association of America</i>		3-8-710-891	-	106,196	106,196
<i>Pass-Through from New Mexico State University</i>		Q01635	-	57,678	57,678
<i>Pass-Through from Northern Arizona University Board of Regents</i>		1003968-02	-	19,459	19,459
<i>Pass-Through from Pennsylvania State University</i>		DRL-1761012	-	3,215	3,215
<i>Pass-Through from Rutgers University</i>		954422	-	43,513	43,513
<i>Pass-Through from San Francisco State University</i>		S18-0004	-	23,424	23,424
<i>Pass-Through from Technical Education Research Center</i>		#44494	-	16,863	16,863
<i>Pass-Through from Technical Education Research Center</i>		12745	-	(822)	(822)
<i>Pass-Through from Technical Education Research Center</i>		44484	-	56,275	56,275
<i>Pass-Through from The Concord Consortium, Inc.</i>		256 19 01	-	96,009	96,009
<i>Pass-Through from Tufts University</i>		SF0004; PO EP0178309	-	74,144	74,144
<i>Pass-Through from University of California - San Diego</i>		M1900472	-	4,468	4,468
<i>Pass-Through from University of Illinois - Champaign</i>		086295-17280	-	40,696	40,696
		14-007854 A; PO#:			
<i>Pass-Through from University of Massachusetts - Amherst</i>		A000660474	-	18,359	18,359
<i>Pass-Through from University of Massachusetts Dartmouth</i>		25423 02 (NCE)	-	41,441	41,441
<i>Pass-Through from University of Michigan</i>		3004852666	-	7,239	7,239
<i>Pass-Through from University of Missouri - Columbia</i>		C00056306-3	-	(1,127)	(1,127)
<i>Pass-Through from University of Missouri - Columbia</i>		C00056306-4	-	1,158	1,158
<i>Pass-Through from University of Oregon</i>		2001X0A	-	47,457	47,457
<i>Pass-Through from University of Wisconsin</i>		2016-4001	-	29,975	29,975
<i>Pass-Through from University of Wisconsin System</i>		490K803	-	124	124
<i>Pass-Through from Vanderbilt University</i>		UNIV 59927	-	135,105	135,105
<i>Pass-Through from Washington State University</i>		133380-G003980	-	94,819	94,819
<i>Pass-Through from Western Michigan University</i>		8749-01	-	16,239	16,239
Total - CFDA 47.076			1,058,560	36,852,350	37,910,910
Polar Programs	47.078		14,279	134,560	148,839
<i>Pass-Through from CH2M Hill Constructors, Inc.</i>		148002633	-	307,301	307,301
Total - CFDA 47.078			14,279	441,861	456,140
Office of International Science and Engineering	47.079		219,082	962,428	1,181,510
<i>Pass-Through from CRDF Global</i>		54-17773406	-	97,449	97,449
<i>Pass-Through from Kansas State University</i>		S18081	-	50,894	50,894
<i>Pass-Through from Old Dominion University Research Foundation</i>		HRD-1308080	-	8,409	8,409
<i>Pass-Through from University of South Alabama</i>		A17-0170-S002	-	112,662	112,662
<i>Pass-Through from University of South Dakota</i>		UP1700296-TAMU1	-	83,281	83,281
<i>Pass-Through from US Civilian Research and Development Foundation</i>		OISE-16-62795-0	-	7,651	7,651
Total - CFDA 47.079			219,082	1,322,774	1,541,856
Office of Cyberinfrastructure	47.080		-	(2,991)	(2,991)
Integrative Activities	47.083		-	141,460	141,460
<i>Pass-Through from Boise State University</i>		6800-PO124345	-	61,195	61,195
<i>Pass-Through from University of Rochester</i>		416752-G	-	74,044	74,044
<i>Pass-Through from University of Southern California</i>		87385501	-	30,670	30,670
Total - CFDA 47.083			-	307,369	307,369
Total - National Science Foundation			11,781,425	219,478,438	231,259,863
U.S. Department of Veterans Affairs					
U.S. Department of Veterans Affairs	64.XXX	AGUIAR/IPAA/LIN	-	50,720	50,720
		AHUJA/IPAA/CARRILLO	-	1,133	1,133
		AHUJA/IPAA/GARCIA-SMITH	-	5,623	5,623
		AHUJA/IPAA/HE	-	40,457	40,457
		AHUJA/IPAA/MA HARAN	-	97,924	97,924
		AHUJA/IPAA/PANDRANKI	-	64,953	64,953
		AHUJA/IPAA/ROGERS	-	10,022	10,022
		ASSIGNMENT - SITTING	-	2,857	2,857
		BAIG/IPAA/HERNANDEZ	-	12,837	12,837

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Veterans Affairs (Continued)					
		CADENA			
		ZULUAGA/IPAA/HIBNE	-	9,276	9,276
		CHEN/IPAA/DAI	-	76,888	76,888
		CHEN/IPAA/DEAN	-	4,354	4,354
		CHEN/IPAA/ZHONG	-	46,934	46,934
		CLARK/IPAA/CHANDU	-	56,604	56,604
		CLARK/IPAA/HERNANDE	-	35,339	35,339
		CLARK/IPAA/SHEN	-	2,240	2,240
		ESPI ZA/IPAA/KELLY	-	61,749	61,749
		ESPI ZA/IPAA/MORIS	-	65,799	65,799
		FINLEY/IPAA/ EL	-	23,541	23,541
		FOX/IPAA/FRANKLIN	-	(3)	(3)
		FOX/IPAA/LANCASTER	-	(17)	(17)
		FOX/IPAA/WOOLSEY	-	(3)	(3)
		FRAZER/IPAA/CARRE	-	17,569	17,569
		FRAZER/IPAA/GIROTTI	-	24,650	24,650
		FRAZER/IPAA/LIU	-	58,685	58,685
		FRAZER/IPAA/STEPHEN	-	28,357	28,357
		FREEMAN/IPAA/ZHAO	-	88,949	88,949
		GALVAN/IPAA/BANH	-	20,050	20,050
		GALVAN/IPAA/DEROSA	-	9,765	9,765
		GHOSH-CHOUD/IPAA/MAI	-	15,627	15,627
		GHOSH-			
		CHOUDHURY/IPAA/MAIT	-	48,891	48,891
		GHOSH/IPAA/DAS	-	64,572	64,572
		HART/IPAA/CAO	-	6,210	6,210
		HART/IPAA/CLARK	-	6,109	6,109
		HART/IPAA/HOLLOWAY	-	6,167	6,167
		HUSSONG/IPAA/DEROSA	-	14,653	14,653
		IPAA/PETERSON/PRIUKS			
		MA	-	53,487	53,487
		IPAA/SHEN/CLARK	-	6,722	6,722
		JARAMILLO/IPAA/ OLIN	-	44,770	44,770
		JARAMILLO/IPAA/COLE	-	20,821	20,821
		JARAMILLO/IPAA/REUSCH	-	7,722	7,722
		JARAMILLO/IPAA/RODRI			
		GUEZ	-	59,821	59,821
		JARAMILLO/IPAA/VALDE			
		RRAMA	-	6,813	6,813
		KASINATH/IPAA/LEE	-	64,312	64,312
		KELLOGG/IPAA/WU	-	40,009	40,009
		KUMAR/IPAA/BE LLA	-	23,192	23,192
		KUMAR/IPAA/RIVAS	-	34,981	34,981
		KUMAR/IPAA/YANG	-	20,001	20,001
		LEYKUM/IPAA/ EL	-	22,154	22,154
		LEYKUM/IPAA/COKER	-	4,659	4,659
		LEYKUM/IPAA/DELGA	-	18,257	18,257
		LEYKUM/IPAA/PEACOCK	-	7,315	7,315
		LI/IPAA/BHATTACHARJE	-	36,297	36,297
		LI/IPAA/CHEN	-	39,227	39,227
		LI/IPAA/GE	-	18,493	18,493
		MCGEARY/IPAA/MEN ZA	-	54,504	54,504
		MORILAK/IPAA/GEORGE	-	9,859	9,859
		MORILAK/IPAA/GIROTTI	-	27,816	27,816
		MORILAK/IPAA/MCCART			
		NEY	-	25,100	25,100
		MORILAK/IPAA/RIGODANZ	-	39,162	39,162
		MUSI/IPAA/ORSAK	-	4,126	4,126
		M1702450 PO#674D85019	-	16,171	16,171
		M1702474	-	14,530	14,530
		M1702993	-	7,576	7,576
		M1703455	-	8,879	8,879
		M1800305	-	3,836	3,836
		M1803383	-	93,651	93,651
		M1902432	-	11,252	11,252
		M1902433	-	18,167	18,167
		O CON R/IPAA/COELHO	-	30,072	30,072
		R/IPAA/GARRISON	-	25,066	25,066

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Veterans Affairs (Continued)					
		O CON R/IPAA/MITHAIWAI	-	23,156	23,156
		O CON R/IPAA/PORTER	-	25,656	25,656
		PETERSON/IPAA/ NDANVILLE	-	8,857	8,857
		PETERSON/IPAA/AGUILAF	-	41,731	41,731
		PETERSON/IPAA/BLANK ENSHIP	-	5,861	5,861
		T PETERSON/IPAA/ BRACKINS	-	66,186	66,186
		PETERSON/IPAA/ /BRILLIOTT	-	5,279	5,279
		PETERSON/IPAA/ BRUNDIGE	-	54,858	54,858
		PETERSON/IPAA/BUEL	-	4,625	4,625
		PETERSON/IPAA/CARRE	-	8,300	8,300
		PETERSON/IPAA/ CARRIZALES	-	41,834	41,834
		PETERSON/IPAA/ CHERRINGTON	-	1,044	1,044
		PETERSON/IPAA/ COMPTON	-	27,111	27,111
		PETERSON/IPAA/CUELLA	-	15,862	15,862
		PETERSON/IPAA/EVANS	-	2,919	2,919
		PETERSON/IPAA/FINA S	-	63,823	63,823
		PETERSON/IPAA/GELFON	-	12,360	12,360
		PETERSON/IPAA/ GONZALEZ	-	47,299	47,299
		PETERSON/IPAA/HALL	-	27,655	27,655
		PETERSON/IPAA/HALL- CLARK	-	26,483	26,483
		PETERSON/IPAA/ HANCOCK	-	34,326	34,326
		N PETERSON/IPAA/HARGIT/ L	-	70,692	70,692
		PETERSON/IPAA/KAYA	-	(27)	(27)
		PETERSON/IPAA/KOCH	-	36,819	36,819
		PETERSON/IPAA/ LARA- RUIZ	-	5,307	5,307
		PETERSON/IPAA/LI	-	(943)	(943)
		PETERSON/IPAA/ LOPEZCRUZAN	-	9,946	9,946
		PETERSON/IPAA/ MARSDSEN	-	62,460	62,460
		PETERSON/IPAA/ MCGEARY	-	19,753	19,753
		PETERSON/IPAA/MEDELL	-	5,918	5,918
		PETERSON/IPAA/ MICHALEK	-	26,579	26,579
		PETERSON/IPAA/MINTZ	-	13,258	13,258
		PETERSON/IPAA/MIZER	-	9,414	9,414
		PETERSON/IPAA/MURFF	-	26,445	26,445
		PETERSON/IPAA/NABITY	-	19,684	19,684
		PETERSON/IPAA/OJEDA	-	64,930	64,930
		PETERSON/IPAA/PHILLIP	-	10,063	10,063
		PETERSON/IPAA/PLEYTE	-	87,935	87,935
		PETERSON/IPAA/ PRUIKSMA	-	27,968	27,968
		E PETERSON/IPAA/ SCHOLLER	-	34,592	34,592
		PETERSON/IPAA/SYNET	-	15,350	15,350
		PETERSON/IPAA/TYLER	-	69,781	69,781
		PETERSON/IPAA/ YOUNG-MCCAU	-	4,584	4,584
		PO # 580-DD82057	-	8,981	8,981
			-	61,061	61,061
			-	59,460	59,460
			-	31,608	31,608
			-	5,034	5,034
			-	(560)	(560)

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Veterans Affairs (Continued)					
		PO CREATE: 580C85205	-	7,511	7,511
		PUGH/IPAA/ EL	-	3,209	3,209
		PUGH/IPAA/DELGA	-	2,400	2,400
		PUGH/IPAA/HARTMAN	-	36,771	36,771
		PUGH/IPAA/NAHID	-	53,859	53,859
		PUGH/IPAA/WANG	-	26,638	26,638
		RAN/IPAA/CHEN	-	48,972	48,972
		RAN/IPAA/NA	-	69,991	69,991
		ROACHE/IPAA/KOEK	-	705	705
		SAYRE/IPAA/REED	-	20,789	20,789
		SENLIN/IPAA/GUDERYON	-	19,035	19,035
		SHARMA/IPAA/DARSHI	-	49,054	49,054
		SHARMA/IPAA/DREL	-	45,019	45,019
		SHARMA/IPAA/KIM	-	38,457	38,457
		SHARMA/IPAA/MONTELL A	-	19,671	19,671
		SHARMA/IPAA/MONTEM AYOR	-	29,059	29,059
		SHARMA/IPAA/XU	-	31,844	31,844
		SHIREMAN/IPAA/MACCA RTHY	-	45,523	45,523
		SONI/IPAA/HARO	-	23,175	23,175
		SONI/IPAA/TIPTON	-	1,229	1,229
		VA 256-12-C-0276	-	(155,571)	(155,571)
		VA240-16-D-0068	-	27,479	27,479
		VA240-17-C-0100	-	189,640	189,640
		VA240-17-D-0107	-	603,481	603,481
		VA256-15-C-0028	-	(37,402)	(37,402)
		VA263-17-P-1209	-	5,815	5,815
		VA268-15-D-0044	-	141,970	141,970
		VA268-15-D0007	-	3,892	3,892
		VA26815C0041	-	45	45
		VA74115C0021	-	57,192	57,192
		WEINER/IPAA/CASTABE DA	-	2,957	2,957
		WEINER/IPAA/DUQUE	-	52,903	52,903
		WELCH/IPAA/SANCHEZ- REILLY	-	42,056	42,056
		YEH/IPAA/DEAN	-	4,354	4,354
		YEH/IPAA/KA SH	-	1,366	1,366
		YEH/IPAA/WANG	-	10,776	10,776
		36C24518C0181	-	309,463	309,463
		534D95006	-	67,145	67,145
		674-C95094; UTA18- 001357	-	21,875	21,875
		674-D85030	-	253	253
		674-D85031	-	3,868	3,868
		674-D95032	-	24,323	24,323
<i>Pass-Through from Michael E. DeBakey Veterans Affairs Medical Center</i>		KANWAL IIR- FCP 9116	-	44,732	44,732
Total - CFDA 64.XXX			-	5,325,141	5,325,141
Veterans Domiciliary Care	64.008		-	7,371	7,371
Veterans Medical Care Benefits	64.009		-	70,665	70,665
Veterans Dental Care	64.011		-	2,883	2,883
Veterans State Hospital Care	64.016		-	121,537	121,537
Sharing Specialized Medical Resources	64.018		-	123,181	123,181
Veterans Home Based Primary Care	64.022		-	13,642	13,642
Total - U.S. Department of Veterans Affairs			-	5,664,420	5,664,420

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
Environmental Protection Agency					
Environmental Protection Agency	66.XXX	68HE0B18P0211	-	9,705	9,705
		68HE0B19P0012	-	6,144	6,144
<i>Pass-Through from Eastern Research Group, Inc.</i>		# 1	-	6,091	6,091
<i>Pass-Through from Eastern Research Group, Inc.</i>		OTAQ-011/03	-	10,645	10,645
<i>Pass-Through from Eastern Research Group, Inc.</i>		OTAQ-011/03 - # 03	-	11,171	11,171
<i>Pass-Through from Eastern Research Group, Inc.</i>		OTAQ-011/03 - #2	-	11,725	11,725
<i>Pass-Through from Eastern Research Group, Inc.</i>		OTAQ-011/03 - #5	-	87,376	87,376
		4949-RFA14-2/15-3-2 YR			
<i>Pass-Through from Health Effects Institute</i>		3 LTR 5-4-17	-	483	483
<i>Pass-Through from Health Effects Institute</i>		4958-RFA16-1/17-4	-	94,046	94,046
<i>Pass-Through from ICF International, Inc.</i>		17CKBO0074 1	-	11	11
<i>Pass-Through from Palo Alto Veterans Institute for Research</i>		4958-RFA16-1/17-4	-	70,856	70,856
Total - CFDA 66.XXX			-	308,253	308,253
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		-	52,126	52,126
Water Pollution Control State, Interstate, and Tribal Program Support	66.419		-	1,187,302	1,187,302
Water Quality Management Planning	66.454				
<i>Pass-Through from Coastal Bend Bays and Estuaries Program</i>		1817;1818;1920;1911;1703	-	114,358	114,358
<i>Pass-Through from Coastal Bend Bays and Estuaries Program</i>		1826	-	11,943	11,943
Total - CFDA 66.454			-	126,301	126,301
National Estuary Program	66.456		(798)	140,240	139,442
<i>Pass-Through from Coastal Bend Bays and Estuaries Program</i>		1722	-	180	180
Total - CFDA 66.456			(798)	140,420	139,622
Nonpoint Source Implementation Grants	66.460		-	2,100,573	2,100,573
<i>Pass-Through from Altex Technologies Corporation</i>		68HE0D18C0011-TAMU-001	-	29,958	29,958
<i>Pass-Through from Attain, LLC</i>		EPA-003	-	142,810	142,810
Total - CFDA 66.460			-	2,273,341	2,273,341
Gulf of Mexico Program	66.475		-	139,941	139,941
Science To Achieve Results (STAR) Research Program	66.509		338,519	1,316,393	1,654,912
<i>Pass-Through from Carnegie Mellon University</i>		1080358-364695	-	65,091	65,091
<i>Pass-Through from President and Fellows of Harvard College</i>		112544-5111522	-	51,933	51,933
		15-008462 E 00 - ADMIN UNIT	-	40,859	40,859
<i>Pass-Through from University of Massachusetts - Amherst</i>		15-008462 E 00 A; LOA	-	45,766	45,766
<i>Pass-Through from University of Massachusetts - Amherst</i>		15-008462 E 00 C; LOA-KATZ	-	105,234	105,234
<i>Pass-Through from University of Massachusetts - Amherst</i>		15-008462 E 00 D; LOA-KIRISITS	-	(148)	(148)
<i>Pass-Through from University of South Florida</i>		83556901 2104-1198-00-E;PO#0000205417	-	(348)	(348)
Total - CFDA 66.509			338,519	1,624,780	1,963,299
P3 Award: National Student Design Competition for Sustainability	66.516		-	67,093	67,093
Performance Partnership Grants	66.605		-	92,440	92,440
Protection of Children from Environmental Health Risks	66.609		-	20,404	20,404
Pollution Prevention Grants Program	66.708		-	8,025	8,025
State and Tribal Response Program Grants	66.817				
<i>Pass-Through from Dept of Health, Env Health Adm, Haz Eval and Emer Res Off, State of HI</i>		HEER-KAIMAZI -2018	-	18,469	18,469

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
Environmental Protection Agency (Continued)					
International Financial Assistance Projects Sponsored by the Office of International and Tribal Affairs	66.931		-	5,936	5,936
<i>Pass-Through from North American Development Bank</i>		TAA 18-014	-	19,183	19,183
<i>Pass-Through from North American Development Bank</i>		TAA16-013	-	3,279	3,279
<i>Pass-Through from North American Development Bank</i>		TAA18-010	18,000	75,001	93,001
Total - CFDA 66.931			18,000	103,399	121,399
Total - Environmental Protection Agency			355,721	6,162,294	6,518,015
Nuclear Regulatory Commission					
Nuclear Regulatory Commission	77.XXX	NRC-HQ-60-15-C-0005 693JK31850004CAAP	-	92,507	92,507
<i>Pass-Through from Board of Regents of the University of Wisconsin System</i>		707K722	-	8,125	8,125
<i>Pass-Through from Board of Regents of the University of Wisconsin System</i>			-	34,828	34,828
Total - CFDA 77.XXX			-	135,460	135,460
U. S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006		-	181,536	181,536
U.S. Nuclear Regulatory Commission Minority Serving Institutions Program (MSIP)	77.007		-	219,760	219,760
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008		-	1,020,757	1,020,757
U.S. Nuclear Regulatory Commission Office of Research Financial Assistance Program	77.009		-	380	380
<i>Pass-Through from Bechtel Marine Propulsion Corporation</i>		104453	-	380	380
Total - Nuclear Regulatory Commission			-	1,557,893	1,557,893
U.S. Department of Energy					
U.S. Department of Energy	81.XXX	B623501	-	4,579	4,579
		M1902529	79,000	188,536	267,536
		PO 2048463 REVISION 1	-	32,071	32,071
		S015805-R	-	355,484	355,484
		S016936-Y	-	16,111	16,111
		174212	-	77,399	77,399
		229206 PR:DE-AC02-98	-	627,899	627,899
		355779	-	(77)	(77)
		356656	-	108,951	108,951
		635140	-	14,437	14,437
		9F-60036	-	43,906	43,906
<i>Pass-Through from Alliance for Sustainable Energy, LLC</i>		XFC-7-70022-01	-	209,181	209,181
<i>Pass-Through from Argonne National Laboratory</i>		9F-60002	-	112,005	112,005
<i>Pass-Through from Argonne National Laboratory</i>		9F-60050	-	89,595	89,595
<i>Pass-Through from Battelle</i>		195207	-	2,400	2,400
<i>Pass-Through from Battelle</i>		4000152388	-	58,349	58,349
<i>Pass-Through from Battelle Energy Alliance, LLC</i>		0207600	-	161,303	161,303
<i>Pass-Through from Battelle Energy Alliance, LLC</i>		194982	-	53,997	53,997
<i>Pass-Through from Battelle Energy Alliance, LLC</i>		195519	-	111,514	111,514
<i>Pass-Through from Battelle Energy Alliance, LLC</i>		207600	-	151,990	151,990
<i>Pass-Through from Battelle Energy Alliance, LLC</i>		207882	-	27,452	27,452
<i>Pass-Through from Battelle Pacific Northwest Division</i>		424363	-	9,705	9,705
<i>Pass-Through from Battelle Pacific Northwest Laboratory</i>		417421	-	66,621	66,621
<i>Pass-Through from Bechtel Marine Propulsion Corporation</i>		DVM-118117	-	3,740	3,740
<i>Pass-Through from Brookhaven National Laboratory</i>		DEAC0298CH10886	-	97,461	97,461
<i>Pass-Through from Brookhaven National Laboratory</i>		DESC00127045	-	80,224	80,224
<i>Pass-Through from Brookhaven National Laboratory</i>		366184	-	32,435	32,435
<i>Pass-Through from Brookhaven Science Associates, LLC</i>		M1402265	-	556,714	556,714
<i>Pass-Through from Brookhaven Science Associates, LLC</i>		M1502524-443821	-	60,267	60,267
<i>Pass-Through from Center for Transportation and the Environment</i>		UTA14-000883	-	87,520	87,520

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Energy					
Pass-Through from Consolidated Nuclear Security, LLC		DE-NA0001942	64,556	23,528	88,084
		DE-NA0001942/ PO0000072068		18,772	47,365
Pass-Through from Consolidated Nuclear Security, LLC		PO71916	-	45,411	45,411
Pass-Through from Consolidated Nuclear Security, LLC		4100001018	-	24,416	24,416
Pass-Through from Consolidated Nuclear Security, LLC		4100001018 43001586	-	6,448	6,448
Pass-Through from Consolidated Nuclear Security, LLC		4300157412	-	25,092	25,092
Pass-Through from Consolidated Nuclear Security, LLC		68178	-	43,736	43,736
Pass-Through from Consolidated Nuclear Security, LLC		71731	-	633,466	633,466
Pass-Through from Consolidated Nuclear Security, LLC		71917	-	322,428	322,428
Pass-Through from Consolidated Nuclear Security, LLC		72019	-	6,749	6,749
Pass-Through from Consolidated Nuclear Security, LLC		72062	-	3,610	3,610
Pass-Through from Fermi National Accelerator Laboratory		634446	-	438,666	438,666
Pass-Through from Fermi National Accelerator Laboratory		638647 REVISION 1	-	39,935	39,935
Pass-Through from Fermi National Accelerator Laboratory		642574	-	16,576	16,576
Pass-Through from Fermi National Accelerator Laboratory		642929	-	11,917	11,917
Pass-Through from Fermi National Accelerator Laboratory		648378	-	21,007	21,007
Pass-Through from Fermi National Accelerator Laboratory		653901	-	30,872	30,872
Pass-Through from Fermi National Accelerator Laboratory		653937	-	9,780	9,780
Pass-Through from Fermi National Accelerator Laboratory		657050	-	2,283	2,283
Pass-Through from Fermi Research Alliance, LLC		584823	-	110,262	110,262
Pass-Through from Honeywell Federal Manufacturing and Technologies, LLC		N000214354	-	19,443	19,443
Pass-Through from Honeywell Federal Manufacturing and Technologies, LLC		N000263171	-	64,400	64,400
Pass-Through from Honeywell Federal Manufacturing and Technologies, LLC		N000293890	-	89,730	89,730
Pass-Through from Honeywell Federal Manufacturing and Technologies, LLC		N000317054	-	24,651	24,651
Pass-Through from Idaho National Laboratory		00150706	-	172,337	172,337
Pass-Through from Idaho National Laboratory		187427	-	34,293	34,293
Pass-Through from Idaho National Laboratory		196484	-	3,439	3,439
Pass-Through from Idaho National Laboratory		198930	-	6,020	6,020
Pass-Through from Jefferson Science Associates, LLC		JSA-17-C1142	-	1,477	1,477
Pass-Through from Lawrence Berkeley National Laboratory		7052152	-	9,361	9,361
Pass-Through from Lawrence Berkeley National Laboratory		7223523	-	136,731	136,731
Pass-Through from Lawrence Berkeley National Laboratory		7277281	-	52,736	52,736
Pass-Through from Lawrence Berkeley National Laboratory		7320214	-	(1,108)	(1,108)
Pass-Through from Lawrence Berkeley National Laboratory		7343163	-	193,583	193,583
Pass-Through from Lawrence Berkeley National Laboratory		7399340	93,118	111,062	204,180
Pass-Through from Lawrence Berkeley National Laboratory		7461220	-	45,168	45,168
Pass-Through from Lawrence Berkeley National Laboratory		7475379	-	6,069	6,069
Pass-Through from Lawrence Livermore National Laboratory		B612618	-	773	773
Pass-Through from Lawrence Livermore National Laboratory		B622458	-	68,213	68,213
Pass-Through from Lawrence Livermore National Laboratory		B623104	-	5,042	5,042
Pass-Through from Lawrence Livermore National Laboratory		B624693	-	32,468	32,468
Pass-Through from Lawrence Livermore National Laboratory		B626195	-	1,683	1,683
Pass-Through from Lawrence Livermore National Laboratory		B631794	-	18,907	18,907
Pass-Through from Lawrence Livermore National Laboratory		B633945	-	99,066	99,066
Pass-Through from Lawrence Livermore National Laboratory		B634760	-	157,392	157,392
Pass-Through from Lawrence Livermore National Security, LLC		B635698	-	10,756	10,756
Pass-Through from Leidos, Inc.		10227981; TO 1	-	424	424
Pass-Through from Los Alamos National Laboratory		DEAC5206NA25396	-	45,663	45,663
Pass-Through from Los Alamos National Laboratory		378768	-	70,675	70,675
Pass-Through from Los Alamos National Laboratory		407626	-	925,026	925,026
Pass-Through from Los Alamos National Laboratory		419951	-	45,847	45,847
Pass-Through from Los Alamos National Laboratory		421744	-	174,426	174,426
Pass-Through from Los Alamos National Laboratory		4401777	-	125,549	125,549
Pass-Through from Los Alamos National Laboratory		462978	-	36,612	36,612
Pass-Through from Los Alamos National Laboratory		468132	-	62,372	62,372
Pass-Through from Los Alamos National Laboratory		470152	-	12,000	12,000
Pass-Through from Los Alamos National Laboratory		473629	-	107,717	107,717
Pass-Through from Los Alamos National Laboratory		473629; LOA (ABRAM)	-	119,895	119,895
Pass-Through from Los Alamos National Laboratory		475852	-	81,157	81,157
Pass-Through from Los Alamos National Laboratory		487845	-	17,592	17,592
Pass-Through from Los Alamos National Laboratory		513522	-	7,825	7,825

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Energy (Continued)					
<i>Pass-Through from Los Alamos National Security, LLC</i>		365210	-	37,309	37,309
<i>Pass-Through from Los Alamos National Security, LLC</i>		402692	-	(810)	(810)
<i>Pass-Through from Los Alamos National Security, LLC</i>		472208	-	8,909	8,909
<i>Pass-Through from Los Alamos National Security, LLC</i>		477029	-	44,132	44,132
<i>Pass-Through from Los Alamos National Security, LLC</i>		532498	-	48,690	48,690
<i>Pass-Through from National Renewable Energy Laboratory</i>		AEJ-9-92062-01	-	33,823	33,823
<i>Pass-Through from National Renewable Energy Laboratory</i>		AFC-7-70044-09	-	174	174
<i>Pass-Through from National Renewable Energy Laboratory</i>		XAT88215101	-	95,734	95,734
<i>Pass-Through from National Renewable Energy Laboratory</i>		XEJ-8-82246-01	-	21,599	21,599
<i>Pass-Through from North Carolina State University</i>		H98230-19-D0012-LAS	-	33,237	33,237
<i>Pass-Through from NTESS, LLC - National Technology & Engineering Solutions of Sandia</i>		1851586	-	31,967	31,967
<i>Pass-Through from NTESS, LLC - National Technology & Engineering Solutions of Sandia</i>		1859853	-	14,443	14,443
<i>Pass-Through from NTESS, LLC - National Technology & Engineering Solutions of Sandia</i>		1865610	-	4,045	4,045
<i>Pass-Through from NTESS, LLC - National Technology & Engineering Solutions of Sandia</i>		1886406	-	1,402	1,402
<i>Pass-Through from NTESS, LLC - National Technology & Engineering Solutions of Sandia</i>		1898338	-	9,315	9,315
<i>Pass-Through from NTESS, LLC - National Technology & Engineering Solutions of Sandia</i>		1919201	-	6,331	6,331
<i>Pass-Through from NTESS, LLC - National Technology & Engineering Solutions of Sandia</i>		1922367	-	(3)	(3)
<i>Pass-Through from NTESS, LLC - National Technology & Engineering Solutions of Sandia</i>		1956794	-	135,156	135,156
<i>Pass-Through from NTESS, LLC - National Technology & Engineering Solutions of Sandia</i>		1971662	-	8,523	8,523
<i>Pass-Through from NTESS, LLC - National Technology & Engineering Solutions of Sandia</i>		2010311	-	54,674	54,674
<i>Pass-Through from NTESS, LLC - National Technology & Engineering Solutions of Sandia</i>		2016312	-	24,958	24,958
<i>Pass-Through from NTESS, LLC - National Technology & Engineering Solutions of Sandia</i>		2016870	-	18,638	18,638
<i>Pass-Through from NTESS, LLC - National Technology & Engineering Solutions of Sandia</i>		2021982	-	48,868	48,868
<i>Pass-Through from NTESS, LLC - National Technology & Engineering Solutions of Sandia</i>		2033301	-	44,454	44,454
<i>Pass-Through from Oak Ridge National Laboratory</i>		4000157754	-	58,572	58,572
<i>Pass-Through from Oregon State University</i>		1515550	-	(43)	(43)
<i>Pass-Through from Pacific Northwest Laboratory</i>		311215	-	49,916	49,916
<i>Pass-Through from Pacific Northwest Laboratory</i>		312853 01	-	6,588	6,588
<i>Pass-Through from Pacific Northwest Laboratory</i>		413239	-	48,614	48,614
<i>Pass-Through from Pacific Northwest Laboratory</i>		414726	-	41,001	41,001
<i>Pass-Through from Pacific Northwest Laboratory</i>		414834	-	115,374	115,374
<i>Pass-Through from Pacific Northwest Laboratory</i>		446224	-	23,399	23,399
<i>Pass-Through from Pacific Northwest Laboratory</i>		446225	-	45,082	45,082
<i>Pass-Through from Pacific Northwest Laboratory</i>		446225 LOA HAHNE	-	13,820	13,820
<i>Pass-Through from Pacific Northwest National Laboratory</i>		279384	-	17,808	17,808
<i>Pass-Through from Pacific Northwest National Laboratory</i>		436996	-	28,143	28,143
<i>Pass-Through from RadiaSoft, LLC</i>		M1800076	-	71,989	71,989
<i>Pass-Through from Regents of the University of California - Lawrence Berkeley Lab</i>		7415282	-	11,630	11,630
<i>Pass-Through from Sandia National Laboratories</i>		PO 1961670	-	83,104	83,104
<i>Pass-Through from Sandia National Laboratories</i>		PO1386784	-	10,793	10,793
<i>Pass-Through from Sandia National Laboratories</i>		PO1452528	-	153,255	153,255
<i>Pass-Through from Sandia National Laboratories</i>		PO1969288	-	29,715	29,715
<i>Pass-Through from Sandia National Laboratories</i>		1648371	-	5,088	5,088
<i>Pass-Through from Sandia National Laboratories</i>		1651970	-	(1,692)	(1,692)
<i>Pass-Through from Sandia National Laboratories</i>		1724551	-	16,263	16,263
<i>Pass-Through from Sandia National Laboratories</i>		1739503	-	(6,614)	(6,614)
<i>Pass-Through from Sandia National Laboratories</i>		1745141	-	1,094	1,094
<i>Pass-Through from Sandia National Laboratories</i>		1836721	-	15,136	15,136
<i>Pass-Through from Sandia National Laboratories</i>		1838864	-	99,840	99,840
<i>Pass-Through from Sandia National Laboratories</i>		1852754	10,326	117,418	127,744
<i>Pass-Through from Sandia National Laboratories</i>		1852754 LOA 001	-	-	-
<i>Pass-Through from Sandia National Laboratories</i>		PASUPATHY	-	47,373	47,373
<i>Pass-Through from Sandia National Laboratories</i>		1853407	-	100,798	100,798

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Energy (Continued)					
<i>Pass-Through from Sandia National Laboratories</i>		1853793	-	182,588	182,588
<i>Pass-Through from Sandia National Laboratories</i>		1865740	-	6,170	6,170
<i>Pass-Through from Sandia National Laboratories</i>		1878085	-	8,855	8,855
<i>Pass-Through from Sandia National Laboratories</i>		1881581	-	7,429	7,429
<i>Pass-Through from Sandia National Laboratories</i>		1883692	-	95,928	95,928
<i>Pass-Through from Sandia National Laboratories</i>		1888931	-	88,210	88,210
<i>Pass-Through from Sandia National Laboratories</i>		1891639	-	3,896	3,896
<i>Pass-Through from Sandia National Laboratories</i>		1891681	-	10,092	10,092
<i>Pass-Through from Sandia National Laboratories</i>		1915949	-	8,311	8,311
<i>Pass-Through from Sandia National Laboratories</i>		1930491	-	15,305	15,305
<i>Pass-Through from Sandia National Laboratories</i>		1930652	-	129,808	129,808
<i>Pass-Through from Sandia National Laboratories</i>		1932462	-	(11)	(11)
<i>Pass-Through from Sandia National Laboratories</i>		1946531 REV 0	-	88,559	88,559
<i>Pass-Through from Sandia National Laboratories</i>		1958282	-	28,573	28,573
<i>Pass-Through from Sandia National Laboratories</i>		1959705	-	76,440	76,440
<i>Pass-Through from Sandia National Laboratories</i>		1970123	-	94,254	94,254
<i>Pass-Through from Sandia National Laboratories</i>		1970138	-	49,806	49,806
<i>Pass-Through from Sandia National Laboratories</i>		1976570	-	97,850	97,850
<i>Pass-Through from Sandia National Laboratories</i>		1976787	-	59,670	59,670
<i>Pass-Through from Sandia National Laboratories</i>		1980971	-	38,111	38,111
<i>Pass-Through from Sandia National Laboratories</i>		1982247	-	87,323	87,323
<i>Pass-Through from Sandia National Laboratories</i>		1985367	-	29,049	29,049
<i>Pass-Through from Sandia National Laboratories</i>		1985797	-	76,753	76,753
<i>Pass-Through from Sandia National Laboratories</i>		1988375	-	105,792	105,792
<i>Pass-Through from Sandia National Laboratories</i>		2005238	-	28,831	28,831
<i>Pass-Through from Sandia National Laboratories</i>		2006874	-	153,962	153,962
<i>Pass-Through from Sandia National Laboratories</i>		2030062	-	28,627	28,627
<i>Pass-Through from Sandia National Laboratories</i>		2032028	-	19,774	19,774
<i>Pass-Through from Sandia National Laboratories</i>		2039214	-	69,421	69,421
<i>Pass-Through from Sandia National Laboratories</i>		2049205	-	21,451	21,451
<i>Pass-Through from Savannah River Nuclear Solutions, LLC</i>		DEAC0908SE22470	-	17,612	17,612
<i>Pass-Through from The Algae Foundation</i>		UTA18-000319 PHASE 3	-	14,993	14,993
<i>Pass-Through from The Algae Foundation</i>		UTA19-000131	-	28,848	28,848
<i>Pass-Through from Triad National Securities, LLC</i>		464745	-	67,259	67,259
<i>Pass-Through from Triad National Securities, LLC</i>		533198	-	13,857	13,857
<i>Pass-Through from Triad National Securities, LLC</i>		534899 5	-	52,747	52,747
<i>Pass-Through from Triad National Securities, LLC</i>		549299	-	31,424	31,424
<i>Pass-Through from Universities Research Association, Inc.</i>		18-F-04	-	16,569	16,569
<i>Pass-Through from University of California - Berkeley</i>		7434850	-	13,587	13,587
<i>Pass-Through from University of Michigan</i>		PO#3005418630	-	37,762	37,762
<i>Pass-Through from UChicago Argonne, LLC</i>		9F-60059	-	30,415	30,415
<i>Pass-Through from UChicago Argonne, LLC</i>		9F-60108	-	13,824	13,824
<i>Pass-Through from UHV Technologies, Inc.</i>		DESC0017233	-	2,645	2,645
		244799	-		
<i>Pass-Through from URS</i>		US/40819273/1087477	-	(5,314)	(5,314)
<i>Pass-Through from UT - Battelle, LLC</i>		4000158218	-	26,396	26,396
<i>Pass-Through from UT - Battelle, LLC</i>		4000158636	-	214,701	214,701
<i>Pass-Through from UT - Battelle, LLC</i>		4000171482	-	56,473	56,473
<i>Pass-Through from Westinghouse Electric Company</i>		PO 4500780326	-	20,990	20,990
Total - CFDA 81.XXX			265,772	12,796,435	13,062,207
State Energy Program	81.041		-	244,960	244,960
<i>Pass-Through from State of Louisiana</i>		2000228045	-	5,313	5,313
Total - CFDA 81.041			-	250,273	250,273
Office of Science Financial Assistance Program	81.049		3,064,211	27,332,524	30,396,735
<i>Pass-Through from Accelerator Technology Corporation</i>		M1902553	-	18,822	18,822
<i>Pass-Through from Amethyst Research, Inc.</i>		UTA18-000743	-	1,197	1,197
<i>Pass-Through from Austin Geotech Services, Inc.</i>		UTA18-000591	-	52,508	52,508
<i>Pass-Through from AKADIO</i>		03-19	-	27,206	27,206
<i>Pass-Through from Battelle Energy Alliance, LLC</i>		183672	-	108,286	108,286
<i>Pass-Through from Board of Regents of the University of Wisconsin System</i>		809K244	-	374,144	374,144
<i>Pass-Through from Brookhaven National Laboratory</i>		314750	-	29,589	29,589
<i>Pass-Through from Case Western Reserve University</i>		RES513721	-	128,823	128,823
<i>Pass-Through from Central Michigan University</i>		F63460	-	274,175	274,175

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Energy (Continued)					
<i>Pass-Through from Consolidated Nuclear Security, LLC</i>		4300150260	-	9,831	9,831
<i>Pass-Through from Consolidated Nuclear Security, LLC</i>		4300151233	-	(1,420)	(1,420)
<i>Pass-Through from Consolidated Nuclear Security, LLC</i>		4300156278	-	5,534	5,534
<i>Pass-Through from Consolidated Nuclear Security, LLC</i>		4300156296	-	53,953	53,953
<i>Pass-Through from Consolidated Nuclear Security, LLC</i>		4300158304	-	22,243	22,243
<i>Pass-Through from Cornell University</i>		86856-11155	-	84,775	84,775
<i>Pass-Through from E-Spectrum Technologies, Inc.</i>		UTA18-000022	-	80,687	80,687
<i>Pass-Through from Electron Energy Corporation</i>		M1802946	-	60,761	60,761
<i>Pass-Through from Florida State University</i>		R01974	-	62,519	62,519
<i>Pass-Through from General Atomics</i>		4500076923	-	84,118	84,118
<i>Pass-Through from General Atomics</i>		4500077991	-	32,222	32,222
<i>Pass-Through from Giner, Inc.</i>		SA402261	-	114,688	114,688
<i>Pass-Through from Hyper Tech Research, Inc.</i>		M1703355	-	36,039	36,039
<i>Pass-Through from Incendium Technologies, LLC</i>		M1803583	-	31,842	31,842
<i>Pass-Through from Iowa State University</i>		SCN-1008531	-	62,416	62,416
<i>Pass-Through from Kent State University</i>		400005-UH	-	70,032	70,032
<i>Pass-Through from KAI, LLC</i>		UTA17-001324	-	188,886	188,886
<i>Pass-Through from Lawrence Livermore National Laboratory</i>		B623251	-	259,091	259,091
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		B623252	-	171,503	171,503
<i>Pass-Through from Ligo Analytics, Inc</i>		DE-SC0019600	11,902	-	11,902
<i>Pass-Through from Los Alamos National Laboratory</i>		430461	-	4,225	4,225
<i>Pass-Through from Los Alamos National Security, LLC</i>		228868	-	141,244	141,244
<i>Pass-Through from Los Alamos National Security, LLC</i>		388139	-	107,491	107,491
<i>Pass-Through from Massachusetts Institute of Technology</i>		5710003744	-	(45)	(45)
<i>Pass-Through from Mesa Photonics, LLC</i>		UTA17-001137	-	35,107	35,107
<i>Pass-Through from NTESS, LLC - National Technology & Engineering Solutions of Sandia</i>		CPA 1923579	-	37,643	37,643
<i>Pass-Through from Ohio State University</i>		60057541 PO RF01470709	-	199,132	199,132
<i>Pass-Through from Penn State University</i>		5605-UTA-LSJU-4215	-	122,807	122,807
<i>Pass-Through from Pennsylvania State University</i>		5484-UTEP- E-1090	-	5,529	5,529
<i>Pass-Through from QuesTek Innovations</i>		M1903096	-	6,085	6,085
<i>Pass-Through from Regents of the University of Michigan</i>		K00009230	-	57,721	57,721
<i>Pass-Through from Research Foundation of Stony Brook</i>		68856-1119493-3 2 (W/EXT)	-	259	259
<i>Pass-Through from Research Foundation of Stony Brook</i>		68856-1119493-3 3 (W/EXT)	-	156,220	156,220
<i>Pass-Through from Shear Form, Inc.</i>		12-0094	-	738	738
<i>Pass-Through from Silicon Audio Labs</i>		UTA16-001022 PHASE II	-	196,679	196,679
<i>Pass-Through from ThermoFlow Labs, LLC</i>		UTA18-000520	-	13,516	13,516
<i>Pass-Through from University of California - Berkeley</i>		00008632	-	66,933	66,933
<i>Pass-Through from University of California - Riverside</i>		S-000687	-	72,090	72,090
<i>Pass-Through from University of California - Riverside</i>		S-000687 LOA #1 LI	-	63,011	63,011
<i>Pass-Through from University of Florida</i>		PRE-AWARD	-	5,805	5,805
<i>Pass-Through from University of Illinois</i>		090634-16987	-	36,771	36,771
<i>Pass-Through from University of Illinois</i>		092734-17404	-	7,274	7,274
<i>Pass-Through from University of Illinois - Champaign</i>		2014-03595-01	-	29,803	29,803
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		16197	-	15,636	15,636
<i>Pass-Through from University of Michigan</i>		3001346237	-	191,977	191,977
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5105060	-	74,475	74,475
<i>Pass-Through from University of Southern California</i>		110847897	-	36,250	36,250
<i>Pass-Through from University of Tennessee</i>		A16-0384- S002/8500050608	-	8,709	8,709
<i>Pass-Through from University of Wyoming</i>		1004033 - TTU	-	24,606	24,606
<i>Pass-Through from UT - Battelle, LLC</i>		4000146387	-	51,265	51,265
<i>Pass-Through from UT - Battelle, LLC</i>		4000153525	-	(3,524)	(3,524)
<i>Pass-Through from UT - Battelle, LLC</i>		4000158390	-	351,108	351,108
<i>Pass-Through from UT - Battelle, LLC</i>		4000163332	-	65,775	65,775
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		429229-19837	-	134,667	134,667
<i>Pass-Through from Zyvex Labs, LLC</i>		DESC0018527	-	89,603	89,603
Total - CFDA 81.049			3,076,113	32,183,579	35,259,692
University Coal Research	81.057		1,605	147,422	149,027
<i>Pass-Through from Battelle Pacific Northwest Division</i>		431874	-	119,282	119,282
<i>Pass-Through from Carnegie Mellon University</i>		1070237-400263	-	106,758	106,758
Total - CFDA 81.057			1,605	373,462	375,067

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Energy (Continued)					
Conservation Research and Development	81.086		578,660	2,932,738	3,511,398
<i>Pass-Through from Caterpillar, Inc</i>		UTA19-000219; PO#499069	-	39,439	39,439
<i>Pass-Through from North Carolina State University</i>		2014-0654-75 112753359; MP	20,841	34,257	55,098
<i>Pass-Through from University of California - San Diego</i>		#S9002206	-	93,653	93,653
Total - CFDA 81.086			599,501	3,100,087	3,699,588
Renewable Energy Research and Development	81.087		586,782	1,615,341	2,202,123
<i>Pass-Through from American Institute of Chemical Engineers</i>		DE-EE0007888	-	41,574	41,574
<i>Pass-Through from American Institute of Chemical Engineers</i>		DE-EE0007888-02-7	-	86,105	86,105
<i>Pass-Through from American Institute of Chemical Engineers</i>		DE-EE0007888-05-1A	-	110,648	110,648
<i>Pass-Through from American Institute of Chemical Engineers</i>		DE-EE0007888-05-4	-	103,370	103,370
<i>Pass-Through from American Institute of Chemical Engineers</i>		DE-EE0007888-09-03	196,882	207,067	403,949
<i>Pass-Through from American Institute of Chemical Engineers</i>		DE-EE0007888-10-09B	-	77,376	77,376
<i>Pass-Through from American Institute of Chemical Engineers</i>		M1702784	-	106,430	106,430
<i>Pass-Through from American Institute of Chemical Engineers</i>		2018 UT BP2	-	83,890	83,890
<i>Pass-Through from Drexel University</i>		850051	-	71,357	71,357
<i>Pass-Through from Duke University</i>		323-0268	22,561	82,007	104,568
<i>Pass-Through from Gas Technology Institute</i>		S884	-	199,935	199,935
<i>Pass-Through from General Motors</i>		4300584241- E #DE- EE0007651	-	55,205	55,205
<i>Pass-Through from Johns Hopkins University</i>		DEEE0008215	-	46,206	46,206
<i>Pass-Through from Louisiana State University</i>		0000028429	-	62,673	62,673
<i>Pass-Through from National Renewable Energy Laboratory</i>		DEAC3608GO28308	-	74,684	74,684
<i>Pass-Through from National Renewable Energy Laboratory</i>		XGJ-6-62145-01	-	9,368	9,368
<i>Pass-Through from NTESS, LLC - National Technology & Engineering Solutions of Sandia</i>		CPA 1923579	-	102,527	102,527
<i>Pass-Through from NTESS, LLC - National Technology & Engineering Solutions of Sandia</i>		1773989	-	84,879	84,879
<i>Pass-Through from Regal Beloit America, Inc.</i>		M1702739	-	91,861	91,861
<i>Pass-Through from Regents of the University of California</i>		4550 G WA170	62,090	12,125	74,215
<i>Pass-Through from Regents of the University of California</i>		4551 G WA170	-	345,331	345,331
<i>Pass-Through from Sandia National Laboratories</i>		1750431/1984055	-	63,283	63,283
<i>Pass-Through from Smart Manufacturing Leadership Coalition</i>		CESMII-2017-R-01	-	(147,526)	(147,526)
<i>Pass-Through from University of California - Berkeley</i>		7216561	-	30,543	30,543
<i>Pass-Through from University of Central Florida</i>		DEEE0007327	-	269	269
<i>Pass-Through from University of Illinois - Chicago</i>		DEEE0007545	-	64,125	64,125
<i>Pass-Through from University of Massachusetts - Amherst</i>		17-009129 A00	-	582	582
<i>Pass-Through from Washington State University</i>		130616-G003844	-	120,287	120,287
Total - CFDA 81.087			868,315	3,801,522	4,669,837
Fossil Energy Research and Development	81.089		1,186,946	7,769,813	8,956,759
<i>Pass-Through from Battelle</i>		US001-0000509245	-	4,002	4,002
<i>Pass-Through from Groundwater Protection Council, Inc.</i>		UTA17-001480	40,400	141,600	182,000
<i>Pass-Through from Membrane Technology and Research, Inc.</i>		373- E-FE-13118-UTEXAS	-	97,727	97,727
<i>Pass-Through from Penn State University</i>		5842-UTA- E-1544	-	12,943	12,943
<i>Pass-Through from Pennsylvania State University</i>		5693-TAMU- E-6825 (DE- FE0026825)	-	161,689	161,689
<i>Pass-Through from Pennsylvania State University</i>		5694-TAM- E-6825	-	179,836	179,836
<i>Pass-Through from Pennsylvania State University</i>		5958-TAMU- E-6825	-	87,659	87,659
<i>Pass-Through from Pennsylvania State University</i>		5959-TAMU- E-6825	105,315	51,019	156,334
<i>Pass-Through from Southern States Energy Board</i>		SSEB-SECARB3-973- T13BEG-TI-2008-019	-	830,386	830,386
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		076459-16859	-	55,131	55,131
<i>Pass-Through from University of Kentucky</i>		3200001777-18-296; PO# 7800004262	-	19,967	19,967
<i>Pass-Through from University of Notre Dame</i>		202640UTA	-	119,759	119,759
Total - CFDA 81.089			1,332,661	9,531,531	10,864,192
Environmental Remediation and Waste Processing and Disposal	81.104		-	70,608	70,608
<i>Pass-Through from Savannah River Nuclear Solutions, LLC</i>		308479	-	16,246	16,246
<i>Pass-Through from UT - Battelle, LLC</i>		4000145759	-	39,730	39,730
Total - CFDA 81.104			-	126,584	126,584

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Energy (Continued)					
Epidemiology and Other Health Studies Financial Assistance Program <i>Pass-Through from Drexel University</i>	81.108	23-1352630	-	105,431	105,431
Stewardship Science Grant Program	81.112		1,654,376	3,351,747	5,006,123
Defense Nuclear Nonproliferation Research <i>Pass-Through from Lawrence Berkeley National Laboratory</i>	81.113	7366132	-	142,480	142,480
<i>Pass-Through from Lawrence Livermore National Laboratory</i>		B631736	19,564	187,927	207,491
<i>Pass-Through from University of California - Berkeley</i>		00009331 BB00838699	-	229,857	229,857
			-	229,070	229,070
Total - CFDA 81.113			19,564	789,334	808,898
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance <i>Pass-Through from Lawrence Livermore National Laboratory</i>	81.117	B628940	162,664	454,111	616,775
			-	119,913	119,913
Total - CFDA 81.117			162,664	574,024	736,688
Nuclear Energy Research, Development and Demonstration <i>Pass-Through from Battelle Energy Alliance, LLC</i>	81.121	1-214442	1,861,822	3,529,124	5,390,946
<i>Pass-Through from Battelle Energy Alliance, LLC</i>		156135	-	5,711	5,711
<i>Pass-Through from Battelle Energy Alliance, LLC</i>		171587	-	21,780	21,780
<i>Pass-Through from Battelle Energy Alliance, LLC</i>		185480	-	348	348
<i>Pass-Through from Battelle Energy Alliance, LLC</i>		195965	-	111,752	111,752
<i>Pass-Through from Battelle Energy Alliance, LLC</i>		207264	-	50,002	50,002
<i>Pass-Through from Battelle Energy Alliance, LLC</i>		214014	-	99,895	99,895
<i>Pass-Through from Battelle Energy Alliance, LLC</i>		215038	-	54,843	54,843
<i>Pass-Through from Boise State University</i>		7161-PO124386	-	22,729	22,729
<i>Pass-Through from Georgia Institute of Technology</i>		RF764-G3	-	5,305	5,305
<i>Pass-Through from Georgia Institute of Technology</i>		RF764-G4	-	1,214	1,214
<i>Pass-Through from Lawrence Livermore National Laboratory</i>		B616255	-	23,903	23,903
<i>Pass-Through from Los Alamos National Laboratory</i>		463009	-	(16,500)	(16,500)
<i>Pass-Through from Ohio State University</i>		60066840	-	6,236	6,236
<i>Pass-Through from Ohio State University</i>		60067765	-	109,943	109,943
<i>Pass-Through from Stony Brook University</i>		RF 1116919-2-67749	-	149,541	149,541
<i>Pass-Through from Syracuse University</i>		28643-04465-S01	-	11,905	11,905
<i>Pass-Through from Triad National Securities, LLC</i>		514313	-	21,050	21,050
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		088925-16717	-	39,839	39,839
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		093238-17181	-	35,350	35,350
<i>Pass-Through from University of Massachusetts - Lowell</i>		S5190000033766	-	40,676	40,676
<i>Pass-Through from University of Nebraska</i>		25-1123-0061-003	-	55,432	55,432
<i>Pass-Through from University of Nebraska - Lincoln</i>		25-1217-0014-004	-	27,172	27,172
<i>Pass-Through from University of Oklahoma</i>		2018-20	-	13,987	13,987
<i>Pass-Through from Utah State University</i>		200649-293	-	53,418	53,418
<i>Pass-Through from Utah State University</i>		200658-340	-	111,018	111,018
<i>Pass-Through from UChicago Argonne, LLC</i>		5F-32301	-	90,539	90,539
<i>Pass-Through from UT - Battelle, LLC</i>		4000105055	-	92	92
<i>Pass-Through from UT - Battelle, LLC</i>		4000167532	-	1,192	1,192
<i>Pass-Through from UT - Battelle, LLC</i>		4000168281	-	48,055	48,055
<i>Pass-Through from Virginia Polytechnic Institute</i>		429354-19C28	-	41,761	41,761
			-	86,086	86,086
Total - CFDA 81.121			1,861,822	4,853,398	6,715,220
Electricity Delivery and Energy Reliability, Research, Development and Analysis <i>Pass-Through from University of Illinois - Champaign</i>	81.122	085228-16935	420,929	1,471,991	1,892,920
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		079456-16208	-	14,841	14,841
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		2015-06608-03	-	(980)	(980)
			-	172,326	172,326
Total - CFDA 81.122			420,929	1,658,178	2,079,107
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program <i>Pass-Through from Florida Agricultural and Mechanical University</i>	81.123	005731 C-4989	234,673	281,172	515,845
<i>Pass-Through from Lawrence Livermore National Laboratory</i>		B632427	-	38,607	38,607
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		B632860	-	2,013	2,013
<i>Pass-Through from Los Alamos National Laboratory</i>		476278	-	6,513	6,513
<i>Pass-Through from Universidad Del Turabo</i>		2016T-04	-	156,890	156,890
			-	109,316	109,316
Total - CFDA 81.123			234,673	594,511	829,184

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Energy (Continued)					
Predictive Science Academic Alliance Program <i>Pass-Through from Stanford University</i>	81.124	60544212-107908	156,565 -	1,113,870 79,747	1,270,435 79,747
Total - CFDA 81.124			156,565	1,193,617	1,350,182
ARRA - Expand and Extend Clean Coal Power Initiative <i>Pass-Through from Petra Nova Parish Holdings, LLC</i>	81.131	UTA15-000294 4501616882 PH III	-	284,787	284,787
Advanced Research Projects Agency - Energy <i>Pass-Through from Aquanis, Inc.</i> <i>Pass-Through from Arizona State University</i> <i>Pass-Through from Battelle Pacific Northwest Division</i> <i>Pass-Through from Donald Danforth Plant Science Center</i> <i>Pass-Through from Fearless Fund</i> <i>Pass-Through from Physical Sciences, Inc.</i> <i>Pass-Through from Research Foundation for the State University of New York</i> <i>Pass-Through from University of Alabama</i> <i>Pass-Through from University of Cincinnati</i>	81.135	DEAR0001011 A 00000318 448775 22815-T 1726-1575 SC67187-1867 72540-DE-AR0000575 A18-0307-S002 L16-4500091415 UFDSP00012003; P0056459 082394-16696 082394-16156 USM-8006059-02 USM-8006060-02 DEAR0000667 SRS REF # M1703366 4000123096	1,202,569 - - - - - - - 20,405 - - - - - - - - - - -	2,073,578 123,049 11,468 82,317 5,092 22,535 (3,837) 8,651 32,676 4,636 246,549 5,010 (6) 44,593 42,928 139,570 88,970 (3,218)	3,276,147 123,049 11,468 82,317 5,092 22,535 (3,837) 8,651 53,081 4,636 246,549 5,010 (6) 44,593 42,928 139,570 88,970 (3,218)
Total - CFDA 81.135			1,222,974	2,924,561	4,147,535
Minority Economic Impact	81.137		-	199,185	199,185
Total - U.S. Department of Energy			11,877,534	78,692,246	90,569,780
U.S. Department of Education					
Adult Education - Basic Grants to States	84.002		-	501,681	501,681
Title I Grants to Local Educational Agencies	84.010		-	2,005	2,005
Migrant Education State Grant Program	84.011		-	81	81
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		-	3	3
National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program <i>Pass-Through from State of Louisiana, Department of Education</i>	84.015	2000302580	- 366,848	143,686 2,722,883	143,686 3,089,731
Total - CFDA 84.015			366,848	2,866,569	3,233,417
Overseas Programs - Doctoral Dissertation Research Abroad	84.022		-	34,109	34,109
Higher Education Institutional Aid <i>Pass-Through from Alamo Colleges</i> <i>Pass-Through from Alvin Community College</i> <i>Pass-Through from Amarillo College</i> <i>Pass-Through from Northwest Vista College</i>	84.031	P031S180160 P031C160219 P031C1602044 BONNER-P031S180160	135,169 - - -	4,357,551 2,999 49,999 49,999	4,492,720 2,999 49,999 49,999
Total - CFDA 84.031			135,169	4,518,828	4,653,997
Fund for the Improvement of Postsecondary Education	84.116		-	292,981	292,981
Minority Science and Engineering Improvement	84.120		51,543	645,359	696,902

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Education (Continued)					
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		-	2,080	2,080
Rehabilitation Long-Term Training	84.129		-	185,219	185,219
Graduate Assistance in Areas of National Need <i>Pass-Through from American Institutes for Research</i>	84.200	R305C120008	-	261,740	261,740
			-	59,496	59,496
Total - CFDA 84.200			-	321,236	321,236
Innovative Approaches to Literacy, Full-service Community Schools; and Promise Neighborhoods	84.215		1,456,539	1,423,592	2,880,131
TRIO McNair Post-Baccalaureate Achievement <i>Pass-Through from Grand Valley State University</i>	84.217	GVSU-17201005-01	-	960,642	960,642
			-	5,722	5,722
Total - CFDA 84.217			-	966,364	966,364
Centers for International Business Education	84.220		-	278,296	278,296
Twenty-First Century Community Learning Centers	84.287		-	339	339
Education Research, Development and Dissemination <i>Pass-Through from American Institutes for Research</i>	84.305	R305A150587	853,942	5,580,912	6,434,854
<i>Pass-Through from American Institutes for Research</i>		R305A160060	-	31,381	31,381
<i>Pass-Through from Harvard University</i>		108129-5112698	-	21,634	21,634
<i>Pass-Through from Lehigh University</i>		543985-78001	-	9,999	9,999
<i>Pass-Through from North Carolina State University</i>		2019-0751-01	-	5,981	5,981
<i>Pass-Through from Teachers College - Columbia University</i>		511135	-	39,461	39,461
<i>Pass-Through from University of Southern California</i>		89618656	-	1,174	1,174
<i>Pass-Through from University of Wisconsin - Madison</i>		795K631	-	29,598	29,598
<i>Pass-Through from Utah State University</i>		201035-434	-	24,105	24,105
			-	527,014	527,014
Total - CFDA 84.305			853,942	6,271,259	7,125,201
Research in Special Education <i>Pass-Through from University of California - Davis</i>	84.324	# 201500254-01	79,236	2,699,053	2,778,289
<i>Pass-Through from University of California - Riverside</i>		S-000854	-	(191)	(191)
<i>Pass-Through from University of Kansas Center for Research, Inc.</i>		BSA 19048	-	203,600	203,600
<i>Pass-Through from University of Oregon</i>		224740C 2	-	2,535	2,535
<i>Pass-Through from University of Oregon</i>		224770B	-	11,251	11,251
<i>Pass-Through from University of Virginia</i>		R324A180221	-	28,431	28,431
		UNIV60234 1 (ADD	-	195,899	195,899
<i>Pass-Through from Vanderbilt University</i>		FUNDS W/EXT)	-	263,673	263,673
<i>Pass-Through from Vanderbilt University</i>		UNIV60235	-	204,819	204,819
Total - CFDA 84.324			79,236	3,609,070	3,688,306
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities <i>Pass-Through from University of Florida</i>	84.325	UFDSP00010565 6	-	812,200	812,200
			-	62,177	62,177
Total - CFDA 84.325			-	874,377	874,377
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities <i>Pass-Through from University of Missouri - Columbia</i>	84.326	C00059710-2	280,312	4,815,696	5,096,008
<i>Pass-Through from University of Oregon</i>		281520D	-	85,213	85,213
<i>Pass-Through from University of Oregon</i>		282070F	-	15,397	15,397
			-	43,160	43,160
Total - CFDA 84.326			280,312	4,959,466	5,239,778
Special Education Educational Technology Media, and Materials for Individuals with Disabilities <i>Pass-Through from University of Oregon</i>	84.327	224790A	-	5,204	5,204

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Education (Continued)					
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		-	2,132,592	2,132,592
<i>Pass-Through from Region One Education Service Center</i>		REQUISITION #137368 - PO 12978	-	2,176	2,176
Total - CFDA 84.334			-	2,134,768	2,134,768
Teacher Quality Partnership Grants	84.336		-	128,961	128,961
Rural Education	84.358		-	66	66
English Language Acquisition State Grants	84.365		151,305	3,542,829	3,694,134
<i>Pass-Through from President and Board of Trustees of Santa Clara College</i>		EDU023-01	-	95,299	95,299
Total - CFDA 84.365			151,305	3,638,128	3,789,433
Mathematics and Science Partnerships	84.366		-	(13,429)	(13,429)
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367		-	(147,908)	(147,908)
<i>Pass-Through from National Institute for Excellence in Teaching</i>		U367D130024	-	6,500	6,500
<i>Pass-Through from National Institute for Excellence in Teaching</i>		U367D150013	-	1,456,799	1,456,799
<i>Pass-Through from National Writing Project</i>		03-TX12-SEED2016-ILI	-	1,661	1,661
Total - CFDA 84.367			-	1,317,052	1,317,052
Competitive Grants for State Assessments (formerly Grants for Enhanced Assessment Instruments)	84.368		-	4,052	4,052
School Improvement Grants	84.377		-	32,061	32,061
<i>Pass-Through from Premont Independent School District</i>		16-0601	-	32,061	32,061
Education Innovation and Research (formerly Investing in Innovation (i3) Fund)	84.411		316,801	2,053,229	2,370,030
<i>Pass-Through from Harmony Public Schools</i>		M1900975	-	66,047	66,047
Total - CFDA 84.411			316,801	2,119,276	2,436,077
Graduate Research Opportunities for Minority Students (Minorities and Retirement Security Program)	84.414		-	2,392	2,392
Race to the Top - District Grants	84.416		-	(4)	(4)
<i>Pass-Through from Western Kentucky University</i>		B416A130210	-	(4)	(4)
Supporting Effective Educator Development Program	84.423		426,340	5,706,620	6,132,960
Student Support and Academic Enrichment Program	84.424		-	58	58
Total - U.S. Department of Education			4,118,035	42,828,119	46,946,154
Consumer Product Safety Commission					
Gulf Coast Ecosystem Restoration Council Comprehensive Plan Component Program	87.051		-	151,046	151,046
Total - Consumer Product Safety Commission			-	151,046	151,046
United States Institute of Peace					
Priority Grant Competition	91.005		383	14,178	14,561
Total - United States Institute of Peace			383	14,178	14,561

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services					
U.S. Department of Health and Human Services	93.XXX	HHSF223201810169C 2 3 # 1205374	-	216,155	216,155
		HHSN2612010000291 01	-	(38,743)	(38,743)
		HHSN261201000032I	-	(529)	(529)
		HHSN261201000142C 04	-	(35,414)	(35,414)
		HHSN2612012000034I- TO10	-	75,074	75,074
		HHSN2612012000034I- TO11	89,590	178,385	267,975
		HHSN261201200034I- TO10	-	1,047,707	1,047,707
		HHSN261201200034I- TO12	-	285,172	285,172
		HHSN261201200034I- TO13	36,667	22,000	58,667
		HHSN261201200034I-TO8	368,951	197,167	566,118
		HHSN261201200034I-TO9	34,806	100,932	135,738
		HHSN261201400573P	-	(20,236)	(20,236)
		HHSN261201500018I	63,937	1,087,616	1,151,553
		HHSN261201500018I-TO4	-	94,493	94,493
		HHSN263201200075I	-	(376,395)	(376,395)
		HHSN263201600013I	-	180,352	180,352
		HHSN268200682279C	-	(393)	(393)
		HHSN268200900039C	-	(39,993)	(39,993)
		HHSN271201600057C	-	297,289	297,289
		HHSN271201800031C	-	749,777	749,777
		HHSN272201000038I	-	(22,953)	(22,953)
		HHSN272201000040I	-	2,284	2,284
		HHSN272201100018I	17,001	413,139	430,140
		HHSN272201700039I	100,373	718,620	818,993
		HHSN272201700040I	-	2,620,796	2,620,796
		HHSN276201500690P	-	263	263
		HHSN276201800171P	-	59,714	59,714
		N01 CM-2011-00039 01	-	(80,652)	(80,652)
		N01DA-13-8908	-	107,850	107,850
		PO-PH-18322160-1	-	24,955	24,955
		UNIV MISSOURI	-	17,977	17,977
		W81XWH18C0156	-	352,578	352,578
		W81XWH1810405	-	214,204	214,204
		1R21A113890-01	15,400	160,763	176,163
		15DDHQ18P00000598	-	85,030	85,030
		15DDHQ18P00000735	-	53,903	53,903
		15DDHQ19F00001152	-	7,622	7,622
		15DDHQ19F00001173	-	4,733	4,733
		164134/164132	-	13,466	13,466
		200-2009-32594	-	10,682	10,682
		200-2009-32594 OPTION 8	-	228,296	228,296
		200-2011-41271	-	47,032	47,032
		200-2011-41271/0001	-	337,206	337,206
		2018-01	-	6,502	6,502
		3000992218	-	207,276	207,276
		7R01GM085575-07	-	299,833	299,833
		75D30118C02911	-	149,438	149,438
		75NP1019D00021	-	6,101	6,101
<i>Pass-Through from Alaska Native Tribal Health Consortium</i>		ANTHC-18-U-149088	-	5,029	5,029
<i>Pass-Through from American College of Radiology</i>		RTOG-0825 01	-	(36,727)	(36,727)
<i>Pass-Through from Arkival Technology Corporation</i>		HHSN26120120058C	-	(825)	(825)
<i>Pass-Through from Atox Bio, Ltd.</i>		HHSO1002014000013C	-	1,300	1,300
<i>Pass-Through from Battelle Memorial Institute</i>		HHSN272201200003	-	37,006	37,006
<i>Pass-Through from Battelle Memorial Institute</i>		HHSN272201200003I	-	466,627	466,627
<i>Pass-Through from Baylor College of Medicine</i>		HHSA29020010015C 02	-	(65,027)	(65,027)
		HHSN 272201300015I	-		
<i>Pass-Through from Baylor College of Medicine</i>		/7000000552	-	46,856	46,856
<i>Pass-Through from Baylor College of Medicine</i>		HHSN26200800001E	-	(211)	(211)
<i>Pass-Through from Baylor College of Medicine</i>		HHSN272201300015I	-	167,268	167,268
<i>Pass-Through from Baylor College of Medicine</i>		201702390	-	73,028	73,028
<i>Pass-Through from Baylor College of Medicine</i>		7000000607	-	187,954	187,954

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from Board of Regents of the University of Wisconsin System</i>		630K103	-	61,301	61,301
<i>Pass-Through from Boston Medical Center</i>		BMC ID 6796	-	82,882	82,882
<i>Pass-Through from Center for Public Service Communications</i>		2017-36	-	2,501	2,501
<i>Pass-Through from Centers for Disease Control and Prevention</i>		75D30118C02646	-	112,341	112,341
<i>Pass-Through from Charles River Laboratories, Inc</i>		HHSN272200800056C	-	356,394	356,394
<i>Pass-Through from Charles River Laboratories, Inc</i>		HHSO100201500008C	-	610,718	610,718
<i>Pass-Through from Cytori Therapeutics, Inc</i>		HHSO100201200008C	-	1,150	1,150
<i>Pass-Through from CFD Research Corporation</i>		W81XWH17C0018	-	2,991	2,991
<i>Pass-Through from Duke Clinical Research Institute</i>		HHSN-275201000003I	-	155	155
<i>Pass-Through from Duke University</i>		HHSN275201000003I	-	5,122	5,122
<i>Pass-Through from Duke University</i>		HHSN275201000003I/ SITE UTH99	-	455	455
<i>Pass-Through from Duke University</i>		W81XWH16C0219	-	10,256	10,256
<i>Pass-Through from Duke University Medical Center</i>		HHSN272200900023C	-	35,401	35,401
<i>Pass-Through from Duke University Medical Center</i>		N01-AI-05419 04	-	(3,854)	(3,854)
<i>Pass-Through from Eastern Virginia Medical School</i>		HHSN273201600003I	-	19,168	19,168
<i>Pass-Through from Emory University</i>		A032048	-	49,682	49,682
<i>Pass-Through from EnLiSense, LLC</i>		HHSO100201800026C	-	56,337	56,337
<i>Pass-Through from EvoRx Technologies, Inc.</i>		HHSN261201300065	-	(9,478)	(9,478)
<i>Pass-Through from EvoRx Technologies, Inc.</i>		HHSN2612015000072C	-	(237)	(237)
<i>Pass-Through from EMMES Corporation</i>		HHSN263201700001C	-	10	10
<i>Pass-Through from EMMES Corporation</i>		11/02/2012	-	2	2
<i>Pass-Through from Foundation for Advancing Veterans' Health Research</i>		ZULUAGACDC/A- HIBNER/17FE	-	16,229	16,229
<i>Pass-Through from Fred Hutchinson Cancer Research Center</i>		HHSN272201600015C	-	6,517	6,517
<i>Pass-Through from Hispanic Association of Colleges and Universities</i>		13127225	-	(9,412)	(9,412)
<i>Pass-Through from Intelligent Automation, Inc.</i>		2396-	-	(9,412)	(9,412)
<i>Pass-Through from International Epidemiology Institute</i>		4/HHSN261201800038C/ 5 R01 CA104666 04	-	48,529	48,529
<i>Pass-Through from ICF Macro, Inc.</i>		HHSN261201400002B	-	(10,520)	(10,520)
<i>Pass-Through from J. Craig Venter Institute</i>		17GZSK0119	-	122,243	122,243
<i>Pass-Through from Janssen Pharmaceutica NV</i>		HHSN272201400028C	-	16,967	16,967
<i>Pass-Through from Janssen Pharmaceutica NV</i>		HHSN272200800056C	-	195,508	195,508
<i>Pass-Through from Kansas State University</i>		HHSO1002OI500014C S13027	-	3,152	3,152
<i>Pass-Through from Leidos Biomedical Research, Inc.</i>		-	-	(1,565)	(1,565)
<i>Pass-Through from Leidos Biomedical Research, Inc.</i>		HHSN261200800001E	-	185,037	185,037
<i>Pass-Through from Leidos Biomedical Research, Inc.</i>		HHSN261201500003I	-	646,350	646,350
<i>Pass-Through from Leidos Biomedical Research, Inc.</i>		HHSN261201500003I	-	3,312,899	3,312,899
<i>Pass-Through from Leidos Biomedical Research, Inc.</i>		14X082ST1	-	27,529	27,529
<i>Pass-Through from Leidos Biomedical Research, Inc.</i>		14X082T2	-	9,247	9,247
<i>Pass-Through from Leidos, Inc.</i>		15X219	-	182,512	182,512
<i>Pass-Through from Massachusetts General Hospital</i>		HHSN2612007440C 05	-	(237)	(237)
<i>Pass-Through from Mayo Clinic</i>		HHSN261201200042I	-	14,269	14,269
<i>Pass-Through from Memorial Sloan Kettering Cancer Center</i>		HHSN26120080043C 03	-	(22,425)	(22,425)
<i>Pass-Through from Memorial Sloan Kettering Cancer Center</i>		01	-	(784)	(784)
<i>Pass-Through from Mimetas US, Inc</i>		HHSN261201700015C	-	595	595
<i>Pass-Through from Moi University College of Health Sciences</i>		UTA18-000749 YEAR 2	-	6,663	6,663
<i>Pass-Through from National Rural Health Association</i>		1BBSK0052	-	100,888	100,888
<i>Pass-Through from New England Research Institutes</i>		HHSN268201200001I	-	665	665
<i>Pass-Through from New York University</i>		INTERIM FUNDED	-	9,483	9,483
<i>Pass-Through from North American Association of Central Cancer Registries</i>		2014-07-01	-	55,122	55,122
<i>Pass-Through from North American Association of Central Cancer Registries</i>		2018-09-01	-	96,690	96,690
<i>Pass-Through from Northwestern University</i>		HHSN272201200026C	-	(21,188)	(21,188)
<i>Pass-Through from Omega Optics, Inc.</i>		HHSN261201200043C	-	69	69
<i>Pass-Through from Oregon Health and Science University</i>		W911NF-14-C-0119	-	21,327	21,327
<i>Pass-Through from Physical Sciences, Inc.</i>		HHSN261201600030C	-	10,315	10,315
<i>Pass-Through from Radix BioSolutions, Ltd.</i>		HHSN272201500031C	-	(9,203)	(9,203)
<i>Pass-Through from RTI International</i>		HHSP2332009565	-	(9,935)	(9,935)
<i>Pass-Through from Salzman Group</i>		HHSO100201600016C	-	257,623	257,623
<i>Pass-Through from Social & Scientific Systems, Inc.</i>		HHSN261201400010I	-	(14)	(14)
<i>Pass-Through from Social & Scientific Systems, Inc.</i>		HHSN61201400010I	-	118,566	118,566
<i>Pass-Through from Southwest Oncology Group</i>		S1207	-	752	752
<i>Pass-Through from Southwest Research Institute</i>		HHSN272201500015C	-	11,378	11,378
<i>Pass-Through from Syneos Health, LLC</i>		HHSO100201700014C	-	2,400	2,400

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from SAIC - Frederick, Inc.</i>		13XS034-T02	-	(1,859)	(1,859)
<i>Pass-Through from SAIC - Frederick, Inc.</i>		13XS071	-	(53,672)	(53,672)
<i>Pass-Through from SAIC - Frederick, Inc.</i>		28XS099 01	-	(40,822)	(40,822)
<i>Pass-Through from SRA International, Inc</i>		SRAS002433-1	-	45,001	45,001
<i>Pass-Through from Tetrphase Pharmaceuticals, Inc.</i>		2018-01	-	23,552	23,552
<i>Pass-Through from Texas Council on Family Violence</i>		UTA19-000156	-	14,993	14,993
<i>Pass-Through from Theranova LLC</i>		W81XWH1710554	-	165,987	165,987
<i>Pass-Through from TMF Health Quality Institute</i>		UTA16-000965 # 3	-	10,097	10,097
<i>Pass-Through from University of Alabama - Birmingham</i>		000517420-001	-	464	464
<i>Pass-Through from University of California - San Diego</i>		95315788	-	85,024	85,024
<i>Pass-Through from University of Colorado</i>		R01AI141479 FY17 523	-	55,797	55,797
<i>Pass-Through from University of Colorado - Denver</i>		001/HHSP23320150	-	2,027	2,027
<i>Pass-Through from University of Michigan</i>		HHSN268201800002I	-	60,095	60,095
<i>Pass-Through from University of Minnesota</i>		P005296401 FY2016-063	-	32,779	32,779
<i>Pass-Through from University of Nevada - Reno</i>		HDTRA118C0062	-	212,954	212,954
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		HHSN268201700001I	-	259,833	259,833
<i>Pass-Through from University of Oklahoma Health Sciences Center</i>		5 N01 CN-53300 02	-	(6,970)	(6,970)
<i>Pass-Through from University of Pittsburgh</i>		LITES 002	-	15,704	15,704
<i>Pass-Through from University of South Florida</i>		0000018677	-	565	565
<i>Pass-Through from Utah State University</i>		HHSN272201100019I	-	107,039	107,039
<i>Pass-Through from Veterans Affairs Medical Center of Washington DC</i>		15FED1511233-0002-0001	-	265,361	265,361
Total - CFDA 93.XXX			726,725	18,990,839	19,717,564
Cooperative Agreements to Improve the Health Status of Minority Populations	93.004				
<i>Pass-Through from National Institutes of Health</i>		1R21DA041250-01A1	14,530	90,482	105,012
Training in General, Pediatric, and Public Health Dentistry	93.059		-	924,037	924,037
Innovations in Applied Public Health Research	93.061		7,783	(3,200)	4,583
<i>Pass-Through from Instadiagnostics, Inc</i>		UTSWMC001	-	3,200	3,200
Total - CFDA 93.061			7,783	-	7,783
Laboratory Training, Evaluation, and Quality Assurance Programs	93.064		-	11,165	11,165
Chronic Diseases: Research, Control, and Prevention	93.068				
<i>Pass-Through from American College of Rheumatology</i>		ACR 2019	2,896	(263)	2,633
Public Health Emergency Preparedness	93.069				
<i>Pass-Through from Leidos, Inc.</i>		P010217740	-	234,554	234,554
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073		-	77,534	77,534
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		-	233,504	233,504
Family Smoking Prevention and Tobacco Control Act Regulatory Research	93.077		127,262	2,109,510	2,236,772
<i>Pass-Through from Regents of the University of Minnesota</i>		5U54DA031659-06	-	(676)	(676)
<i>Pass-Through from University of Minnesota</i>		5 U54 DA031659 05	-	(10,928)	(10,928)
<i>Pass-Through from University of Pittsburgh</i>		3U54DA031659-03	-	(16)	(16)
Total - CFDA 93.077			127,262	2,097,890	2,225,152
Blood Disorder Program: Prevention, Surveillance, and Research	93.080		301,187	18,473	319,660
Prevention of Disease, Disability, and Death by Infectious Diseases	93.084		388,370	1,604,681	1,993,051
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086		95,023	862,355	957,378
<i>Pass-Through from Rutgers University</i>		6096	-	125,531	125,531
Total - CFDA 93.086			95,023	987,886	1,082,909

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
Advancing System Improvements for Key Issues in Women's Health	93.088		-	214,342	214,342
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092		157,645	97,006	254,651
Affordable Care Act (ACA) Health Profession Opportunity Grants <i>Pass-Through from Community Action Project of Tulsa County, Inc.</i>	93.093	UTA16-000027	-	49,149	49,149
Food and Drug Administration Research	93.103		-	1,514,699	1,514,699
<i>Pass-Through from Baylor College of Medicine</i>		53914-1	-	355,102	355,102
<i>Pass-Through from Colorado State University</i>		G-01479-1	-	46,747	46,747
<i>Pass-Through from CorInnova, Inc.</i>		M1802566-7	-	1,917	1,917
<i>Pass-Through from National Institute for Pharmaceutical Technology and Education (NIPTE)</i>		NIPTE-U01-TAMU-2018-002	-	25,689	25,689
<i>Pass-Through from National Institute for Pharmaceutical Technology and Education (NIPTE)</i>		NIPTE-U01-TAMU-2020-001	-	52,651	52,651
<i>Pass-Through from National Institute for Pharmaceutical Technology and Education (NIPTE)</i>		NIPTE-U01-TAMU-2020-002	-	21,043	21,043
<i>Pass-Through from National Institute for Pharmaceutical Technology and Education (NIPTE)</i>		PTE-U01-UT-2018-001	-	34,888	34,888
<i>Pass-Through from Oregon Health and Science University</i>		23-7083114	-	37,095	37,095
<i>Pass-Through from Yale University</i>		GR103119	-	46,822	46,822
Total - CFDA 93.103			-	2,136,653	2,136,653
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) <i>Pass-Through from Heart of Texas Region MHMR</i>	93.104	UTA16-001001	-	112,705	112,705
Maternal and Child Health Federal Consolidated Programs	93.110		36,978	684,778	721,756
<i>Pass-Through from Boston University</i>		4500002668	59,950	9,500	69,450
<i>Pass-Through from Boston University</i>		4500002768	-	73,321	73,321
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5111592	-	47,207	47,207
Total - CFDA 93.110			96,928	814,806	911,734
Environmental Health	93.113		425,164	7,960,130	8,385,294
<i>Pass-Through from Baylor College of Medicine</i>		PO 7000000558	-	14,629	14,629
<i>Pass-Through from Baylor College of Medicine</i>		1P30ES030285-01	-	17,510	17,510
<i>Pass-Through from Baylor College of Medicine</i>		1P30ES03028501	-	4,383	4,383
<i>Pass-Through from Baylor College of Medicine</i>		5R21ES029616-02	-	75,870	75,870
<i>Pass-Through from Baylor College of Medicine</i>		7000000759	-	53,531	53,531
<i>Pass-Through from Columbia University</i>		142883	-	2,980	2,980
<i>Pass-Through from George Washington University</i>		18-M68	-	69,117	69,117
<i>Pass-Through from Icahn School of Medicine - Mount Sinai</i>		5R01ES02145205	-	23,335	23,335
<i>Pass-Through from Johns Hopkins University</i>		2003903146	-	28,079	28,079
<i>Pass-Through from Michigan State University</i>		5 R01 ES017777 03	-	(1,038)	(1,038)
<i>Pass-Through from National Institutes of Health</i>		1R15ES026795-01A1	-	171,097	171,097
<i>Pass-Through from Salzman Group</i>		5U01ES02409702	-	22,231	22,231
<i>Pass-Through from University of Colorado</i>		84-6000555	-	83,623	83,623
<i>Pass-Through from University of Iowa</i>		S00430-01/R01ES029035-01A	-	47,571	47,571
<i>Pass-Through from University of New Mexico</i>		3RT23	-	152,517	152,517
<i>Pass-Through from University of New Mexico Health Science Center</i>		3RBB7	-	47,129	47,129
<i>Pass-Through from University of Puerto Rico - Rio Piedras</i>		UTA18-000379	-	104,155	104,155
<i>Pass-Through from University of Rochester</i>		ES023706	-	16,124	16,124
<i>Pass-Through from West Virginia University Research</i>		19-408-TTU	-	18,221	18,221
<i>Pass-Through from Winthrop University</i>		5R01ES02311604	-	22,234	22,234
<i>Pass-Through from Yale University</i>		GR104987	-	19,673	19,673
Total - CFDA 93.113			425,164	8,953,101	9,378,265
Oral Diseases and Disorders Research	93.121		1,486,835	14,803,680	16,290,515
<i>Pass-Through from Baylor College of Medicine</i>		5R01DE024179-05	-	50,331	50,331
<i>Pass-Through from Board of Trustees of the University of Alabama at Birmingham</i>		5U19DE022516-07	-	95,233	95,233
<i>Pass-Through from Kitware, Inc.</i>		K002197-00-	-	20,677	20,677
<i>Pass-Through from Loma Linda University</i>		S02/R43DE02757	-	38,296	38,296
<i>Pass-Through from Massachusetts Institute of Technology</i>		5R01DE02585204	-	288,824	288,824
		5R01DE024747	-	288,824	288,824

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from Methodist Hospital Research Institute</i>		5R01DE021863-05	-	36,522	36,522
<i>Pass-Through from The Charlotte-Mecklenburg Hospital Authority dba Carolinas HealthCare</i>		5U01DE022939-07	-	8,425	8,425
<i>Pass-Through from Trustees of Dartmouth College</i>		5 R01 DE022772 04	-	(7,994)	(7,994)
<i>Pass-Through from University of Alabama - Birmingham</i>		000412838-005/1U19DE000521323-	-	483,370	483,370
<i>Pass-Through from University of Alabama - Birmingham</i>		001/1U19DE02871	-	56,424	56,424
<i>Pass-Through from University of California - San Francisco</i>		5U24DE026914-03	-	53,193	53,193
<i>Pass-Through from University of Illinois</i>		17042	-	5,060	5,060
<i>Pass-Through from University of New Mexico</i>		3R01DE023222-03S1	-	(1,515)	(1,515)
<i>Pass-Through from University of Utah</i>		5R01DE023414-05	-	61,637	61,637
<i>Pass-Through from William Marsh Rice University</i>		2R01DE021798-06A1	-	72,401	72,401
Total - CFDA 93.121			1,486,835	16,064,564	17,551,399
Emergency Medical Services for Children	93.127				
<i>Pass-Through from Baylor College of Medicine</i>		1H34MC193470100	(902)	-	(902)
<i>Pass-Through from Medical College of Wisconsin</i>		5H34MC26201-06-00	-	14,164	14,164
Total - CFDA 93.127			(902)	14,164	13,262
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135		133,273	332,947	466,220
<i>Pass-Through from Oregon Health Sciences University</i>		5U48DP005006-05	-	127,615	127,615
<i>Pass-Through from University of Arizona</i>		5U48DP005002-05-00238879	-	66,525	66,525
Total - CFDA 93.135			133,273	527,087	660,360
Injury Prevention and Control Research and State and Community Based Programs	93.136		-	100,492	100,492
<i>Pass-Through from City of Houston</i>		NH28CE0023950100	-	66,539	66,539
<i>Pass-Through from City of Houston Health and Human Services</i>		NH28CE002395-01-00	-	61,848	61,848
<i>Pass-Through from University of Florida</i>		UFBSP0001197710037451-01 /	-	37,250	37,250
<i>Pass-Through from University of Utah</i>		5U01CE022188-05	-	22,273	22,273
Total - CFDA 93.136			-	288,402	288,402
Community Programs to Improve Minority Health Grant Program	93.137		-	382,466	382,466
NIEHS Hazardous Waste Worker Health and Safety Training	93.142		309,619	365,497	675,116
<i>Pass-Through from Indiana University</i>		3UH4ES027055-03S1	-	17,852	17,852
<i>Pass-Through from Indiana University</i>		5UH4ES027055-03	-	115,757	115,757
Total - CFDA 93.142			309,619	499,106	808,725
NIEHS Superfund Hazardous Substances_Basic Research and Education	93.143		558,170	1,610,415	2,168,585
HIV-Related Training and Technical Assistance	93.145		-	8,398	8,398
<i>Pass-Through from Parkland Health and Hospital Systems</i>		75-6004221	-	8,398	8,398
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		-	1,150,372	1,150,372
Rural Health Research Centers	93.155		-	749,836	749,836
Health Program for Toxic Substances and Disease Registry	93.161		-	6,715	6,715
Human Genome Research	93.172		105,863	230,948	336,811
<i>Pass-Through from Baylor College of Medicine</i>		5R01HG008972-03	-	112,543	112,543
<i>Pass-Through from Baylor College of Medicine</i>		5UM1HG008898-04	-	700,359	700,359
<i>Pass-Through from Baylor College of Medicine</i>		5U01HG008664-04	-	24,254	24,254
<i>Pass-Through from Baylor College of Medicine</i>		7000000598/U01HG00648	-	-	-
<i>Pass-Through from Baylor College of Medicine</i>		5-05	-	85,463	85,463
<i>Pass-Through from Brigham and Women's Hospital</i>		4U41HG007497-04	-	35,128	35,128
<i>Pass-Through from Duke University</i>		A03-0656	-	23,221	23,221

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from Johns Hopkins University</i>		2003295636	-	591,579	591,579
		5UM1HG006542-08 /			
<i>Pass-Through from Johns Hopkins University</i>		2002858055	-	195,387	195,387
<i>Pass-Through from Leland Stanford Junior University</i>		2R01HG005855-07A1	-	132,635	132,635
<i>Pass-Through from Rutgers University</i>		1R01HG010297-01A1	-	1,279	1,279
		1R56HG010297-01 /			
<i>Pass-Through from Rutgers University</i>		AWRD 0744	-	21,409	21,409
<i>Pass-Through from University of South Florida</i>		7R01HG009524-04	-	68,772	68,772
<i>Pass-Through from University of Southern California</i>		159433/R01HG006015	-	71,013	71,013
<i>Pass-Through from Vanderbilt University Medical Center</i>		5R01HG00684407	-	84,696	84,696
Total - CFDA 93.172			105,863	2,378,686	2,484,549
Research Related to Deafness and Communication Disorders	93.173		848,155	7,083,425	7,931,580
<i>Pass-Through from Baylor College of Medicine</i>		5R01DC014976-03	-	10,224	10,224
<i>Pass-Through from Boston University</i>		4500002779	-	185,767	185,767
<i>Pass-Through from Duke University</i>		4R33DC01500302	-	4,049	4,049
<i>Pass-Through from Duke University Medical Center</i>		4R33DC00863202	(5,823)	-	(5,823)
<i>Pass-Through from MGH Institute of Health Professions</i>		1R01DC01354701	-	77,842	77,842
<i>Pass-Through from Northwestern University</i>		R33DC013115	-	12,625	12,625
<i>Pass-Through from Pennsylvania State University</i>		5R01DC016307-03	-	71,415	71,415
<i>Pass-Through from University of Colorado - Denver</i>		5R01DC01500405	-	73,443	73,443
<i>Pass-Through from University of Pittsburgh</i>		0062450 (132273-1)	-	43,046	43,046
<i>Pass-Through from University of Southern California</i>		2R01DC00479711A1	-	(355)	(355)
<i>Pass-Through from University of Southern California</i>		5R01DC00479713	-	4,101	4,101
<i>Pass-Through from University of Southern California</i>		93483320	-	52,187	52,187
<i>Pass-Through from University of Utah</i>		10041913-002	5,540	-	5,540
<i>Pass-Through from University of Wisconsin</i>		867K285	-	22,323	22,323
<i>Pass-Through from University of Wisconsin</i>		867K285 1	-	9,647	9,647
<i>Pass-Through from Vanderbilt University</i>		UNIV59731	-	548,109	548,109
Total - CFDA 93.173			847,872	8,197,848	9,045,720
Telehealth Programs	93.211		-	711,214	711,214
Research and Training in Complementary and Integrative Health	93.213		169,916	2,048,975	2,218,891
<i>Pass-Through from Mount Sinai School of Medicine</i>		0254-3814-4609	-	177,483	177,483
<i>Pass-Through from New York University School of Medicine</i>		1UG3AT009844-01	-	7,618	7,618
<i>Pass-Through from University of California - San Diego</i>		5 R01 CA069375 10	-	2,104	2,104
		A18-0910-S002-A02-			
<i>Pass-Through from University of California - Santa Cruz</i>		P067434	22,844	-	22,844
<i>Pass-Through from University of California - Santa Cruz</i>		A18-0910-S002-P0674343	266,864	-	266,864
<i>Pass-Through from University of Colorado</i>		1R01AT009366-01	-	876	876
Total - CFDA 93.213			459,624	2,237,056	2,696,680
Development and Coordination of Rural Health Services	93.223		-	698,640	698,640
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224		-	1,267	1,267
<i>Pass-Through from East Texas Community Health Services, Inc.</i>		206521	-	1,267	1,267
Research on Healthcare Costs, Quality and Outcomes	93.226		352,219	2,748,022	3,100,241
<i>Pass-Through from Emory University</i>		A049584	-	4,842	4,842
<i>Pass-Through from Johns Hopkins University</i>		2003901515	-	36,990	36,990
<i>Pass-Through from Northwestern University</i>		4 R01 HS020263 05	-	(1)	(1)
		5R01HS023940-			
<i>Pass-Through from Oregon Health Sciences University</i>		04REVISED	-	213,747	213,747
		00008856 5R01HS022098-			
<i>Pass-Through from University of California - Berkeley</i>		02 PO BB00597065	-	16,301	16,301
<i>Pass-Through from University of California - San Francisco</i>		U18HS026135	-	71,515	71,515
<i>Pass-Through from University of Chicago</i>		FP049252-C	-	(1,966)	(1,966)
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5105485	-	24,566	24,566
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5110014	-	3,035	3,035
<i>Pass-Through from University of Pittsburgh</i>		5R25HS02318505	-	29,365	29,365
<i>Pass-Through from University of Wisconsin - Madison</i>		847K593	-	10,513	10,513
Total - CFDA 93.226			352,219	3,156,929	3,509,148

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
National Center on Sleep Disorders Research <i>Pass-Through from Brigham and Women's Hospital</i>	93.233	5R24HL114473-05	-	1,333,355	1,333,355
			-	11,226	11,226
Total - CFDA 93.233			-	1,344,581	1,344,581
Grants to States to Support Oral Health Workforce Activities	93.236		-	303,154	303,154
Policy Research and Evaluation Grants	93.239		-	37,319	37,319
Mental Health Research Grants	93.242		3,773,944	21,974,603	25,748,547
<i>Pass-Through from Baylor College of Medicine</i>		1R01MH115793-01A1	-	19,918	19,918
<i>Pass-Through from Baylor College of Medicine</i>		5R01MH11579302	-	20,308	20,308
<i>Pass-Through from Baylor College of Medicine</i>		5R21MH115756-02	-	8,101	8,101
<i>Pass-Through from Boston Children's Hospital</i>		GENFD0001627056	-	174,553	174,553
<i>Pass-Through from Brown University</i>		5R01MH110449-03	-	3,445	3,445
<i>Pass-Through from Centre for Addiction and Mental Health</i>		17-248	-	621,835	621,835
<i>Pass-Through from Child Mind Institute INC</i>		1R24MH114806	-	138,613	138,613
<i>Pass-Through from Children's Hospital of Philadelphia</i>		7R01MH061622	-	79,560	79,560
<i>Pass-Through from Cold Spring Harbor Laboratory</i>		R1R01MH10261601	-	67,311	67,311
<i>Pass-Through from Cold Spring Harbor Laboratory</i>		1R01MH10966501	-	41,915	41,915
<i>Pass-Through from Columbia University</i>		2(GG09422)	20,486	-	20,486
<i>Pass-Through from Florida International University</i>		800008502-01UG	-	111,382	111,382
<i>Pass-Through from Georgia Institute of Technology</i>		RF655-G2	-	2,590	2,590
<i>Pass-Through from Icahn School of Medicine - Mount Sinai</i>		0254-3169-4609	-	446	446
<i>Pass-Through from Icahn School of Medicine - Mount Sinai</i>		0255-B061-4609	-	15,400	15,400
<i>Pass-Through from Icahn School of Medicine - Mount Sinai</i>		5P50MH096890-07	80,552	-	80,552
<i>Pass-Through from Johns Hopkins University</i>		R01MH084021	-	157,517	157,517
<i>Pass-Through from Mayo Clinic</i>		5R01MH113700-02	18,014	-	18,014
<i>Pass-Through from MicroBrightField, Inc.</i>		R44MH105091	-	218	218
<i>Pass-Through from Oregon Research Institute</i>		R01MH097720	-	36,571	36,571
<i>Pass-Through from Oregon Research Institute</i>		UTA17-001342	-	75,714	75,714
<i>Pass-Through from Oregon Research Institute</i>		UTA18-000214	-	104,760	104,760
<i>Pass-Through from Palo Alto Veterans Institute for Research</i>		WIS0001-04/R01MH1065	-	77,852	77,852
<i>Pass-Through from Qualia, Inc.</i>		1R43MH11818001A1	-	34,355	34,355
<i>Pass-Through from Regents of the University of California - UCLA</i>		5R25MH087222-08	-	13,566	13,566
<i>Pass-Through from Research Foundation for the State University of New York</i>		2-84310	-	90,812	90,812
<i>Pass-Through from Spikegadgets, LLC</i>		UTA 001	-	109,454	109,454
<i>Pass-Through from Texas Biomedical Research Institute</i>		PO 53694/R21MH114154	-	15,187	15,187
<i>Pass-Through from University of California - Berkeley</i>		00009732;PO	-	11,384	11,384
<i>Pass-Through from University of California - Irvine</i>		5R21MH11317702	-	65,265	65,265
<i>Pass-Through from University of California - Riverside</i>		S-000980/R01MH105330	-	84,952	84,952
<i>Pass-Through from University of California - San Diego</i>		1R01MH11690201A1	-	55,213	55,213
<i>Pass-Through from University of California - San Diego</i>		5R01MH10734505	-	123,763	123,763
<i>Pass-Through from University of California - San Diego</i>		57306453	-	155,165	155,165
<i>Pass-Through from University of California - San Francisco</i>		7495C 1R01MH0966902	(99)	-	(99)
<i>Pass-Through from University of Iowa</i>		1R01MH104363-01	-	92,833	92,833
<i>Pass-Through from University of Iowa</i>		1R01MH104389401A1	-	93,853	93,853
<i>Pass-Through from University of Leuven</i>		R305D150007-16-03-01	-	19,215	19,215
<i>Pass-Through from University of Michigan</i>		K00009300	-	61,933	61,933
		K00011277 PO			
<i>Pass-Through from University of Michigan</i>		3005493157	-	38,181	38,181
<i>Pass-Through from University of New Mexico Board of Regents</i>		3RBH4	7,417	-	7,417
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5U01MH110925-03	324	19,397	19,721
<i>Pass-Through from University of Pennsylvania</i>		5R01MH10413405	-	21,097	21,097
<i>Pass-Through from University of Pennsylvania</i>		5R01MH11138904	-	41,334	41,334
<i>Pass-Through from University of South Florida</i>		6118-10	-	24,497	24,497
<i>Pass-Through from University of Toledo</i>		F-2019-50	-	122,960	122,960
<i>Pass-Through from University of Utah</i>		10048074/R01MH117600	-	64,960	64,960
<i>Pass-Through from University of Washington</i>		UWSC10233; BPO#	-	11,654	11,654
<i>Pass-Through from University of Washington</i>		UWSC8619	-	2,277	2,277
<i>Pass-Through from University of Washington</i>		5UH3MH10633805	-	7,394	7,394
		FP00006385-			
<i>Pass-Through from Virginia Commonwealth University</i>		SA001/R01MH112	-	25,366	25,366
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		7 R01 MH087692-03	-	(1,367)	(1,367)
<i>Pass-Through from Yale University</i>		M16A12403 (A10187)	-	34,088	34,088
<i>Pass-Through from Yale University</i>		M17A12697 (CON-80000)	-	58,958	58,958
Total - CFDA 93.242			3,900,638	25,230,358	29,130,996

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		705,262	1,861,936	2,567,198
<i>Pass-Through from Center for Health Care Services</i>		UTA19-000502	-	17,774	17,774
<i>Pass-Through from City of Houston Health and Human Services</i>		PRE-AWARD	-	71,697	71,697
<i>Pass-Through from Dallas County - Criminal Justice Department</i>		1H79TI026072-01	-	11,804	11,804
<i>Pass-Through from Dallas County - Criminal Justice Department</i>		1H79TI081038-01	-	26,004	26,004
Total - CFDA 93.243			705,262	1,989,215	2,694,477
Advanced Nursing Education Workforce Grant Program	93.247		-	415,733	415,733
Scaling the National Diabetes Prevention Program to Priority Populations	93.261		-	36,253	36,253
<i>Pass-Through from American Association of Diabetes Educators</i>		17NU58DP006361-01-00	-	36,253	36,253
Occupational Safety and Health Program	93.262		65,697	2,369,196	2,434,893
<i>Pass-Through from Baylor College of Medicine</i>		1R01OH011680-01-00	-	97,820	97,820
<i>Pass-Through from Colorado State University</i>		G-02378-01	-	30,938	30,938
<i>Pass-Through from Colorado State University</i>		5U54OH008085-15	-	229,093	229,093
<i>Pass-Through from Southeastern Louisiana University</i>		OSR-02-2017-0108-Y2	-	10,963	10,963
<i>Pass-Through from Stony Brook University</i>		81615	-	19,188	19,188
Total - CFDA 93.262			65,697	2,757,198	2,822,895
Alcohol Research Programs	93.273		569,006	15,116,983	15,685,989
<i>Pass-Through from Arizona State University</i>		14-370	-	52,134	52,134
		4500003096/R21AA02692	-	-	-
<i>Pass-Through from Boston University</i>		2-01	-	7,475	7,475
<i>Pass-Through from Cleveland Clinic Foundation</i>		4U01AA021893	(2,728)	-	(2,728)
<i>Pass-Through from Johns Hopkins University</i>		2004025413	-	24,940	24,940
<i>Pass-Through from Louisiana State University Health Sciences Center - New Orleans</i>		1R21AA026022-01A1	-	18,006	18,006
<i>Pass-Through from National Institutes of Health</i>		1F31AA027142-01	-	26,973	26,973
<i>Pass-Through from National Institutes of Health</i>		1R15AA026079-01	-	118,752	118,752
<i>Pass-Through from South Plains Biotechnology</i>		R41AA027447	-	54,330	54,330
<i>Pass-Through from Stanford University</i>		6038314-52262-A	-	3,083	3,083
<i>Pass-Through from State University of New York at Buffalo</i>		R1035922	-	38,294	38,294
<i>Pass-Through from Syracuse University</i>		28397-04395-S01	-	17,668	17,668
<i>Pass-Through from University of Arkansas for Medical Sciences</i>		51861/5R01AA012207-16	-	2,837	2,837
<i>Pass-Through from University of California - San Diego</i>		92448749	-	37,369	37,369
		3200001206-19-104; PO	-	-	-
<i>Pass-Through from University of Kentucky</i>		7800004811	-	16,779	16,779
<i>Pass-Through from University of Miami</i>		SPC-000912	-	62,473	62,473
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5110447	-	118,940	118,940
<i>Pass-Through from University of Virginia</i>		5 R01 AA019720 05	-	(3,120)	(3,120)
<i>Pass-Through from University of Washington</i>		UWSC6895	-	15	15
<i>Pass-Through from University of Washington</i>		UWSC9088	-	19,995	19,995
<i>Pass-Through from University of Wisconsin - Madison</i>		R34AA025159	-	11,241	11,241
Total - CFDA 93.273			566,278	15,745,167	16,311,445
Drug Abuse and Addiction Research Programs	93.279		1,549,522	21,176,224	22,725,746
<i>Pass-Through from Cassava Sciences, Inc</i>		UTA18-001512	-	127,935	127,935
<i>Pass-Through from Colorado State University</i>		G-84991-03	-	32,411	32,411
<i>Pass-Through from CASAColumbia</i>		280860	-	1,326	1,326
<i>Pass-Through from Emory University</i>		T372392- 6	-	61,391	61,391
<i>Pass-Through from Emory University</i>		T991786	-	1,000	1,000
<i>Pass-Through from GenomeDesigns Laboratory, LLC</i>		2U44DA04488502	22,111	-	22,111
<i>Pass-Through from Icahn School of Medicine - Mount Sinai</i>		MTSINAI	(2,227)	-	(2,227)
<i>Pass-Through from Icahn School of Medicine - Mount Sinai</i>		0254-7660-4609	190,988	-	190,988
<i>Pass-Through from Johns Hopkins University</i>		2003086439	-	20,118	20,118
		2018114463 /RNG003002	-	-	-
<i>Pass-Through from Kaiser Foundation Research Institute</i>		BUDG02	-	45,482	45,482
<i>Pass-Through from National Institutes of Health</i>		1F31DA041105-01A1	-	18,592	18,592
<i>Pass-Through from Pennsylvania State University</i>		R01DA044999	-	155,197	155,197
<i>Pass-Through from Radiant Creative Group, LLC</i>		1 R41 DA035012 01	-	(11)	(11)
<i>Pass-Through from Radiant Creative Group, LLC</i>		5R42DA035012-03	-	295,727	295,727
<i>Pass-Through from Seralogix, LLC</i>		SA1001	-	31,898	31,898
<i>Pass-Through from Southern Methodist University</i>		G000986-7520	-	48,352	48,352

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from Temple University</i>		R01DA035926	-	36,091	36,091
<i>Pass-Through from The Trustees of Columbia University</i>		5R01DA02746005	-	(7,242)	(7,242)
<i>Pass-Through from Tietronix Software, Inc.</i>		HHSN271201600010C	-	11,251	11,251
<i>Pass-Through from University of California - San Diego</i>		5R01DA026452-10	-	20,489	20,489
<i>Pass-Through from University of Chicago</i>		U2CDA050098-01	-	3,318	3,318
<i>Pass-Through from University of Chicago</i>		3R01DA039934-05S1	-	6,880	6,880
<i>Pass-Through from University of Chicago</i>		5R01DA039934-05	-	147,639	147,639
<i>Pass-Through from University of Colorado</i>		1DP1DA046108-01	-	274,891	274,891
<i>Pass-Through from University of Connecticut</i>		119001	-	213,301	213,301
<i>Pass-Through from University of Connecticut</i>		318595	-	24,554	24,554
		UFDSP00012160;			
<i>Pass-Through from University of Florida</i>		P0080247	-	6,951	6,951
<i>Pass-Through from University of Pennsylvania</i>		R01DA029840	-	98,857	98,857
<i>Pass-Through from University of Pennsylvania</i>		5 U01 CA020830 10	-	(54,971)	(54,971)
<i>Pass-Through from Virginia Commonwealth University</i>		5U54DA03899905	-	247,597	247,597
<i>Pass-Through from Western University of Health Sciences</i>		20111-1397	-	(151)	(151)
Total - CFDA 93.279			1,760,394	23,045,097	24,805,491
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		46,119	304,186	350,305
<i>Pass-Through from Association of Schools of Public Health</i>		S5068	-	780	780
<i>Pass-Through from Giner, Inc.</i>		200-2017-95643	167,349	-	167,349
<i>Pass-Through from Lynntech, Inc.</i>		NIH-645	38,903	-	38,903
<i>Pass-Through from The National African American Tobacco</i>		DP004975-05-SC11	-	14,024	14,024
Total - CFDA 93.283			252,371	318,990	571,361
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		761,675	7,196,680	7,958,355
<i>Pass-Through from Baylor College of Medicine</i>		1R01EB027099-01	-	16,216	16,216
<i>Pass-Through from Georgia Institute of Technology</i>		7 R01 EB008101-09	-	(35,375)	(35,375)
<i>Pass-Through from Kitware, Inc.</i>		K000688-00-S05	-	29	29
<i>Pass-Through from Massachusetts General Hospital</i>		5U01EB023820-03	-	295,579	295,579
<i>Pass-Through from Massachusetts Institute of Technology</i>		5710004091	-	135,987	135,987
<i>Pass-Through from National Institutes of Health</i>		R01EB027004	226,955	135,055	362,010
<i>Pass-Through from Pennsylvania State University</i>		5998-TAM-DHHS-6035	-	13,649	13,649
<i>Pass-Through from Shape Memory Medical, Inc.</i>		M1700925	-	10,899	10,899
<i>Pass-Through from University of Maryland - Baltimore</i>		1300021	-	56,294	56,294
<i>Pass-Through from University of Southern California</i>		5R01EB026299-02	-	156,447	156,447
<i>Pass-Through from University of Washington</i>		UWSC8694; PO# BPO935E	-	88,519	88,519
<i>Pass-Through from Washington University</i>		PO2935503E/WU-18-432	79,624	112,165	191,789
<i>Pass-Through from William Marsh Rice University</i>		T15 LM007093-24	-	(1,515)	(1,515)
<i>Pass-Through from William Marsh Rice University</i>		1 R21 EB015022 01	-	(648)	(648)
<i>Pass-Through from William Marsh Rice University</i>		1R01EB026893-01A1	-	127,496	127,496
<i>Pass-Through from William Marsh Rice University</i>		2 T15 LM007093-27	-	21,454	21,454
<i>Pass-Through from William Marsh Rice University</i>		2T15LM007093-27	-	58,635	58,635
<i>Pass-Through from William Marsh Rice University</i>		2T15LM00709327	-	37,144	37,144
<i>Pass-Through from William Marsh Rice University</i>		4 T15 LM007093-25	-	4,643	4,643
<i>Pass-Through from William Marsh Rice University</i>		4T15LM007093-26	-	44,093	44,093
Total - CFDA 93.286			1,068,254	8,473,446	9,541,700
Teenage Pregnancy Prevention Program	93.297		527,323	1,012,714	1,540,037
<i>Pass-Through from AMTC & Associate</i>		UTA18-001499	-	30,383	30,383
<i>Pass-Through from ETR Associates</i>		TP2AH000027	-	9,960	9,960
<i>Pass-Through from ETR Associates</i>		TP2AH0000310500	-	24,571	24,571
<i>Pass-Through from The Dallas Foundation</i>		3015-2	58,360	-	58,360
<i>Pass-Through from Thrive, Inc.</i>		M1900857	-	59,591	59,591
Total - CFDA 93.297			585,683	1,137,219	1,722,902
Minority Health and Health Disparities Research	93.307		520,397	8,544,785	9,065,182
<i>Pass-Through from Baylor College of Medicine</i>		R01MD013715	-	12,084	12,084
<i>Pass-Through from Cornell University</i>		5R01MD007652	(256)	-	(256)
<i>Pass-Through from Klein Buendel, Inc.</i>		0311-0162-000	-	366	366
		MUSC16-079-			
<i>Pass-Through from Medical University of South Carolina</i>		8C186/U54MD010	-	91,022	91,022

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from Meharry Medical College</i>		5U54MD007586-32	-	72,331	72,331
<i>Pass-Through from Memorial Sloan Kettering Cancer Center</i>		BD521003	-	115,626	115,626
<i>Pass-Through from University of Alabama - Birmingham</i>		5U24MD006970-06	-	(78,004)	(78,004)
<i>Pass-Through from University of Minnesota</i>		1 U24 MD006970 02	-	(42,835)	(42,835)
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5111578	-	54,802	54,802
<i>Pass-Through from University of Utah</i>		7R01MD010362-03	-	16,825	16,825
<i>Pass-Through from Weill Cornell Medicine</i>		CWC III	(220)	-	(220)
<i>Pass-Through from Weill Cornell Medicine</i>		183678	-	15,766	15,766
<i>Pass-Through from Weill Cornell Medicine</i>		5R01MD007652-05	32,359	-	32,359
<i>Pass-Through from Yale University</i>		GR102562	-	29,850	29,850
Total - CFDA 93.307			552,280	8,832,618	9,384,898
Trans-NIH Research Support	93.310		604,224	9,700,562	10,304,786
<i>Pass-Through from American Association of Colleges of Nursing</i>		AID-OR20190348	-	8,531	8,531
<i>Pass-Through from American Association of Colleges of Nursing</i>		270810	-	7,454	7,454
<i>Pass-Through from Boston College</i>		U54GM119023	-	624,088	624,088
<i>Pass-Through from Foundation for Advancing Veterans' Health Research</i>		LEYKUM/HIBNER/DP2LM 012890	-	26,546	26,546
<i>Pass-Through from Foundation for Advancing Veterans' Health Research</i>		PERSONNEL HIBNE	-	13,924	13,924
<i>Pass-Through from Northwestern University</i>		60045250 UT	-	167,681	167,681
<i>Pass-Through from Oregon Health and Science University</i>		5U54HG008100-04	-	760	760
<i>Pass-Through from Purdue University</i>		1OT2OD023847	-	54,687	54,687
<i>Pass-Through from Temple University</i>		1U01HG00846801	-	11,725	11,725
<i>Pass-Through from Temple University</i>		3U01HG00846802S1	-	2,922	2,922
<i>Pass-Through from Translational Genomics Research Institute</i>		JENSEN-17-03 PPHF-2015; 90FP0019-01- 00	-	12,452	12,452
<i>Pass-Through from United Way of Tarrant County</i>		00	-	(269)	(269)
<i>Pass-Through from University of California - Los Angeles</i>		5UH3TR000923-05	-	75,765	75,765
<i>Pass-Through from University of Florida</i>		P0028934; 00001675 UFDSP00012037;	-	21,061	21,061
<i>Pass-Through from University of Florida</i>		P0028932	-	4,051	4,051
<i>Pass-Through from University of Rochester</i>		417195G/UR FAO GR510	14,072	-	14,072
<i>Pass-Through from University of Utah</i>		U54GM119023	-	61,093	61,093
<i>Pass-Through from Vanderbilt University Medical Center</i>		5U2COD023196-02 ()	-	209,695	209,695
Total - CFDA 93.310			618,296	11,002,728	11,621,024
Protecting and Improving Health Globally: Building and Strengthening Public Health Impact, Systems, Capacity and Security	93.318				
<i>Pass-Through from Washington State University</i>		126493-G003887	-	49,472	49,472
Outreach Programs to Reduce the Prevalence of Obesity in High Risk Rural Areas	93.319		-	7,305	7,305
National Center for Advancing Translational Sciences	93.350		136,296	11,908,101	12,044,397
<i>Pass-Through from Collaboration Pharma</i>		5R21T00171802	-	118,473	118,473
<i>Pass-Through from Duke University</i>		5U01TR001803-03	7,356	-	7,356
<i>Pass-Through from GODX, Inc.</i>		2R44TR00191202	-	150,171	150,171
<i>Pass-Through from Harvard University</i>		UL1TR002541-02	-	68,454	68,454
<i>Pass-Through from LAM Foundation</i>		MIDAS	(1,800)	-	(1,800)
<i>Pass-Through from Mayo Clinic</i>		5U01TR002062-02	-	541,633	541,633
<i>Pass-Through from Regents of the University of Michigan</i>		K00008522	97,060	-	97,060
<i>Pass-Through from University of Alabama</i>		63-6001138	-	48,302	48,302
<i>Pass-Through from University of California - Irvine</i>		2015-3262 03 (W/EXT)	-	1,474	1,474
<i>Pass-Through from University of Pittsburgh</i>		AWD00000243 (132627-6) AWD00000243(132627- 51)/UL	25,290	-	25,290
<i>Pass-Through from University of Pittsburgh</i>		055353	84,545	40,714	40,714
<i>Pass-Through from University of Pittsburgh</i>		5UL1TR001857-04	-	-	84,545
<i>Pass-Through from University of Pittsburgh</i>		5UL1TR00185704	-	119,895	119,895
<i>Pass-Through from Vanderbilt University Medical Center</i>		VUMC64330	-	26,742	26,742
Total - CFDA 93.350			348,747	13,029,622	13,378,369

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
Research Infrastructure Programs	93.351		112,074	8,391,472	8,503,546
<i>Pass-Through from IsoPlexis</i>		1R44OD02144501	-	1,880	1,880
<i>Pass-Through from Jackson Laboratory</i>		210228-0619-21	7,961	-	7,961
<i>Pass-Through from KJ Biosciences, LLC</i>		039-001	-	3,081	3,081
<i>Pass-Through from Louisiana State University Health Sciences Center - Shreveport</i>		5R24OD018553-03	-	82,176	82,176
<i>Pass-Through from Oregon Health and Science University</i>		1008419-UTRGV	-	120,994	120,994
<i>Pass-Through from Purdue University</i>		4102-86207 11000451-011	-	1,068	1,068
<i>Pass-Through from Texas Biomedical Research Institute</i>		40589/P51OD011133	-	223,119	223,119
<i>Pass-Through from Texas Biomedical Research Institute</i>		45090 / P51OD011133	-	37,832	37,832
<i>Pass-Through from University of Colorado - Denver</i>		FY16 745 002/R24OD01	-	29,124	29,124
<i>Pass-Through from University of Oregon</i>		21542OA	-	2,149	2,149
<i>Pass-Through from University of Puerto Rico - Medical Sciences Campus</i>		2016-0001915-C	-	7,486	7,486
<i>Pass-Through from University of Puerto Rico - Medical Sciences Campus</i>		2016-001915-E	-	25,148	25,148
<i>Pass-Through from Zymo Research Corporation</i>		R41NS098918-01A1	-	42,674	42,674
Total - CFDA 93.351			120,035	8,968,203	9,088,238
21st Century Cures Act - Beau Biden Cancer Moonshot	93.353		80,536	4,144,362	4,224,898
<i>Pass-Through from Baylor College of Medicine</i>		1U01DE028233-01	-	21,245	21,245
<i>Pass-Through from Baylor College of Medicine</i>		1U54CA233223-01	-	105,480	105,480
<i>Pass-Through from City of Hope National Medical Center and Beckman Research Institute</i>		U54CA209978-03S1 REVISED	-	29,579	29,579
<i>Pass-Through from Oregon Health and Science University</i>		1U2CCA233280-01	-	150,265	150,265
<i>Pass-Through from The Wistar Institute</i>		1U54CA224070-01	-	421,795	421,795
<i>Pass-Through from University of Iowa</i>		R01CA215034	-	203,835	203,835
<i>Pass-Through from University of Pennsylvania</i>		572881; PO 4210190	-	46,408	46,408
<i>Pass-Through from Weill Cornell Medicine</i>		1U01CA233056-01	-	39,203	39,203
Total - CFDA 93.353			80,536	5,162,172	5,242,708
Nurse Education, Practice Quality and Retention Grants	93.359		-	586,133	586,133
Biomedical Advanced Research and Development Authority (BARDA), Biodefense Medical Countermeasure Development	93.360		-	104,391	104,391
<i>Pass-Through from Atox Bio, Ltd.</i>		HHSO1002014000013C	-	567	567
<i>Pass-Through from ICON Government and Public Health Solutions, Inc.</i>		HHSO100201600021C	-	7,664	7,664
<i>Pass-Through from Mapp Biopharmaceutical, Inc.</i>		HHSO100201600021C	-	767	767
Total - CFDA 93.360			-	113,389	113,389
Nursing Research	93.361		191,117	2,709,800	2,900,917
<i>Pass-Through from Indiana University</i>		5R01NR015789-03	-	10,607	10,607
<i>Pass-Through from Palliative Care Research Cooperative Group</i>		2036474	-	2,130	2,130
<i>Pass-Through from University of California</i>		R01NR015809	-	29,558	29,558
<i>Pass-Through from University of Kansas Medical Center Research Institute, Inc.</i>		5R01NR016255-03	-	6,868	6,868
Total - CFDA 93.361			191,117	2,758,963	2,950,080
Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	93.367		-	90,323	90,323
21st Century Cures Act-Precision Medicine Initiative	93.368		-	108,558	108,558
<i>Pass-Through from Baylor College of Medicine</i>		1OT2OD002751-01	-	108,558	108,558
ACL Independent Living State Grants	93.369		-	12,261	12,261
<i>Pass-Through from TIRR Memorial Hermann</i>		19-1824 / 90ISTA0001-02-00	-	12,261	12,261
National Center for Research Resources	93.389		-	(348,218)	(348,218)
Cancer Cause and Prevention Research	93.393		2,257,687	30,994,870	33,252,557
<i>Pass-Through from Albert Einstein College of Medicine</i>		1R01CA222358-01A1	-	23,531	23,531
<i>Pass-Through from Baylor College of Medicine</i>		R01 CA127219	-	(11)	(11)

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
Pass-Through from Baylor College of Medicine		5R01CA172511-05	-	24,331	24,331
Pass-Through from Baylor College of Medicine		5R01CA187143-05	-	110,790	110,790
Pass-Through from Baylor College of Medicine		5R01CA217105-02	-	32,765	32,765
Pass-Through from Beckman Research Institute		7 R01 CA140245 06	-	(3,188)	(3,188)
Pass-Through from Digital Science Tech		5 R42 CA139822 04	-	(516)	(516)
		A031818/7R01CA200853-04	-		
Pass-Through from Duke University			-	29,946	29,946
Pass-Through from Fred Hutchinson Cancer Research Center		1 R01 CA172415 03	-	(2,303)	(2,303)
Pass-Through from Fred Hutchinson Cancer Research Center		5R01CA192402-04	-	24,173	24,173
Pass-Through from Georgetown University		AWD-7771785	9,971	-	9,971
Pass-Through from Georgetown University Medical Center		5 U01 CA152958 05	-	(4,164)	(4,164)
Pass-Through from Georgetown University Medical Center		5U01CA199218-04	-	182,413	182,413
Pass-Through from H. Lee Moffitt Cancer Center & Research Institute		5R01CA194617-05	-	6,012	6,012
Pass-Through from Kaiser Foundation Research Institute		7R01CA121125-10	-	4,327	4,327
		BERKELEY			
Pass-Through from Lawrence Berkeley National Laboratory		LAB/P01CA092584	-	40,882	40,882
Pass-Through from Lawrence Berkeley National Laboratory		5P01CA092584-15	-	(208)	(208)
Pass-Through from Lawrence Berkeley National Laboratory		5P01CA092584-18	-	81,658	81,658
Pass-Through from Lawrence Berkeley National Laboratory		7336093	-	56,671	56,671
Pass-Through from Lawrence Berkeley National Laboratory		7337769	685	-	685
Pass-Through from Leidos Biomedical Research, Inc.		14X082	-	953,868	953,868
Pass-Through from Louisiana State University Health Sciences Center - Shreveport		18-01-001	-	58,122	58,122
Pass-Through from Louisiana State University Health Sciences Center - Shreveport		18-01-001 1	-	100,281	100,281
Pass-Through from Mayo Clinic		5 R01 CA097075 08	-	(7,683)	(7,683)
Pass-Through from Mayo Clinic		5R01CA154537-04	-	(48,924)	(48,924)
Pass-Through from Mayo Clinic		5R01CA200703-03	-	114,818	114,818
Pass-Through from Mayo Clinic		5U01CA195568-04	-	335,718	335,718
Pass-Through from Mayo Clinic - Arizona		5P01CA077839-14	-	9,803	9,803
Pass-Through from Memorial Sloan Kettering Cancer Center		5 R01 CA129639 05	-	(13,298)	(13,298)
Pass-Through from Memorial Sloan Kettering Cancer Center		5 R01 CA151899 05	-	(47,525)	(47,525)
Pass-Through from National Cancer Institute		1R01CA226078-01	28,907	-	28,907
Pass-Through from National Cancer Institute		7 R01 CA172669-05	-	(40,420)	(40,420)
Pass-Through from Northwestern University		5 R01 CA118890 05	-	(3,137)	(3,137)
Pass-Through from Oregon Health Sciences University		7U01CA217842-03	-	193,825	193,825
Pass-Through from Radiant Creative Group, LLC		1 R41 CA168107 01	-	(134)	(134)
Pass-Through from Radiant Creative Group, LLC		5R42CA168107-04	-	111,693	111,693
Pass-Through from Regents of the University of California		5U01CA187945-05	-	109,571	109,571
Pass-Through from Regents of the University of Minnesota		1R01CA232317-01A1	-	6,220	6,220
Pass-Through from Roswell Park Cancer Institute		5R01CA127387-12	-	65,651	65,651
Pass-Through from Rutgers University		1R01CA221854-01A1	-	21,131	21,131
Pass-Through from Sinai Health System		7U19CA203654-02	-	76,001	76,001
Pass-Through from Sloan Kettering Institute for Cancer Research		BD517035B/R01CA179115	-	152,247	152,247
Pass-Through from Stanford University		4R01CA172145-03	-	(3,402)	(3,402)
Pass-Through from Thomas Jefferson University		080-30000-S27901	16,181	-	16,181
Pass-Through from University of Alabama - Birmingham		000519160-001	-	56,146	56,146
Pass-Through from University of Alabama - Birmingham		000521125-002	-	14,020	14,020
Pass-Through from University of Arizona		5R01CA186700-04	-	169,712	169,712
Pass-Through from University of California - Berkeley		7337769	-	443	443
Pass-Through from University of California - Los Angeles		1R21CA234642-01A1	-	14,166	14,166
Pass-Through from University of California - San Diego		1 R21 CA192072 01A1	-	(9,902)	(9,902)
Pass-Through from University of California - San Diego		5R01CA177996-04	-	207,105	207,105
Pass-Through from University of California - Santa Barbara		1R21CA191133-01	-	83	83
Pass-Through from University of Colorado		18 912 001	-	13,522	13,522
Pass-Through from University of Iowa		5 R01 CA140933 05	-	(465)	(465)
Pass-Through from University of Iowa		5R01CA193249-04	-	45,909	45,909
Pass-Through from University of Kansas Medical Center		ZAR00070	-	24,367	24,367
Pass-Through from University of Kansas Medical Center		ZAR00080	-	6,497	6,497
Pass-Through from University of Miami		66971E/R01CA155388	-	(350)	(350)
Pass-Through from University of Minnesota		5P01CA138338-08	-	119,637	119,637
Pass-Through from University of New Mexico		5P01CA206980-03	-	13,897	13,897
Pass-Through from University of Oklahoma Health Sciences Center		RS20160790-07	-	5,180	5,180
Pass-Through from University of Oklahoma Health Sciences Center		5R01CA172786-05	-	16,035	16,035
Pass-Through from University of Pennsylvania		3R01CA207513-03S1	-	95,664	95,664
Pass-Through from University of Rochester		5 R01 CA157823 03	-	(715)	(715)
Pass-Through from University of Utah		1R01CA224537-01	-	5,902	5,902

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from University of Utah</i>		10038380-01	87,305	-	87,305
<i>Pass-Through from University of Utah</i>		5 R01 CA164138 03	-	(1,259)	(1,259)
<i>Pass-Through from University of Utah</i>		7R01CA190329-03	-	(3,664)	(3,664)
<i>Pass-Through from University of Washington</i>		5R01CA168598-05	-	44	44
<i>Pass-Through from Vanderbilt University Medical Center</i>		1R01CA225005-01A1	-	7,706	7,706
<i>Pass-Through from Vanderbilt University Medical Center</i>		5R01CA202981-03	-	66,770	66,770
		432006-			
<i>Pass-Through from Virginia Polytechnic Institute</i>		19543/R33CA214176	-	4,922	4,922
Total - CFDA 93.393			2,400,736	34,617,777	37,018,513
Cancer Detection and Diagnosis Research	93.394		3,400,542	20,081,896	23,482,438
<i>Pass-Through from American College of Radiology</i>		ACRIN 6691	-	(450)	(450)
<i>Pass-Through from American College of Radiology</i>		5 U01 CA080098 15	-	(86)	(86)
<i>Pass-Through from Baylor College of Medicine</i>		1U01CA230997-01	-	2,727	2,727
<i>Pass-Through from Baylor College of Medicine</i>		5R01CA164024-05	-	49,522	49,522
		5R01CA190776-04 REV			
<i>Pass-Through from Baylor College of Medicine</i>		NCE	-	51,076	51,076
<i>Pass-Through from Baylor College of Medicine</i>		5R01CA193776-04	-	30,124	30,124
<i>Pass-Through from Baylor College of Medicine</i>		7R01CA180949-06	-	124,728	124,728
<i>Pass-Through from Baylor College of Medicine</i>		7R01CA211892-03	-	91,325	91,325
<i>Pass-Through from Baylor College of Medicine</i>		7000000624	42,285	-	42,285
<i>Pass-Through from Board of Trustees of the University of Alabama at Birmingham</i>		7R01CA169200-06	-	46,074	46,074
<i>Pass-Through from Cleveland Clinic Lerner College of Medicine</i>		5R01CA187415-05	-	195,403	195,403
<i>Pass-Through from Creatv MicroTech, Inc.</i>		5R43CA206840-02	-	454	454
<i>Pass-Through from C4 Imaging, LLC</i>		1R44CA199905-01	-	(24,112)	(24,112)
<i>Pass-Through from EvoRx Technologies, Inc.</i>		2R44 CA206771-03	-	173,186	173,186
<i>Pass-Through from ECOG - ACRIN Medical Research Foundation, Inc.</i>		5U24CA196172-03	-	(36)	(36)
<i>Pass-Through from ECOG - ACRIN Medical Research Foundation, Inc.</i>		5U24CA196172-04	-	1,604,981	1,604,981
<i>Pass-Through from Fred Hutchinson Cancer Research Center</i>		U24CA086368	-	62,893	62,893
<i>Pass-Through from Fred Hutchinson Cancer Research Center</i>		0000936275	264,510	-	264,510
		0000961972/U24CA08636			
<i>Pass-Through from Fred Hutchinson Cancer Research Center</i>		8-18	-	33,757	33,757
<i>Pass-Through from Fred Hutchinson Cancer Research Center</i>		1U24CA230144-01	-	39,516	39,516
<i>Pass-Through from Fred Hutchinson Cancer Research Center</i>		2U24CA086368-16	(30,279)	-	(30,279)
<i>Pass-Through from Fred Hutchinson Cancer Research Center</i>		5 U01 CA152746 05	-	(3,081)	(3,081)
<i>Pass-Through from Fred Hutchinson Cancer Research Center</i>		5U24CA086368-18	-	42,032	42,032
<i>Pass-Through from George Washington University</i>		1U01CA230690-01	-	97,123	97,123
<i>Pass-Through from H. Lee Moffitt Cancer Center & Research Institute</i>		5R01CA187532-04	-	23,082	23,082
<i>Pass-Through from Masimo Corporation</i>		5U01CA201777-02	-	41,818	41,818
<i>Pass-Through from Massachusetts General Hospital</i>		5 R01CA169200 05	-	(4,518)	(4,518)
<i>Pass-Through from Mayo Clinic</i>		5R01CA197120-04	-	15,854	15,854
<i>Pass-Through from Methodist Hospital Research Institute</i>		5R01CA216991-02	-	15,838	15,838
<i>Pass-Through from Methodist Hospital Research Institute</i>		5U01CA189240-04	-	204,546	204,546
<i>Pass-Through from National Cancer Institute</i>		5U01 CA086402	-	874	874
<i>Pass-Through from New York University School of Medicine</i>		1R01CA225963-01A1	-	153,830	153,830
<i>Pass-Through from NuvOx Pharma, LLC</i>		2R44CA14487103-UTSWO	-	3,841	3,841
<i>Pass-Through from Regents of the University of California</i>		5P01CA210961-02	-	53,341	53,341
<i>Pass-Through from Regents of the University of California</i>		7R01CA152923-05	-	12,307	12,307
<i>Pass-Through from Regents of the University of Michigan</i>		K00007668	-	121,091	121,091
<i>Pass-Through from St. Jude Children's Research Hospital</i>		112134030-7831584	11,665	-	11,665
<i>Pass-Through from The Research Institute at Nationwide Children's Hospital</i>		5U24CA196175-04	-	5,337	5,337
<i>Pass-Through from Thomas Jefferson University</i>		080-30000-S22601	16,495	-	16,495
<i>Pass-Through from Translational Genomics Research Institute</i>		VON HOFF-17-01	-	66,815	66,815
<i>Pass-Through from University of Arizona</i>		1R21CA215415-01A1	-	(16,935)	(16,935)
<i>Pass-Through from University of California - Irvine</i>		5R01CA142989-06	-	11,513	11,513
<i>Pass-Through from University of California - San Francisco</i>		5 U24 CA114734 05	-	20,992	20,992
<i>Pass-Through from University of California - San Francisco</i>		5P01CA210961-02	-	57,356	57,356
<i>Pass-Through from University of Hawaii</i>		KA1037	122,068	-	122,068
<i>Pass-Through from University of Hawaii</i>		5R01CA19887-02	(1,090)	-	(1,090)
<i>Pass-Through from University of Illinois - Chicago</i>		5R01CA214825-02	-	97,033	97,033
<i>Pass-Through from University of Maryland - Baltimore</i>		1701165 REQUEST: 2010	134,979	-	134,979

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
		OSP28640-00-PO			
<i>Pass-Through from University of Massachusetts Medical School</i>		WA00839188	-	44,776	44,776
<i>Pass-Through from University of Michigan</i>		K00007671	-	417	417
<i>Pass-Through from University of Michigan</i>		P01CA085878 03	-	(43)	(43)
<i>Pass-Through from University of Michigan</i>		461U01CA225753-01	-	29,155	29,155
<i>Pass-Through from University of Michigan</i>		5 U01 CA086400 14	-	(11,146)	(11,146)
<i>Pass-Through from University of Michigan</i>		5R01CA160254-07	-	16,099	16,099
<i>Pass-Through from University of Michigan</i>		5U01CA086400-19	-	18,595	18,595
<i>Pass-Through from University of Michigan</i>		5U10CA086400-17	-	80,723	80,723
<i>Pass-Through from Vanderbilt University</i>		UNIV58314	-	183,243	183,243
<i>Pass-Through from Vanderbilt University Medical Center</i>		VUMC 58558	-	54,826	54,826
<i>Pass-Through from Vanderbilt University Medical Center</i>		5U01CA23184002	-	21,503	21,503
<i>Pass-Through from Washington University - St. Louis</i>		5 U24 CA081647 08	-	(21,811)	(21,811)
<i>Pass-Through from Washington University - St. Louis</i>		5U24CA211006-03	-	46,746	46,746
<i>Pass-Through from Washington University - St. Louis</i>		7R01CA159471-05	-	(6,601)	(6,601)
<i>Pass-Through from William Marsh Rice University</i>		R22512	-	31,947	31,947
<i>Pass-Through from William Marsh Rice University</i>		5 U01 CA151886 04	-	(93,669)	(93,669)
<i>Pass-Through from William Marsh Rice University</i>		5R01CA185207	-	2,946	2,946
<i>Pass-Through from William Marsh Rice University</i>		5R01CA185207-04	-	31,096	31,096
<i>Pass-Through from William Marsh Rice University</i>		5R01CA186132-02	-	38,081	38,081
<i>Pass-Through from William Marsh Rice University</i>		5R21CA209063-02	-	18,091	18,091
<i>Pass-Through from Yale University</i>		5R01CA155196-05	-	(268,672)	(268,672)
Total - CFDA 93.394			3,961,175	23,799,369	27,760,544
Cancer Treatment Research	93.395		4,609,009	40,285,377	44,894,386
<i>Pass-Through from Alliance for Clinical Trials in Oncology</i>		5U10CA076001-17	-	1,735	1,735
<i>Pass-Through from Alliance for Clinical Trials in Oncology</i>		5U10CA18082101	-	19,800	19,800
<i>Pass-Through from Alliance for Clinical Trials in Oncology</i>		7U10CA076001 16	-	(102)	(102)
<i>Pass-Through from American College of Radiology</i>		2U24CA180803-06	-	1,424,389	1,424,389
<i>Pass-Through from American College of Radiology</i>		3U10CA037422-26S1 RE	-	(40,558)	(40,558)
<i>Pass-Through from American College of Radiology</i>		5 U10 CA021661 27	-	(1,521)	(1,521)
<i>Pass-Through from American College of Radiology</i>		5 U10 CA021661 35	-	(15,142)	(15,142)
<i>Pass-Through from American College of Radiology</i>		5 U10CA21661 - 36	-	(12,254)	(12,254)
<i>Pass-Through from American College of Radiology</i>		5U10CA180868-04	-	135,345	135,345
<i>Pass-Through from American College of Radiology</i>		5U24CA180803-05-IR	-	1,414,332	1,414,332
<i>Pass-Through from Baylor College of Medicine</i>		1R01CA232890-01A1	-	3,979	3,979
<i>Pass-Through from Baylor College of Medicine</i>		5R01CA-206476-03REV	-	17,125	17,125
<i>Pass-Through from Baylor College of Medicine</i>		5R01CA219667-02	-	403,007	403,007
<i>Pass-Through from Baylor College of Medicine</i>		5R21CA190933-02	-	16,050	16,050
<i>Pass-Through from Beckman Research Institute</i>		1R01CA215183-01A1	-	23,928	23,928
<i>Pass-Through from Beckman Research Institute</i>		5R01CA201496-04	-	110,666	110,666
<i>Pass-Through from Brigham and Women's Hospital</i>		2P01CA163205-06A1	-	210,824	210,824
<i>Pass-Through from Brigham and Women's Hospital</i>		2U10CA180821-06	-	100,180	100,180
<i>Pass-Through from Brigham and Women's Hospital</i>		5 U10 CA076001 17	-	5,659	5,659
<i>Pass-Through from Brigham and Women's Hospital</i>		5U10CA180821-03	-	34,330	34,330
<i>Pass-Through from Brigham and Women's Hospital</i>		5U10CA180821-05	-	100,467	100,467
<i>Pass-Through from Cerx, Inc.</i>		R44CA183316	-	143,289	143,289
<i>Pass-Through from Children's Hospital of Philadelphia</i>		ALTE07C1/R01CA212190-01A	-	103	103
<i>Pass-Through from Children's Hospital of Philadelphia</i>		CDDR CHAIR-NCORP/UG1CA189	-	44	44
<i>Pass-Through from Children's Hospital of Philadelphia</i>		COG LEADERSHIP/ U10CA18088	-	7,017	7,017
<i>Pass-Through from Children's Hospital of Philadelphia</i>		COG STUDY CHAIR/UG1CA1899	-	11,198	11,198
<i>Pass-Through from Children's Hospital of Philadelphia</i>		UM1CA097452/962410-R	3,164	-	3,164
<i>Pass-Through from Children's Hospital of Philadelphia</i>		U10CA098543	-	(96)	(96)
<i>Pass-Through from Children's Hospital of Philadelphia</i>		U10CA098543/COG	-	21,639	21,639
<i>Pass-Through from Children's Hospital of Philadelphia</i>		LEADERSHI U10CA1080886	7,139	-	7,139
<i>Pass-Through from Children's Hospital of Philadelphia</i>		U10CA180884	-	2,559	2,559
<i>Pass-Through from Children's Hospital of Philadelphia</i>		U10CA180886	42,308	12,449	54,757
<i>Pass-Through from Children's Hospital of Philadelphia</i>		U10CA180886/COG	-	20,924	20,924
<i>Pass-Through from Children's Hospital of Philadelphia</i>		LEADERSHI 5UG1CA189955-05	-	127,247	127,247
<i>Pass-Through from Children's Hospital of Philadelphia</i>		5U10CA180884-05	12,677	-	12,677
<i>Pass-Through from Children's Hospital of Philadelphia</i>		5U10CA18088405	6,334	-	6,334

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from Children's Hospital of Philadelphia</i>		5U10CA180886-04	-	3,591	3,591
<i>Pass-Through from Children's Hospital of Philadelphia</i>		5U10CA180886-05	-	5,189	5,189
<i>Pass-Through from Children's Hospital of Philadelphia</i>		9500080215-12C/U10CA	-	299	299
<i>Pass-Through from Children's Oncology Group Foundation</i>		FP15221- 885-01	-	91	91
<i>Pass-Through from Children's Research Institute</i>		30004166-05	12,557	-	12,557
		30004166-			
<i>Pass-Through from Children's Research Institute</i>		06/R01CA212190-0	-	79,844	79,844
<i>Pass-Through from Christiana Care Health Services</i>		7R01CA138986 03	-	(13)	(13)
<i>Pass-Through from City of Hope National Medical Center and Beckman Research Institute</i>		R01CA194742-03			
		3000098168	-	16,496	16,496
<i>Pass-Through from Cold Spring Harbor Laboratory</i>		5U10CA180944-05	-	19,714	19,714
<i>Pass-Through from CBS Therapeutics, Inc.</i>		1R41CA21346301	-	80,856	80,856
<i>Pass-Through from Duke University Medical Center</i>		5 R01 CA100835 09	-	3	3
<i>Pass-Through from ECOG - ACRIN Cancer Research Group</i>		U10CA0211505	45,215	-	45,215
<i>Pass-Through from ECOG - ACRIN Medical Research Foundation, Inc.</i>		ECOG EAY131	-	27,726	27,726
<i>Pass-Through from ECOG - ACRIN Medical Research Foundation, Inc.</i>		U10CA180820-02CBPF1	-	41,575	41,575
		U10CA180820-02S1-			
		MDA5	-	93,816	93,816
<i>Pass-Through from ECOG - ACRIN Medical Research Foundation, Inc.</i>		U10CA180820-05	-	1,284	1,284
<i>Pass-Through from ECOG - ACRIN Medical Research Foundation, Inc.</i>		U10CA180820-06	-	91,338	91,338
<i>Pass-Through from ECOG - ACRIN Medical Research Foundation, Inc.</i>		5UG1CA189828-04-MDA2	-	69,364	69,364
		5UG1CA189828-05R-			
		MDA1	-	98,669	98,669
<i>Pass-Through from ECOG - ACRIN Medical Research Foundation, Inc.</i>		5U10CA180820 05-MDA1	-	8,353	8,353
<i>Pass-Through from ECOG - ACRIN Medical Research Foundation, Inc.</i>		5U10CA180820-04 MDA2	-	8,353	8,353
<i>Pass-Through from ECOG - ACRIN Medical Research Foundation, Inc.</i>		5U10CA180820-05	-	30,286	30,286
<i>Pass-Through from Frontier Science & Technology Research Foundation</i>		ECOG U10CA021115	-	87	87
<i>Pass-Through from Frontier Science & Technology Research Foundation</i>		U10CA021115-39	-	(17,408)	(17,408)
<i>Pass-Through from Galera Therapeutics, Inc</i>		1R44CA206795-01A1	-	26	26
<i>Pass-Through from Gynecologic Oncology Group Foundation, Inc</i>		NRG-MILLER-GY6	43,553	-	43,553
<i>Pass-Through from Gynecologic Oncology Group Foundation, Inc</i>		5U10CA27469	(3,313)	-	(3,313)
<i>Pass-Through from GENSOLVE INC</i>		8R42CA089778-08	-	(388)	(388)
<i>Pass-Through from Houston Pharmaceuticals, Inc.</i>		1R43CA210839-01	-	(315)	(315)
<i>Pass-Through from Indiana University</i>		IN4684785UTSW	20,436	-	20,436
<i>Pass-Through from IsoTherapeutics Group, LLC</i>		1 R43 CA150601 01-A	-	26	26
<i>Pass-Through from John Wayne Cancer Institute</i>		5R01CA189163-05	-	(1,700)	(1,700)
<i>Pass-Through from Johns Hopkins University</i>		2003868893	-	18,542	18,542
<i>Pass-Through from Kiromic Biopharma</i>		1R41CA206652-01A1	-	101,822	101,822
<i>Pass-Through from Leidos Biomedical Research, Inc.</i>		HHSN261201500003I	-	78,608	78,608
<i>Pass-Through from Leland Stanford Junior University</i>		5P01CA067166-20	-	258,535	258,535
<i>Pass-Through from Leland Stanford Junior University</i>		5R01CA198291-04	-	48,939	48,939
<i>Pass-Through from Louisiana State University</i>		7 R01 CA131463-04	-	(9,535)	(9,535)
<i>Pass-Through from Massachusetts General Hospital</i>		D5U19CA021239-39	-	372,681	372,681
<i>Pass-Through from Massachusetts General Hospital</i>		5 P01 CA021239 33	-	(13,537)	(13,537)
<i>Pass-Through from Massachusetts General Hospital</i>		5 P01 CA163222 03	-	(13,638)	(13,638)
<i>Pass-Through from Massachusetts General Hospital</i>		5P01CA163222-05	-	61,173	61,173
<i>Pass-Through from Massachusetts General Hospital</i>		5R01CA193970-04	-	18,731	18,731
<i>Pass-Through from Massachusetts General Hospital</i>		5U19CA021239-39	-	1,238,391	1,238,391
<i>Pass-Through from Mayo Clinic</i>		5UG1CA189823-03	-	24,131	24,131
<i>Pass-Through from Mayo Clinic</i>		5UG1CA189823-05	-	147,980	147,980
<i>Pass-Through from Mayo Clinic</i>		5UG1CA189823-05R	-	69,282	69,282
<i>Pass-Through from Mayo Clinic</i>		5UG1CA18982304	-	9,160	9,160
<i>Pass-Through from Medical College of Wisconsin</i>		1R01CA232892-01	-	106,170	106,170
<i>Pass-Through from Medical College of Wisconsin</i>		5R01CA184798-04	-	13,177	13,177
<i>Pass-Through from Medical College of Wisconsin</i>		7R01CA215403-02	-	90,665	90,665
<i>Pass-Through from Methodist Hospital Research Institute</i>		1R01CA224304-01	-	28,419	28,419
		0254-4051-			
<i>Pass-Through from Mount Sinai School of Medicine</i>		4609/P01CA10867	-	48,095	48,095

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from National Childhood Cancer Foundation</i>	5 U10	CA098543 09	-	(3)	(3)
<i>Pass-Through from National Childhood Cancer Foundation</i>	5 U10	CA98543 09	-	(3,188)	(3,188)
<i>Pass-Through from New York University School of Medicine</i>	5R01	CA164295-06	-	(2,688)	(2,688)
<i>Pass-Through from NRG Oncology Foundation, Inc.</i>		MRG ONCOLOGY	-	6,400	6,400
<i>Pass-Through from NRG Oncology Foundation, Inc.</i>		RTOG-0924	-	30,762	30,762
<i>Pass-Through from NRG Oncology Foundation, Inc.</i>		RTOG1071	-	2,953	2,953
<i>Pass-Through from NRG Oncology Foundation, Inc.</i>		RTOG9813	-	12	12
<i>Pass-Through from NRG Oncology Foundation, Inc.</i>		UTSMC - YR 1	43,854	-	43,854
<i>Pass-Through from NRG Oncology Foundation, Inc.</i>		U10CA180868	-	15,273	15,273
<i>Pass-Through from NRG Oncology Foundation, Inc.</i>	1 U10	CA180868 03	-	(1,631)	(1,631)
<i>Pass-Through from NRG Oncology Foundation, Inc.</i>	2U10	CA180868-06	-	3,293	3,293
<i>Pass-Through from NRG Oncology Foundation, Inc.</i>	5 U10	CA180868 05	-	6,401	6,401
<i>Pass-Through from NRG Oncology Foundation, Inc.</i>	5U10	CA180868 05	-	7,196	7,196
<i>Pass-Through from NRG Oncology Foundation, Inc.</i>	5U10	CA180868-05	-	9,611	9,611
<i>Pass-Through from NSABP</i>	1 U10	CA012027 01	-	(1,477)	(1,477)
<i>Pass-Through from NSABP</i>	5 U10	CA012027 37	-	(3,359)	(3,359)
<i>Pass-Through from NSABP</i>	5U10	CA012027-37	-	(12,609)	(12,609)
<i>Pass-Through from Ocean Nanotech, LLC</i>	1R44	CA196025-01	-	(77)	(77)
<i>Pass-Through from Ohio State University</i>	5R01	CA198128-04	-	13,615	13,615
<i>Pass-Through from Oregon Health and Science University</i>	UG1	CA189974-02	-	(1,241)	(1,241)
<i>Pass-Through from Oregon Health and Science University</i>		13035474	-	136,301	136,301
<i>Pass-Through from Oregon Health and Science University</i>	2U10	CA180888-06	-	59,186	59,186
<i>Pass-Through from Oregon Health and Science University</i>	2U10	CA180888-06	-	664	664
<i>Pass-Through from Oregon Health and Science University</i>	5UG1	CA189974-05	-	16,431	16,431
<i>Pass-Through from Oregon Health and Science University</i>	5U10	CA180888-04	-	8,411	8,411
<i>Pass-Through from Oregon Health and Science University</i>	5U10	CA180888-05	-	181,750	181,750
<i>Pass-Through from Oregon Health and Science University</i>	7 U10	CA037429 29	-	(17,228)	(17,228)
<i>Pass-Through from Oregon Health Sciences University</i>		SWOG PSA	-	118,996	118,996
<i>Pass-Through from Physical Sciences, Inc.</i>	MO2R	44CA173998-02A1	-	44,495	44,495
<i>Pass-Through from PLx Opco, Inc.</i>	5R42	CA171408-03	-	342,194	342,194
<i>Pass-Through from PLx Pharma, Inc.</i>	2 R42	CA171408-02A1	-	85,142	85,142
<i>Pass-Through from Radiation Oncology Dept</i>	5 U10	CA021661 36	-	(62)	(62)
<i>Pass-Through from Regents of the University of California - UCLA</i>	5UM1	CA121947-12/ 1568	-		
<i>Pass-Through from Saint Louis University</i>	G WA	760	-	37,049	37,049
<i>Pass-Through from Sanford Burnham Prebys Med Discovery ISI</i>	1R01	CA230512-01	-	239,941	239,941
<i>Pass-Through from St. Jude Children's Research Hospital</i>	60361	-13160-JTA	-	173,787	173,787
<i>Pass-Through from St. Jude Children's Research Hospital</i>	5 U24	CA055727 17	-	(52,537)	(52,537)
<i>Pass-Through from Standard Imaging, Inc.</i>	5U24	CA055727-25	-	172,868	172,868
<i>Pass-Through from SWOG Clinical Trials, LLC</i>	1 R43	CA153824 01	-	(11,975)	(11,975)
<i>Pass-Through from Targazyme, Inc.</i>	U10	CA105409	-	(19,061)	(19,061)
<i>Pass-Through from Tetralogic Pharmaceuticals</i>	1R44	CA192601-01A1	-	(52,858)	(52,858)
<i>Pass-Through from Tosk, Inc.</i>	# 11-2	-00070 01	-	(6,573)	(6,573)
<i>Pass-Through from Translational Genomics Research Institute</i>	R44	CA189549	-	267,324	267,324
<i>Pass-Through from University of Arizona</i>	BERENS	17-01	-	11,421	11,421
<i>Pass-Through from University of California - Davis</i>	7R21	CA197527-02	-	71,876	71,876
<i>Pass-Through from University of California - San Diego</i>	1R01	CA201788-01A1	-	17,371	17,371
<i>Pass-Through from University of California - San Diego</i>	1 R01	CA197059 01	-	(1,187)	(1,187)
<i>Pass-Through from University of California - San Diego</i>	4P01	CA081534-16	-	(13,307)	(13,307)
<i>Pass-Through from University of California - San Diego</i>	5P01	CA081534-11	-	(2,135)	(2,135)
<i>Pass-Through from University of California - San Diego</i>	5R01	CA200574-03	-	190,140	190,140
<i>Pass-Through from University of Florida</i>	5R01	CA200867-03	-	84,170	84,170
<i>Pass-Through from University of Hawaii</i>	7R01	CA215753-02	-	23,443	23,443
<i>Pass-Through from University of Illinois - Chicago</i>	5R01	CA225190-02	-	69,559	69,559
<i>Pass-Through from University of Maryland - Baltimore</i>	5R01	CA187416-03	-	(12,175)	(12,175)
<i>Pass-Through from University of Michigan</i>	U10	CA0321034	-	(2,623)	(2,623)
<i>Pass-Through from University of Michigan</i>	5 U10	CA032102 33	-	(21,526)	(21,526)
<i>Pass-Through from University of North Carolina - Chapel Hill</i>	5R01	CA204136-02	-	25,197	25,197
<i>Pass-Through from University of Oklahoma Health Sciences Center</i>		20141429	-	7,826	7,826
<i>Pass-Through from University of Pittsburgh</i>	0036120	(123991-2)	31,035	-	31,035
<i>Pass-Through from University of Rochester</i>	1R01	CA214890-01A1	-	16,257	16,257
<i>Pass-Through from University of Southern California</i>	5R01	CA206019-03R	-	15,819	15,819
<i>Pass-Through from Wake Forest University Health Sciences</i>	2FUHS	441111 CORE 3	-	197,952	197,952
<i>Pass-Through from Wake Forest University Health Sciences</i>	5P01	CA2072006-02	-	154,140	154,140
<i>Pass-Through from Wake Forest University Health Sciences</i>	5R01	CA074145-20	-	82,870	82,870
<i>Pass-Through from Wake Forest University Health Sciences</i>	5UG1	CA189824-05	-	1,754	1,754
<i>Pass-Through from Washington University - St. Louis</i>	3 U24	CA081647-13S2	-	(604)	(604)

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
Pass-Through from Wntrix, Inc.		1R41CA213479-01A1	-	28,621	28,621
Pass-Through from Wright State University		670776-1; P0054867	-	7,857	7,857
Pass-Through from 7 Hills Pharma, LLC		2R41CA203456-02A1	-	332,556	332,556
Total - CFDA 93.395				4,873,968	51,017,702
Cancer Biology Research					
	93.396		2,512,087	28,955,426	31,467,513
Pass-Through from Baylor College of Medicine		M1803222	-	40,962	40,962
Pass-Through from Baylor College of Medicine		5R01CA181808-05	-	68,076	68,076
Pass-Through from Baylor College of Medicine		5R01CA183252-04	-	4,494	4,494
Pass-Through from Baylor College of Medicine		5R01CA19346604	-	48,438	48,438
Pass-Through from Cedars-Sinai Medical Center		3P01CA098912-15S1	-	98,162	98,162
Pass-Through from Cedars-Sinai Medical Center		5P01CA098912-15	-	383,731	383,731
Pass-Through from Emory University		723323	16,047	-	16,047
Pass-Through from George Washington University		18-M89/7R01CA206529	-	33,808	33,808
Pass-Through from George Washington University		5R01CA20480603	-	95,106	95,106
Pass-Through from Georgetown University		411521-GR411505-UTSM	105,977	-	105,977
Pass-Through from Georgia Institute of Technology		RJ409-G3	-	3,930	3,930
Pass-Through from Georgia Institute of Technology		5R01CA163481-04	-	(588)	(588)
Pass-Through from Immudx, LLC		UTA18-001549	-	35,684	35,684
Pass-Through from Kaiser Foundation Research Institute		PRECISE	155,068	-	155,068
Pass-Through from Kaiser Foundation Research Institute		RNG209546-UTSW-01	557,693	-	557,693
Pass-Through from Lawrence Berkeley National Laboratory		1R01CA112093-10	-	(2,687)	(2,687)
Pass-Through from Memorial Sloan Kettering Cancer Center		5P01CA094060-15	-	424,471	424,471
Pass-Through from Methodist Hospital Research Institute		7 R01 CA193213	-	21,429	21,429
Pass-Through from Northshore University Healthsystem		EH14-243-S1	-	840	840
Pass-Through from Ohio State University		5R01CA227847-02	-	40,429	40,429
Pass-Through from Ohio State University		60059987	-	169,831	169,831
Pass-Through from Pennsylvania State University		UTXAMCA221867	-	78,795	78,795
Pass-Through from Radiation Oncology Dept		RTOG1115	-	(190)	(190)
Pass-Through from Regents of the University of Michigan		1R01CA227622-01	-	57,883	57,883
Pass-Through from Sage Bionetworks		5U24CA209923-02	-	(1,688)	(1,688)
Pass-Through from Sloan Kettering Institute for Cancer Research		BD521707	58,097	-	58,097
Pass-Through from Sloan Kettering Institute for Cancer Research		BD521707B	58,935	-	58,935
Pass-Through from The Scripps Research Institute		5R01CA117638-14	-	17,221	17,221
Pass-Through from The Trustees of Columbia University		1U01CA225431-01	-	20,912	20,912
Pass-Through from University of California - Davis		A18-1813-S001	19,787	-	19,787
Pass-Through from University of Miami		1R01CA222918-01A1	-	11,286	11,286
Pass-Through from University of Michigan		1R01CA227622-01	-	132,385	132,385
Pass-Through from University of Michigan		5R01CA204969-02	-	126,285	126,285
Pass-Through from University of Michigan		5R01CA204969-03	-	15,060	15,060
Pass-Through from University of Oklahoma Health Sciences Center		5R01CA203108-05	-	202,221	202,221
Pass-Through from University of Pennsylvania		5 R01 CA089202 15	-	(2,965)	(2,965)
Pass-Through from University of Pittsburgh		5R01CA177857-05	-	78,137	78,137
Pass-Through from University of Utah		1R01CA217905-01	-	36,623	36,623
Pass-Through from University of Washington		5R01CA178383-03	-	1,464	1,464
Pass-Through from William Marsh Rice University		R21 CA147912	-	(609)	(609)
Pass-Through from William Marsh Rice University		R22532 R01CA180279	-	6,476	6,476
Pass-Through from William Marsh Rice University		5R01CA180279-05	-	185,694	185,694
Pass-Through from William Marsh Rice University		5R21CA209941-02	-	13,210	13,210
Pass-Through from William Marsh Rice University		5UH3CA189910-04	-	54,225	54,225
Total - CFDA 93.396				3,483,691	31,453,967
Cancer Centers Support Grants					
	93.397		1,983,009	55,867,435	57,850,444
Pass-Through from Beth Israel Deaconess Medical Center		5 P50 CA101942 9	-	(1,826)	(1,826)
Pass-Through from Case Western Reserve University		PAR-14-353	(247)	-	(247)
Pass-Through from Case Western Reserve University		RES513503	49,735	-	49,735
Pass-Through from City of Hope National Medical Center and Beckman Research Institute		U54CA209978 / 3000116269	-	2,347	2,347
Pass-Through from City of Hope National Medical Center and Beckman Research Institute		U54CA209978 / 3000116723	-	251,530	251,530
Pass-Through from City of Hope National Medical Center and Beckman Research Institute		U54CA209978 / 3000116738	-	144,632	144,632
Pass-Through from Columbia University		5(GG010188-41); PO#G12946	-	47,148	47,148
Pass-Through from Cornell University		5U54CA210184-03	-	122,497	122,497
Pass-Through from Dana-Farber Cancer Institute		5U54CA193461-04	-	95,550	95,550

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from Duke University Medical Center</i>		3 P30 CA014236 35 S	-	(978)	(978)
<i>Pass-Through from Indiana University</i>		UCA196519A	-	4,463	4,463
<i>Pass-Through from Indiana University - School of Medicine</i>		IN4689861UTSW	3,525	-	3,525
<i>Pass-Through from Indiana University - School of Medicine</i>		IN4689884UTSW	18,002	-	18,002
<i>Pass-Through from Methodist Hospital Research Institute</i>		AGMT00000217	(803)	-	(803)
<i>Pass-Through from Methodist Hospital Research Institute</i>		AGMT000002761	151,167	-	151,167
<i>Pass-Through from Methodist Hospital Research Institute</i>		AGMT000003011	46,701	(195)	46,506
<i>Pass-Through from Methodist Hospital Research Institute</i>		U54CA143837	-	(918)	(918)
<i>Pass-Through from Methodist Hospital Research Institute</i>		1U54CA210181-01	-	1,078	1,078
<i>Pass-Through from Methodist Hospital Research Institute</i>		18030028-158	(868)	-	(868)
<i>Pass-Through from Methodist Hospital Research Institute</i>		5 U54 CA143837-05	-	(8,243)	(8,243)
<i>Pass-Through from Methodist Hospital Research Institute</i>		5U54CA210181-02	-	(1,359)	(1,359)
<i>Pass-Through from Methodist Hospital Research Institute</i>		5U54CA210181-03	9,961	131,419	141,380
<i>Pass-Through from Methodist Hospital Research Institute</i>		7 U54 CA143837 05	-	(85)	(85)
<i>Pass-Through from Ohio State University</i>		5P50CA168505-05	-	78,949	78,949
<i>Pass-Through from Oregon Health and Science University</i>		7 U54 CA112970 08	-	(4,149)	(4,149)
<i>Pass-Through from Sarcoma Alliance for Research through Collaboration</i>		1 U54 CA168512-01	-	(2,838)	(2,838)
<i>Pass-Through from Sarcoma Alliance for Research through Collaboration</i>		5U54CA168512-03	-	(32)	(32)
<i>Pass-Through from Trustees of Indiana University</i>		IN4689877UTSW	-	556	556
<i>Pass-Through from University of Arizona</i>		5 P50 CA095060 09	-	(122,447)	(122,447)
<i>Pass-Through from Vanderbilt University Medical Center</i>		VUMC64910	-	3,160	3,160
<i>Pass-Through from Washington University - St. Louis</i>		5P50CA171963-05	-	(4,978)	(4,978)
Total - CFDA 93.397			2,260,182	56,602,716	58,862,898
Cancer Research Manpower	93.398		298,816	8,685,301	8,984,117
<i>Pass-Through from Baylor College of Medicine</i>		5 R25 CA160078 04	-	(317)	(317)
<i>Pass-Through from Brown University</i>		00000942	-	15,698	15,698
<i>Pass-Through from University of Colorado - Denver</i>		5K12CA096913-16/FY17	1,310	-	1,310
Total - CFDA 93.398			300,126	8,700,682	9,000,808
Cancer Control	93.399		38,499	85,957	124,456
<i>Pass-Through from Aurora Oncology</i>		M1900839	-	70,550	70,550
<i>Pass-Through from Black Hills Center for American Indian Health</i>		1 P50 CA148110 03	-	(4,920)	(4,920)
<i>Pass-Through from Frontier Science & Technology Research Foundation</i>		3U10CA037403-28S1	-	79	79
<i>Pass-Through from Mayo Clinic</i>		5 U10 CA149950 03	-	(1,212)	(1,212)
<i>Pass-Through from Mayo Clinic</i>		5U10CA149950-03	-	(22)	(22)
<i>Pass-Through from NSABP</i>		1U10CA037377-01	-	25,541	25,541
<i>Pass-Through from NSABP</i>		2 U10 CA037377 22	-	(299)	(299)
<i>Pass-Through from University of Wisconsin - Madison</i>		5 P50 CA095817 10	-	(9,675)	(9,675)
<i>Pass-Through from Washington University - St. Louis</i>		4 P50 CA094056 16	-	(91,825)	(91,825)
<i>Pass-Through from Washington University - St. Louis</i>		5P50CA094056-15	-	(47,519)	(47,519)
Total - CFDA 93.399			38,499	26,655	65,154
ACL Centers for Independent Living	93.432				
<i>Pass-Through from TIRR Memorial Hermann</i>		19-1811 / 90ILTA0001-02-00	-	30,173	30,173
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433		-	639,584	639,584
<i>Pass-Through from Baylor Research Institute</i>		WOWII	-	15,555	15,555
<i>Pass-Through from Baylor Research Institute</i>		41010201701	112,847	-	112,847
<i>Pass-Through from Baylor Research Institute</i>		90IF0106-03-00	-	1,868	1,868
<i>Pass-Through from Baylor Research Institute</i>		901F0091-01-00	-	7,204	7,204
<i>Pass-Through from Georgia Institute of Technology</i>		RH434-G4 / 520054246	-	39,568	39,568
<i>Pass-Through from Langston University</i>		90RTST0001-01-00	-	21,102	21,102
<i>Pass-Through from Memorial Hermann Health System</i>		19-1689	-	60,215	60,215
<i>Pass-Through from Memorial Hermann Health System</i>		90DPAD0001-02-00	-	78,578	78,578
<i>Pass-Through from Memorial Hermann Health System</i>		90DPTB0016	-	13,949	13,949
<i>Pass-Through from Memorial Hermann Health System</i>		90SI5027-03-00	-	17,622	17,622
<i>Pass-Through from TIRR Memorial Hermann</i>		90DPTB00160200	-	18,641	18,641
<i>Pass-Through from TIRR Memorial Hermann</i>		90DP0026 18-1531 (NCE)	-	1,638	1,638

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from TIRR Memorial Hermann</i>		90DP0075-04-00	-	46,237	46,237
<i>Pass-Through from TIRR Memorial Hermann</i>		90SI5027-03-00	-	14,016	14,016
<i>Pass-Through from University of Illinois - Chicago</i>		16869-00	-	37,207	37,207
<i>Pass-Through from University of Maryland</i>		90DP099-01-00 1701835A	-	13,571	13,571
<i>Pass-Through from University of Wisconsin</i>		90IF0083	-	26,752	26,752
Total - CFDA 93.433			112,847	1,053,307	1,166,154
Indian Self-Determination	93.441				
<i>Pass-Through from Northwest Portland Area Indian Health Board</i>		248-96-0011 / C19-02	-	73,294	73,294
Food Safety and Security Monitoring Project	93.448				
<i>Pass-Through from University of Pittsburgh Medical Center</i>		SCA-140825-01	-	(834)	(834)
Ruminant Feed Ban Support Project	93.449		-	396,933	396,933
ACL Assistive Technology	93.464		-	(10,266)	(10,266)
Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	93.511		-	119,780	119,780
Centers for Disease Control and Prevention -Affordable Care Act (ACA) - Communities Putting Prevention to Work	93.520		(221)	-	(221)
Affordable Care Act (ACA) Childhood Obesity Research Demonstration	93.535		(682)	-	(682)
Temporary Assistance for Needy Families	93.558		-	36,255	36,255
Child Care and Development Block Grant	93.575		-	1,301,795	1,301,795
Head Start	93.600				
<i>Pass-Through from City of San Antonio</i>		#4600017183	-	3,850	3,850
<i>Pass-Through from City of San Antonio</i>		PO 4500425398	-	74,741	74,741
Total - CFDA 93.600			-	78,591	78,591
Developmental Disabilities Basic Support and Advocacy Grants	93.630				
<i>Pass-Through from Baylor College of Medicine</i>		7000000940	-	36,388	36,388
<i>Pass-Through from SIDEM, LLC</i>		M1802066	-	899	899
Total - CFDA 93.630			-	37,287	37,287
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632		-	488,610	488,610
Accountable Health Communities	93.650		37,352	588,762	626,114
Adoption Opportunities	93.652		167,947	396,328	564,275
<i>Pass-Through from Adoption Exchange Association</i>		UTA17-001178 YEAR 1	-	71,555	71,555
<i>Pass-Through from Adoption Exchange Association</i>		CARRYFORWARD	-	471,800	471,800
Total - CFDA 93.652			167,947	939,683	1,107,630
Extramural Research Restoration Program: Hurricanes Harvey, Maria, and Irma - non-construction	93.663		-	57,613	57,613
Trans-NIH Recovery Act Research Support	93.701		-	(12,078)	(12,078)
<i>Pass-Through from University of Chicago</i>		1 RC1 CA145799 01	-	1	1
<i>Pass-Through from University of Colorado</i>		5 RC2 CA148394 02	-	(75,045)	(75,045)
Total - CFDA 93.701			-	(87,122)	(87,122)
Recovery Act - Comparative Effectiveness Research - AHRQ	93.715		-	(97)	(97)
<i>Pass-Through from Vanderbilt University Medical Center</i>		5 R01 HS019356 02	-	(1,523)	(1,523)
Total - CFDA 93.715			-	(1,620)	(1,620)

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
ARRA - Prevention and Wellness-State, Territories and Pacific Islands <i>Pass-Through from Louisiana State University</i>	93.723	19-21-295	-	41,441	41,441
Mental and Behavioral Health Education and Training Grants <i>Pass-Through from Health Resources and Services Administration</i>	93.732	1 M01HP31374-01-00	43,575	2,046,522	2,090,097
			-	316,031	316,031
Total - CFDA 93.732			43,575	2,362,553	2,406,128
PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds <i>Pass-Through from American Heart Association</i> <i>Pass-Through from City of San Antonio</i>	93.738	CDC-REACH-TAMU-01 PO# 4500424545	-	6,017	6,017
			-	39,342	39,342
Total - CFDA 93.738			-	45,359	45,359
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757		-	643	643
Evidence-Based Falls Prevention Programs Financed Solely by Prevention and Public Health Funds (PPHF) <i>Pass-Through from United Way of Tarrant County</i>	93.761	M1800074	-	20,195	20,195
Children's Health Insurance Program <i>Pass-Through from University of Alabama - Birmingham</i>	93.767	000518137-001	-	5,312	5,312
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779		-	103,241	103,241
Opioid STR	93.788		115,000	777,570	892,570
Partner support for heart disease and stroke prevention <i>Pass-Through from American Heart Association</i> <i>Pass-Through from American Heart Association</i>	93.814	104923 104923-A02	-	7,085	7,085
			-	6,966	6,966
Total - CFDA 93.814			-	14,051	14,051
Ebola Support: Transmission and Prevention Control, Public Health Preparedness, Vaccine Development <i>Pass-Through from Applied Biotechnology Institute</i>	93.823	YU-EBOLAVACCINE SBIR	-	1,001	1,001
Section 223 Demonstration Programs to Improve Community Mental Health Services <i>Pass-Through from The Montrose Center</i>	93.829	1H79SM081815-01	-	97,636	97,636
Cardiovascular Diseases Research <i>Pass-Through from Augusta University</i>	93.837	2R25HL10636506	-	1,106	1,106
<i>Pass-Through from Baylor College of Medicine</i>		0102043818-5601072527	-	4,501	4,501
<i>Pass-Through from Baylor College of Medicine</i>		5T32HL007676-27	-	13,785	13,785
<i>Pass-Through from Baylor College of Medicine</i>		7000000131	-	203,224	203,224
<i>Pass-Through from Baylor College of Medicine</i>		7000000136	-	44,010	44,010
<i>Pass-Through from Boston University</i>		R01HL141406	-	45,763	45,763
<i>Pass-Through from Cincinnati Children's Hospital Medical Center</i>		4R24HL105333-05	256	-	256
<i>Pass-Through from Dartmouth College</i>		R907/R01HL137157-04	-	38,671	38,671
<i>Pass-Through from Duke University</i>		5R01HL118189-05	-	(758)	(758)
<i>Pass-Through from Duke University</i>		5R01HL133618-03	-	78,519	78,519
<i>Pass-Through from Eastern Virginia Medical School</i>		5R01HL139000-02	-	89,343	89,343
<i>Pass-Through from Geisinger Medical Center</i>		5R00HL130580-04	-	284,314	284,314
<i>Pass-Through from Geisinger Medical Center</i>		5R01HL132397-03	-	18,387	18,387
<i>Pass-Through from George Washington University Medical Center</i>		7 R01 HL105502 03	-	(737)	(737)
<i>Pass-Through from Georgia Institute of Technology</i>		1R01HL14032501A1	-	83,966	83,966
<i>Pass-Through from Health Core, Inc.</i>		U01HL107407 BEST-CLI	-	7,631	7,631
<i>Pass-Through from Johns Hopkins University</i>		2004333054	-	15,058	15,058
<i>Pass-Through from Kaiser Foundation Research Institute</i>		RNG200103-AUSTIN-01	-	5,653	5,653
<i>Pass-Through from Kaiser Foundation Research Institute</i>		5R01HL122658 / 200103-07	-	46,088	46,088
<i>Pass-Through from Koronis Biomedical Technologies Corporation</i>		KBT17-VENTRICLEMONITOR-10	-	7,293	7,293
<i>Pass-Through from Massachusetts General Hospital</i>		A5332	49,210	-	49,210

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from Massachusetts General Hospital</i>		SITE 31473 A5332 / 3	-	27,805	27,805
<i>Pass-Through from Massachusetts General Hospital</i>		230744	112,546	10,491	123,037
<i>Pass-Through from Massachusetts General Hospital</i>		5-U01-HL23336-02	(34,259)	-	(34,259)
<i>Pass-Through from Massachusetts General Hospital</i>		5U01HL123336-05	64,042	-	64,042
<i>Pass-Through from Medical College of Wisconsin</i>		4R01HL111392-05	(9,077)	-	(9,077)
<i>Pass-Through from Medical University of South Carolina</i>		5 R21 HL090598 02	-	(373)	(373)
<i>Pass-Through from Memorial Sloan Kettering Cancer Center</i>		5R01HL129472-04	-	2,324	2,324
<i>Pass-Through from Methodist Hospital Research Institute</i>		R01HL132155-04	-	41,178	41,178
<i>Pass-Through from Methodist Hospital Research Institute</i>		7R01HL134740-02	-	323,408	323,408
<i>Pass-Through from Michigan Technological University</i>		1702063Z2	-	16,965	16,965
<i>Pass-Through from National Institutes of Health</i>		1R01HL140562-01	-	294,854	294,854
<i>Pass-Through from New England Research Institutes</i>		M1900757	-	5,292	5,292
<i>Pass-Through from New England Research Institutes</i>		U24HL135691 EMENT 2	3,273	-	3,273
<i>Pass-Through from New England Research Institutes</i>		5U24HL135691-02	19,698	-	19,698
<i>Pass-Through from New York Medical College</i>		123200	17,045	-	17,045
<i>Pass-Through from New York Medical College</i>		123201	44,990	-	44,990
		18-A0-00-1001368 PRJ	-	-	-
<i>Pass-Through from New York University School of Medicine</i>		111354	-	43,930	43,930
<i>Pass-Through from Northern California Institute - Research and Education</i>		5R01HL114563-05	17,494	-	17,494
<i>Pass-Through from Ohio State University</i>		60045505	-	50,106	50,106
<i>Pass-Through from Ohio State University</i>		60064759	3,170	-	3,170
<i>Pass-Through from Ohio State University</i>		60066852/R01HL142673	-	170,027	170,027
<i>Pass-Through from Ohio State University</i>		60067103	-	150,121	150,121
<i>Pass-Through from Oklahoma Medical Research Foundation</i>		1R01HL13162501A1	-	26,267	26,267
<i>Pass-Through from Optima Integrated Health, Inc.</i>		1R43HL140624-01	-	17,895	17,895
<i>Pass-Through from Profusa, Inc.</i>		M1702631-15	-	17,632	17,632
<i>Pass-Through from Profusa, Inc.</i>		M1800411-16	-	9,538	9,538
<i>Pass-Through from Profusa, Inc.</i>		M1901004-26	-	74,586	74,586
<i>Pass-Through from Profusa, Inc.</i>		M1901005-27	-	70,173	70,173
<i>Pass-Through from Profusa, Inc.</i>		M1901696	-	63,067	63,067
<i>Pass-Through from Profusa, Inc.</i>		M1901697-32	-	62,126	62,126
<i>Pass-Through from Profusa, Inc.</i>		M1901698-33	-	62,615	62,615
<i>Pass-Through from RTI International</i>		5U10HL11999105	-	17,559	17,559
<i>Pass-Through from Saint Louis University</i>		ERS# 42558	4,068	-	4,068
<i>Pass-Through from Saint Louis University</i>		ERS#42558	2,892	-	2,892
<i>Pass-Through from St. Jude Children's Research Hospital</i>		112141030-7813060	-	40	40
<i>Pass-Through from Tufts University</i>		5R01HL135920-02	-	37,652	37,652
		R1193216 /	-	-	-
<i>Pass-Through from University at Buffalo - Suny</i>		R01HL14267302	-	14,879	14,879
<i>Pass-Through from University of Akron</i>		5410496-UTA	-	14,793	14,793
<i>Pass-Through from University of Alabama</i>		R01HL118067	-	4,848	4,848
<i>Pass-Through from University of Alabama</i>		5U01HL12033805	-	38,359	38,359
		000513373-SP005-	-	-	-
<i>Pass-Through from University of Alabama - Birmingham</i>		001/P01HL	-	84,197	84,197
<i>Pass-Through from University of Alabama - Birmingham</i>		000518176-005 A02	36,782	-	36,782
<i>Pass-Through from University of Alabama - Birmingham</i>		5UH3HL125163-05	-	152,854	152,854
<i>Pass-Through from University of Alabama - Birmingham</i>		5U01HL120338-05	-	139,330	139,330
<i>Pass-Through from University of Colorado - Denver</i>		FY18 852 001	-	5,452	5,452
<i>Pass-Through from University of Georgia</i>		00001535	-	106,759	106,759
<i>Pass-Through from University of Iowa</i>		R01HL139918	-	7,131	7,131
<i>Pass-Through from University of Iowa</i>		1001462796/R18HL1162	-	(98)	(98)
<i>Pass-Through from University of Kentucky</i>		5U01HL143508-02	-	9,779	9,779
<i>Pass-Through from University of Michigan</i>		5R01HL122684-04	-	31,939	31,939
<i>Pass-Through from University of Michigan</i>		5R01HL141292-02	-	29,691	29,691
<i>Pass-Through from University of Michigan</i>		5R35HL135824-03	-	15,327	15,327
<i>Pass-Through from University of Minnesota</i>		N005339715	7,797	-	7,797
<i>Pass-Through from University of Minnesota</i>		5R01HL116720-05	-	20,469	20,469
<i>Pass-Through from University of Minnesota</i>		5R01HL116720-06	-	110,981	110,981
<i>Pass-Through from University of Mississippi Medical Center</i>		SP11917-SB4	15,721	-	15,721
<i>Pass-Through from University of Missouri</i>		C00054623-1	6,049	-	6,049
<i>Pass-Through from University of Missouri</i>		1R01HL139523-01	-	63,725	63,725
<i>Pass-Through from University of Missouri</i>		1R01HL142133-01	-	69,278	69,278
		5110535/R01HL139842-	-	-	-
<i>Pass-Through from University of North Carolina</i>		01A1	-	60,430	60,430
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5R01HL11706305	-	8,825	8,825
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5R01HL142302-02	-	64,980	64,980
<i>Pass-Through from University of Pennsylvania</i>		576601	-	77,670	77,670

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from University of Pittsburgh</i>		5R01HL128304-04	-	10,821	10,821
<i>Pass-Through from University of Rochester</i>		416676	-	7,187	7,187
<i>Pass-Through from University of Rochester</i>		5R01HL123346-05	-	212,787	212,787
<i>Pass-Through from University of South Carolina</i>		1R01HL146462-01	21,745	-	21,745
<i>Pass-Through from University of South Florida</i>		6143-1181-00-A	-	5,687	5,687
<i>Pass-Through from University of South Florida</i>		6143-1182-00-A	13,843	-	13,843
<i>Pass-Through from University of Virginia</i>		5R01HL123627-04	-	57,508	57,508
		UWSC7567 PO# BPO			
<i>Pass-Through from University of Washington</i>		23749	-	31,940	31,940
<i>Pass-Through from University of Washington</i>		2R01HL105756-07	-	62,493	62,493
		2R01HL105756-07			
<i>Pass-Through from University of Washington</i>		UWSC10626	-	45,858	45,858
<i>Pass-Through from University of Washington</i>		3U01HL120393-04S1	-	11,933	11,933
		5R01HL120393-04			
<i>Pass-Through from University of Washington</i>		UWSC8671	-	50,295	50,295
		5U01HL077863-11			
<i>Pass-Through from University of Washington</i>		UWSC6018	-	237,583	237,583
<i>Pass-Through from University of Washington</i>		5U01HL07786307	-	5,900	5,900
		5U01HL120393-04 UWSC			
<i>Pass-Through from University of Washington</i>		9710	-	(3,433)	(3,433)
		5U01HL120393-			
<i>Pass-Through from University of Washington</i>		04/UWSC7568	-	26,930	26,930
<i>Pass-Through from Vanderbilt University Medical Center</i>		VUMC70167	37,041	99,286	136,327
<i>Pass-Through from Vanderbilt University Medical Center</i>		VUMC70167 1	-	21,389	21,389
<i>Pass-Through from Wake Forest University Health Sciences</i>		WFUHS 117900	-	381,530	381,530
<i>Pass-Through from Washington University</i>		5R01HL118305-04	-	17,350	17,350
<i>Pass-Through from William Marsh Rice University</i>		R01HL138126	-	115,744	115,744
<i>Pass-Through from William Marsh Rice University</i>		5R01HL127260-04	-	297,382	297,382
<i>Pass-Through from Windmill Cardiovascular Systems, Inc.</i>		UTA16-000571	-	14,978	14,978
<i>Pass-Through from Windmill Cardiovascular Systems, Inc.</i>		UTA18-001052	-	56,537	56,537
		GK000389 (CON-			
<i>Pass-Through from Yale University</i>		800000125)	-	32,218	32,218
<i>Pass-Through from Yale University</i>		M17A12701(CON-			
		80000650)	-	55,638	55,638
Total - CFDA 93.837			5,079,864	47,459,200	52,539,064
Lung Diseases Research	93.838		298,234	7,034,387	7,332,621
<i>Pass-Through from Baylor College of Medicine</i>		5R01HL12979404	-	25,452	25,452
<i>Pass-Through from Boston University</i>		4500002777	-	59	59
<i>Pass-Through from Children's Hospital of Philadelphia</i>		3201160619	413	-	413
<i>Pass-Through from Children's Hospital of Philadelphia</i>		3210920616	-	74,646	74,646
<i>Pass-Through from Emory University</i>		5R01HL139876-02	-	286,052	286,052
<i>Pass-Through from George Washington University</i>		R01HL098354	-	33,174	33,174
		R01HL098354 CENTER			
<i>Pass-Through from George Washington University</i>		#26	-	40,653	40,653
<i>Pass-Through from George Washington University</i>		U01HL098354	-	218	218
		2-AF-0Y; PO#			
<i>Pass-Through from George Washington University</i>		1000226635	-	18,560	18,560
<i>Pass-Through from George Washington University</i>		2R01HL09835404	-	(1,365)	(1,365)
<i>Pass-Through from George Washington University</i>		5R01HL098354-05	-	16,426	16,426
<i>Pass-Through from George Washington University</i>		5R01HL09835405	-	13,004	13,004
<i>Pass-Through from National Jewish Health</i>		20072510/R01HL089897	-	8,760	8,760
<i>Pass-Through from Pulmotect, Inc.</i>		5R44HL127677-06	-	17,438	17,438
<i>Pass-Through from Southern Methodist University</i>		G001742-7505	-	32	32
<i>Pass-Through from Southern Methodist University</i>		R01HL142775	-	51,059	51,059
<i>Pass-Through from University of California - San Francisco</i>		U01HL123009	-	2,439	2,439
<i>Pass-Through from University of California - San Francisco</i>		5U01HL134766-03	-	36,637	36,637
<i>Pass-Through from University of Minnesota</i>		5 R01 HL094183 03	-	(2,353)	(2,353)
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5 R01 HL097000 04	-	(1,012)	(1,012)
		9012549(130129-			
<i>Pass-Through from University of Pittsburgh</i>		48)/U01HL1	-	45,109	45,109
<i>Pass-Through from University of Vermont</i>		31438 52240	-	2,813	2,813
<i>Pass-Through from University of Wisconsin - Madison</i>		5P01HL088594-10	77,795	-	77,795
Total - CFDA 93.838			376,442	7,702,188	8,078,630

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
Blood Diseases and Resources Research	93.839		404,876	3,431,266	3,836,142
<i>Pass-Through from Baylor College of Medicine</i>		7000000060	-	30,989	30,989
<i>Pass-Through from Brown University</i>		00000627	-	35,401	35,401
<i>Pass-Through from Halcyon Biomedical, Inc.</i>		HB-UH-002	-	2,901	2,901
		MUSC17-052-			
<i>Pass-Through from Medical University of South Carolina</i>		8C868/R01HL133	-	4,870	4,870
<i>Pass-Through from Medical University of South Carolina</i>		MUSC17-060-8C868	15,798	-	15,798
<i>Pass-Through from Memorial Sloan Kettering Cancer Center</i>		1 R01 HL111130 01A1	-	(1,941)	(1,941)
<i>Pass-Through from National Marrow Donor Program</i>		5U01HL069294-14	-	5,162	5,162
		1013272-			
<i>Pass-Through from Oregon Health Sciences University</i>		UTHSCSA/R01HL1441	-	127,830	127,830
<i>Pass-Through from University of Alabama - Birmingham</i>		HHSN2682018000051/HH			
		SN26800001	-	134,139	134,139
		MUSC17-052-			
<i>Pass-Through from University of Alabama - Birmingham</i>		8C868/R01HL133	-	963	963
<i>Pass-Through from University of Chicago</i>		5R01HL13334-02	-	59,863	59,863
<i>Pass-Through from University of Miami</i>		SPC-000902	-	106,172	106,172
<i>Pass-Through from University of Pittsburgh</i>		0057723 (130653-2)	-	17,203	17,203
<i>Pass-Through from University of Washington</i>		5R01HL134894-02	-	70,363	70,363
<i>Pass-Through from Versiti Wisconsin, Inc</i>		1000115-UTSMC	-	338	338
<i>Pass-Through from Virginia Commonwealth University</i>		5P01HL10715207	-	132,250	132,250
<i>Pass-Through from Washington University - St. Louis</i>		WU-15-422- -1	10,390	-	10,390
			431,064	4,157,769	4,588,833
Total - CFDA 93.839					
Translation and Implementation Science Research for Heart, Lung, Blood Diseases and Sleep Disorders	93.840				
<i>Pass-Through from Parkland Health and Hospital Systems</i>		OTHER-13025	-	46,330	46,330
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		923,360	8,452,639	9,375,999
<i>Pass-Through from Brigham and Women's Hospital</i>		U01AR068043- 01A1 / PS#113296	-	5,095	5,095
<i>Pass-Through from Columbia University</i>		1(GG014632); PO G13310	-	18,508	18,508
<i>Pass-Through from Feinstein Institute for Medical Research</i>		5 R01 AR044422 13	-	(1,138)	(1,138)
<i>Pass-Through from Indiana University</i>		1R01AR074473-01	-	15,162	15,162
<i>Pass-Through from Johns Hopkins University</i>		R01AR073178	-	142,643	142,643
		700021-0719-00; P O			
<i>Pass-Through from Nationwide Children's Hospital</i>		4602138-0-46	-	168,146	168,146
		17-A1-00-006916 PO#			
<i>Pass-Through from New York University School of Medicine</i>		M190174270	-	86,695	86,695
<i>Pass-Through from Penn State Hershey Medical Center</i>		UTSWAR01077	84,261	(4,675)	79,586
<i>Pass-Through from Penn State Hershey Medical Center</i>		1U01AR071077-01	1,177	-	1,177
		5995-THSCSA-DHHS-			
<i>Pass-Through from Pennsylvania State University</i>		3364/1R0	-	36,286	36,286
<i>Pass-Through from Progenitec, Inc.</i>		2R44AR064650-02A 1	-	25,737	25,737
<i>Pass-Through from Sonoran Biosciences, Inc</i>		M1703069	-	1,491	1,491
<i>Pass-Through from University of Alabama - Birmingham</i>		5R01AR064820-05	-	26,699	26,699
<i>Pass-Through from University of California - San Francisco</i>		5UH2AR067688-02	-	2,297	2,297
<i>Pass-Through from University of Delaware</i>		5R01AR054385-09	-	107,085	107,085
<i>Pass-Through from University of Kentucky Research Foundation</i>		1R01AR07139801A1	-	30,197	30,197
<i>Pass-Through from University of Nevada - Reno</i>		UNR-18-50	-	32,066	32,066
<i>Pass-Through from University of Pittsburgh</i>		1R01AR069503-01A1	-	(4,339)	(4,339)
<i>Pass-Through from Via Therapeutics, LLC</i>		UTA18-001536	-	38,779	38,779
<i>Pass-Through from Weill Cornell Medicine</i>		180654	39,358	175,896	215,254
			1,048,156	9,355,269	10,403,425
Total - CFDA 93.846					
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		2,831,388	53,033,529	55,864,917
<i>Pass-Through from Albert Einstein College of Medicine</i>		6R03DK11602302	-	6,492	6,492
<i>Pass-Through from Baylor College of Medicine</i>		PO 7000000656	-	6,486	6,486
<i>Pass-Through from Baylor College of Medicine</i>		1R01DK122784-01	-	34,848	34,848
<i>Pass-Through from Baylor College of Medicine</i>		2P30DK056338-16	-	26,812	26,812
<i>Pass-Through from Baylor College of Medicine</i>		4P30DK056338-14	-	1,583	1,583
<i>Pass-Through from Baylor College of Medicine</i>		5P30DK05338-15	-	8,989	8,989
		5P30DK056338-15 / 9649-			
<i>Pass-Through from Baylor College of Medicine</i>		NS	-	9,922	9,922
<i>Pass-Through from Baylor College of Medicine</i>		5P30DK056338-16	-	20,508	20,508
<i>Pass-Through from Baylor College of Medicine</i>		5R01DK101411-05	-	14,354	14,354

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
Pass-Through from Baylor College of Medicine		5R01DK111522-03	-	62,146	62,146
Pass-Through from Baylor College of Medicine		5T32DK060445-14	-	61,296	61,296
Pass-Through from Baylor College of Medicine		5U24DK097748-05	1,489	-	1,489
Pass-Through from Baylor College of Medicine		50723 - PO 7000000698	-	10,626	10,626
Pass-Through from Baylor College of Medicine		7000000225	-	108,664	108,664
Pass-Through from Baylor College of Medicine		7000000295	-	16,644	16,644
Pass-Through from Broad Institute, Inc.		5U01DK105554-04	-	10,405	10,405
Pass-Through from Case Western Reserve University		RES512839/3500-07429	6,977	-	6,977
Pass-Through from Case Western Reserve University		RES513284	243,419	-	243,419
Pass-Through from Case Western Reserve University		RES513301	25,642	-	25,642
Pass-Through from Case Western Reserve University		RES514011	22,056	-	22,056
Pass-Through from Case Western Reserve University		2U01DK094157-07	(3,709)	-	(3,709)
Pass-Through from Case Western Reserve University		5DP3DK114812-02	22,102	-	22,102
		2U01DK66174-17	-	-	-
Pass-Through from Children's Hospital of Philadelphia		3301820719	-	77,974	77,974
		5U01DK66174-17	-	-	-
Pass-Through from Children's Hospital of Philadelphia		3301820719	-	11,165	11,165
Pass-Through from Cincinnati Children's Hospital Medical Center		5 R01 DK102759 03	-	(452)	(452)
Pass-Through from Clemano, Inc.		R43DK116368	-	18,975	18,975
Pass-Through from Epigen Biosciences, Inc.		1023/2R44DK092005-04	-	248,675	248,675
		GRADE-	-	-	-
Pass-Through from George Washington University		GWU/U01DK098246-06	158,008	114,571	272,579
Pass-Through from George Washington University		S-GRD1819-LU34	510,031	(925)	509,106
Pass-Through from George Washington University		15-D16/U01DK061230-14	-	179,540	179,540
Pass-Through from George Washington University		18-M88/7R01DK115219-02	-	13,908	13,908
Pass-Through from Icahn School of Medicine - Mount Sinai		5U54DK08390910	-	191,861	191,861
Pass-Through from Indiana University		IN-4687790-TTU	-	42,042	42,042
		IN-4687985-TAM PO	-	-	-
Pass-Through from Indiana University		0056759	-	7,002	7,002
Pass-Through from Indiana University		1R01DK116963-01A1	-	7,283	7,283
Pass-Through from Johns Hopkins University		2002825154	35,216	(1,529)	33,687
Pass-Through from Johns Hopkins University		2004330831	-	15,724	15,724
Pass-Through from Johns Hopkins University		5R01DK108803-03	-	4,795	4,795
Pass-Through from Johns Hopkins University		5R21DK112087-02	-	695	695
Pass-Through from Joslin Diabetes Center		5UC4DK101108-02	-	6,198	6,198
Pass-Through from Maine Medical Center		OXBURH R24-03	234,271	-	234,271
Pass-Through from Maine Medical Center		ROSEN R24-04	32,767	-	32,767
Pass-Through from Maine Medical Center		3R24DK406743-03S1	-	828	828
Pass-Through from Maine Medical Center		5R24DK10673-04	-	2,282	2,282
Pass-Through from Massachusetts General Hospital		227523	51,983	-	51,983
Pass-Through from Massachusetts General Hospital		5U01DK078616-12	-	58,907	58,907
Pass-Through from National Institutes of Health		1R15DK109524-01	-	99,241	99,241
Pass-Through from National Institutes of Health		1R15DK117384-01	-	96,779	96,779
Pass-Through from Northwestern University Medical School		60040283 TAMU	-	7,159	7,159
		PAO0008-	-	-	-
Pass-Through from Palo Alto Veterans Institute for Research		01/R01DK103758	-	97,830	97,830
		UTXSADK082183/U01DK0	-	-	-
Pass-Through from Pennsylvania State University		82183	-	9,138	9,138
Pass-Through from Profusa, Inc.		M1702630-14	-	14,041	14,041
Pass-Through from Purdue University		4102-77894	-	(78,942)	(78,942)
Pass-Through from Ridgeline Therapeutics, LLC		1R41DK11905201	-	115,182	115,182
Pass-Through from Texas Biomedical Research Institute		59193/R56DK114703	-	23,426	23,426
Pass-Through from Texas Biomedical Research Institute		67979/1R01DK118630	-	1,727	1,727
Pass-Through from Texas Biomedical Research Institute		67981	-	46,548	46,548
Pass-Through from Texas Medical Center Digestive Disease Center		5P30DK056338-15	-	(40)	(40)
Pass-Through from Tufts Medical Center, Inc.		2U01DK098245-06	48,648	-	48,648
Pass-Through from Tulane University		TUL-HSC-553789-15/16	-	99,741	99,741
Pass-Through from Tvardi		4R42DK104494-02	-	88,297	88,297
Pass-Through from University of California - San Diego		98637640	-	36,304	36,304
Pass-Through from University of California - San Francisco		5R01DK11226802	-	(10,562)	(10,562)
Pass-Through from University of Florida		5R01DK105346-04	-	220,878	220,878
Pass-Through from University of Illinois		5R01DK101536	-	32,699	32,699
Pass-Through from University of Illinois - Champaign - Urbana		087695-16513	-	185,121	185,121
Pass-Through from University of Iowa		S00544-01	8,265	(2,167)	6,098
Pass-Through from University of Iowa		1R21DK096327-01	(551)	-	(551)
Pass-Through from University of Iowa		5R01DK118752-02	-	33,158	33,158
Pass-Through from University of Louisiana - Monroe		BSK070-UNT-211036-00	-	61,907	61,907

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from University of Maryland</i>		5R01DK11161103	-	101,066	101,066
<i>Pass-Through from University of Michigan</i>		K00008658	1,415	-	1,415
<i>Pass-Through from University of Michigan</i>		U54DK083912	-	6,279	6,279
<i>Pass-Through from University of Michigan</i>		3U01DK082863-09S1	(189)	-	(189)
<i>Pass-Through from University of Michigan</i>		3004206298	27,697	-	27,697
		3004880283/5R24DK0828			
<i>Pass-Through from University of Michigan</i>		41-0	-	267,486	267,486
<i>Pass-Through from University of Minnesota</i>		N006254902	-	48,314	48,314
<i>Pass-Through from University of Minnesota</i>		N006660601	-	17,020	17,020
<i>Pass-Through from University of Nebraska - Lincoln</i>		24-1219-0002-002	-	17,670	17,670
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		3R01DK095962-02S1	(100)	-	(100)
<i>Pass-Through from University of Pittsburgh</i>		0048553 (127065-4)	-	68,681	68,681
<i>Pass-Through from University of Pittsburgh</i>		0058732(131232-1)	-	45,359	45,359
<i>Pass-Through from University of Rochester</i>		5R01DK100163-02	-	(699)	(699)
<i>Pass-Through from University of South Florida</i>		AGR #6119-1295-00	(54,444)	-	(54,444)
<i>Pass-Through from University of South Florida</i>		6163-1051-00-A	411,894	(561)	411,333
<i>Pass-Through from University of South Florida</i>		6382-1040-00-A	-	6,678	6,678
<i>Pass-Through from University of Utah</i>		10044413-01	30,087	-	30,087
<i>Pass-Through from University of Washington</i>		10473/U2CDK114886-01	-	4,305	4,305
<i>Pass-Through from University of Wisconsin - Madison</i>		560K604	22,516	(2,561)	19,955
<i>Pass-Through from Veterans Medical Research Foundation</i>		096530001-322296	11,419	-	11,419
		FP00001115-			
<i>Pass-Through from Virginia Commonwealth University</i>		SA002/R01DK107	-	2,874	2,874
<i>Pass-Through from Virginia Commonwealth University</i>		3R01DK094818-05	98,575	-	98,575
<i>Pass-Through from VitalQuan, LLC</i>		4R44DK113831-02	-	4,708	4,708
<i>Pass-Through from VitalQuan, LLC</i>		5R44DK105619-03	-	55,865	55,865
<i>Pass-Through from Vivonics, Inc</i>		VIVONICS 2019	59,626	-	59,626
<i>Pass-Through from Wayne State University</i>		WSU18082	-	258,967	258,967
<i>Pass-Through from Yale University School of Medicine</i>		5-P30-DK-0793-10	(181)	-	(181)
Total - CFDA 93.847				4,896,890	56,451,166
					61,348,056
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		7,481,233	53,068,906	60,550,139
<i>Pass-Through from Agnes Scott College</i>		1 R01 NS073134 01 A	-	(2,328)	(2,328)
<i>Pass-Through from Amprion, Inc.</i>		5SB1NS079060-05	-	164,374	164,374
<i>Pass-Through from Arizona State University</i>		1R21NS107985-01	-	90,188	90,188
<i>Pass-Through from Astrocyte Pharmaceuticals Inc.</i>		R41 NS093756-01	-	3,882	3,882
<i>Pass-Through from Asuragen, Inc.</i>		200074 2R44NS089423-02	-	(74)	(74)
<i>Pass-Through from Asuragen, Inc.</i>		300439	-	38,858	38,858
<i>Pass-Through from Augusta University</i>		29073-1/R01NS088058-03	-	94,639	94,639
<i>Pass-Through from Augusta University</i>		29457-10/R01NS090083	-	(5,320)	(5,320)
<i>Pass-Through from Augusta University</i>		33880-10/R01 NS090083	-	6,171	6,171
<i>Pass-Through from Baylor College of Medicine</i>		5R01NS085171-07	-	14,080	14,080
<i>Pass-Through from Baylor College of Medicine</i>		5R01NS094280-03	-	468,914	468,914
<i>Pass-Through from Baylor College of Medicine</i>		5U01NS094368-03	-	196,079	196,079
		U01NS074425 MAGDY			
<i>Pass-Through from Beth Israel Deaconess Medical Center</i>		SELIM	-	21,370	21,370
<i>Pass-Through from Boston Children's Hospital</i>		4U01NS082320-05	-	354	354
<i>Pass-Through from Boston Children's Hospital</i>		5U01NS082320-05	-	28,139	28,139
<i>Pass-Through from Boston Children's Hospital</i>		5U54NS092090-05	-	62,132	62,132
<i>Pass-Through from Case Western Reserve University</i>		RES513851	43,225	-	43,225
<i>Pass-Through from Case Western Reserve University</i>		R01NS110823	-	7,807	7,807
<i>Pass-Through from CerSci Therapeutics, Inc.</i>		1R41NS10705801	-	57,341	57,341
<i>Pass-Through from Children's Hospital of Philadelphia</i>		FP10921-A1- 04-01	7,095	-	7,095
<i>Pass-Through from Children's Research Institute</i>		7U01NS081041-05	9,310	-	9,310
<i>Pass-Through from Cincinnati Children's Hospital Medical Center</i>		137754	1,657	-	1,657
<i>Pass-Through from City of Hope National Medical Center and Beckman Research Institute</i>		61324 2006517 669301	-	13,767	13,767
<i>Pass-Through from Cleveland Clinic Foundation</i>		5R01NS089212-04REV	-	101,069	101,069
<i>Pass-Through from Cleveland Clinic Lerner College of Medicine</i>		5R01NS089641-03	-	5,723	5,723
<i>Pass-Through from Columbia University</i>		5R01NS094596-03	-	27,270	27,270
<i>Pass-Through from DermaXon, LLC</i>		1R41NS10530401A1	-	64,744	64,744
<i>Pass-Through from Drexel University</i>		5R01NS097880-02	-	17,928	17,928
<i>Pass-Through from Drexel University</i>		800178	-	43,811	43,811
<i>Pass-Through from Emory University</i>		1U24NS100673-02	-	1,792	1,792
<i>Pass-Through from Illinois Institute of Technology</i>		1UG3NS0955701A1	-	183,429	183,429
<i>Pass-Through from Johns Hopkins University</i>		1U01NS080824-01A1	-	14,119	14,119

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from Johns Hopkins University</i>		2001989070	5,600	-	5,600
		4U01NS080824-04 /			
<i>Pass-Through from Johns Hopkins University</i>		2003044879	-	8,631	8,631
<i>Pass-Through from Johns Hopkins University School of Medicine</i>		2004155419	-	16	16
<i>Pass-Through from Johns Hopkins University School of Medicine</i>		5R21NS095342-02	48,610	-	48,610
<i>Pass-Through from Massachusetts General Hospital</i>		NN107-FX-LEARN	2,341	-	2,341
<i>Pass-Through from Massachusetts General Hospital</i>		NN108-TOPCSPN	3,308	-	3,308
<i>Pass-Through from Massachusetts General Hospital</i>		1U01NS090259-01A1	62,857	-	62,857
<i>Pass-Through from Massachusetts General Hospital</i>		224002	18	-	18
<i>Pass-Through from Mayo Clinic</i>		UNI-215972-03	-	72	72
<i>Pass-Through from Mayo Clinic</i>		5U01NS080168-5	-	366	366
<i>Pass-Through from Medical College of Wisconsin</i>		MCW-SIREN	8,066	-	8,066
<i>Pass-Through from Medical University of South Carolina</i>		MUSC15-105	-	(147)	(147)
<i>Pass-Through from Methodist Hospital Research Institute</i>		5R01NS08864505	-	35,783	35,783
<i>Pass-Through from New York University School of Medicine</i>		5R01NS102845-03	-	283,487	283,487
<i>Pass-Through from Northwestern University</i>		U01NS080818	-	14,358	14,358
<i>Pass-Through from Ohio State University</i>		R01NS106170	-	(2,074)	(2,074)
<i>Pass-Through from Ohio State University</i>		1R01NS104332-01A1	-	6,262	6,262
<i>Pass-Through from Partners HealthCare Research Management</i>		NN106-CYTO-C	-	3,903	3,903
<i>Pass-Through from Partners HealthCare Research Management</i>		1U01NS090259-01	-	27,835	27,835
<i>Pass-Through from Pennsylvania State University</i>		UTANS108407	-	16,162	16,162
<i>Pass-Through from Research Foundation for the State University of New York</i>		72198	-	83,055	83,055
<i>Pass-Through from Research Foundation of Suny</i>		72198-1126636-2	7,948	-	7,948
<i>Pass-Through from Rutgers University</i>		5R01NS102382-02 / 0418	-	48,257	48,257
<i>Pass-Through from Southern Methodist University</i>		1R21NS08447401A1	-	12,467	12,467
<i>Pass-Through from SRI International</i>		1R21NS106882-01	42,629	-	42,629
<i>Pass-Through from University of Alabama - Birmingham</i>		5U01NS092595-04	-	29,542	29,542
<i>Pass-Through from University of Arizona</i>		R01NS106902	-	220,184	220,184
<i>Pass-Through from University of California - Los Angeles</i>		1640GRB658/R01NS0657	-	461	461
<i>Pass-Through from University of California - San Francisco</i>		1U01NS092764-01A1/97	379	-	379
<i>Pass-Through from University of California - San Francisco</i>		1U01NS09276401A1	(208)	-	(208)
<i>Pass-Through from University of California - San Francisco</i>		10499SC	1,725	-	1,725
<i>Pass-Through from University of California - San Francisco</i>		3U01NS098971-03S1	-	29,864	29,864
		5U01NS0292764-03 /			
<i>Pass-Through from University of California - San Francisco</i>		9721SC	35,342	-	35,342
<i>Pass-Through from University of California - San Francisco</i>		5U01NS086090-05	-	84,670	84,670
<i>Pass-Through from University of California - San Francisco</i>		5U54NS092089-03	(162)	-	(162)
<i>Pass-Through from University of California - San Francisco</i>		7898SC 10	-	43,044	43,044
<i>Pass-Through from University of California - San Francisco</i>		7898SC 6	-	85,538	85,538
		010785-			
<i>Pass-Through from University of Cincinnati</i>		133375/ARCADIA/U01	-	840	840
<i>Pass-Through from University of Cincinnati</i>		1U01NS095869-01A1	-	8,765	8,765
		1U01NS100699-01A1			
<i>Pass-Through from University of Cincinnati</i>		REVISED	-	59,144	59,144
<i>Pass-Through from University of Cincinnati</i>		1U01NS102353-01	-	2,229	2,229
		5R01NS047603-13			
<i>Pass-Through from University of Cincinnati</i>		SAP#1011436	-	126,481	126,481
<i>Pass-Through from University of Kentucky Research Foundation</i>		UKRF 2018	-	595	595
<i>Pass-Through from University of Kentucky Research Foundation</i>		5P01NS097197-02	2,214	-	2,214
<i>Pass-Through from University of Maryland</i>		R21NS101245	-	24,099	24,099
<i>Pass-Through from University of Maryland - Baltimore</i>		5 R01 NS055126 05	-	3	3
		SPC-			
<i>Pass-Through from University of Miami</i>		000476/U54NS092091	-	34,586	34,586
<i>Pass-Through from University of Miami</i>		SPC-000975	-	13,490	13,490
<i>Pass-Through from University of Miami</i>		5U54NS092091-05	-	67,081	67,081
<i>Pass-Through from University of Miami School of Medicine</i>		5R01NS084288-02	(1,844)	-	(1,844)
<i>Pass-Through from University of Miami School of Medicine</i>		662706	(80)	-	(80)
<i>Pass-Through from University of Michigan</i>		U01NS069498	-	38,874	38,874
<i>Pass-Through from University of Michigan</i>		U01NS079077	-	3,476	3,476
<i>Pass-Through from University of Michigan</i>		U01NS088034	-	61,973	61,973
<i>Pass-Through from University of Michigan</i>		1R01NS099653-01A1	-	526	526
<i>Pass-Through from University of Michigan</i>		1U01NS099046-01A1	-	6,660	6,660
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5R21NS088152-02	-	223	223
<i>Pass-Through from University of Pennsylvania</i>		565257 4 (W/EXT)	-	34,541	34,541
<i>Pass-Through from University of Pennsylvania</i>		567628	-	257,645	257,645
<i>Pass-Through from University of Pennsylvania</i>		569365	-	43,231	43,231
<i>Pass-Through from University of Pittsburgh</i>		0050469 (127678-1)	-	13,653	13,653

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from University of Pittsburgh</i>		5R01NS095884-04	-	31,021	31,021
<i>Pass-Through from University of Virginia</i>		GB10094 157960	-	15,877	15,877
<i>Pass-Through from University of Virginia</i>		GB10253 155962	33,295	-	33,295
<i>Pass-Through from University of Virginia</i>		5-U01-NS069498-04	(535)	-	(535)
<i>Pass-Through from University of Wisconsin - Madison</i>		835K833	-	34,371	34,371
<i>Pass-Through from University of Wisconsin - Madison</i>		851K723	-	6,698	6,698
<i>Pass-Through from University of Wisconsin - Madison</i>		851K723 1 W/EXT	-	4,797	4,797
<i>Pass-Through from Vanderbilt University</i>		R21NS109521	-	40,121	40,121
<i>Pass-Through from Virginia Commonwealth University</i>		7R01NS101959-03	-	4,843	4,843
<i>Pass-Through from Wake Forest University Health Sciences</i>		WFUHS 112149	141,440	-	141,440
<i>Pass-Through from Wake Forest University Health Sciences</i>		WFUHS 112671	86,101	-	86,101
<i>Pass-Through from Wake Forest University Health Sciences</i>		WFUHS 115696	(15,082)	-	(15,082)
		WU-18-74- -1 (W/EXT);PO			
<i>Pass-Through from Washington University</i>		2934610E	-	11,037	11,037
<i>Pass-Through from Washington University - St. Louis</i>		WU-15-313- -4	28,942	-	28,942
<i>Pass-Through from Washington University - St. Louis</i>		WU-16-376- -4	-	1,529	1,529
<i>Pass-Through from Washington University - St. Louis</i>		5R01NS06506909	-	1,513	1,513
<i>Pass-Through from William Marsh Rice University</i>		R01NS081854	-	(41)	(41)
Total - CFDA 93.853			8,035,424	56,770,781	64,806,205
Allergy and Infectious Diseases Research	93.855		14,166,025	89,176,857	103,342,882
<i>Pass-Through from Albert Einstein College of Medicine</i>		31197B; PO719693	-	247,736	247,736
<i>Pass-Through from Albert Einstein College of Medicine</i>		5U19AI10346106	-	167,087	167,087
<i>Pass-Through from Applied Biotechnology Institute</i>		HUNG-ABI	-	331	331
<i>Pass-Through from Autoimmunity Biologic Solutions, Inc</i>		1R41AI14132301A1	-	24,225	24,225
<i>Pass-Through from Baylor College of Medicine</i>		HHSN272201300015I	-	3,687	3,687
<i>Pass-Through from Baylor College of Medicine</i>		U19AI144297-01	-	4,209	4,209
<i>Pass-Through from Baylor College of Medicine</i>		1R21AL144555-01	-	14,067	14,067
<i>Pass-Through from Baylor College of Medicine</i>		1U19AI144297-01	-	259	259
<i>Pass-Through from Baylor College of Medicine</i>		3 P30 AI036211 20S1	-	(283)	(283)
<i>Pass-Through from Baylor College of Medicine</i>		5R01AI135803-02	-	41,498	41,498
<i>Pass-Through from Baylor College of Medicine</i>		7000000256	-	179,959	179,959
<i>Pass-Through from Baylor College of Medicine</i>		7000000717	-	168,035	168,035
<i>Pass-Through from Benaroya Research Institute at Virginia Mason</i>		BRI FY19ITN327	-	1,555	1,555
<i>Pass-Through from Benaroya Research Institute at Virginia Mason</i>		FY18ITN310	-	5,179	5,179
<i>Pass-Through from Benaroya Research Institute at Virginia Mason</i>		FY19ITN106	-	1,342	1,342
<i>Pass-Through from Benaroya Research Institute at Virginia Mason</i>		5UM1AI109565-05	3,853	(2,215)	1,638
<i>Pass-Through from Benaroya Research Institute at Virginia Mason</i>		5UM1AI109565-06	-	(2,429)	(2,429)
		5UM1AI109565-06			
<i>Pass-Through from Benaroya Research Institute at Virginia Mason</i>		ITN075AI	-	16,140	16,140
<i>Pass-Through from Boston Children's Hospital</i>		GENFD0001619771	-	84,156	84,156
<i>Pass-Through from Boston Children's Hospital</i>		GENFD0001666350	-	23,693	23,693
<i>Pass-Through from Boston College</i>		5105252	-	55,869	55,869
<i>Pass-Through from Brandeis University</i>		5R21AI14003002	-	13,580	13,580
		5UM1AI068636-11 / FUND			
<i>Pass-Through from Brigham and Women's Hospital</i>		110207	-	41,387	41,387
<i>Pass-Through from Brigham and Women's Hospital</i>		5UM1AI068636-12	-	64,323	64,323
		5UM1AI068636-12 FUND			
<i>Pass-Through from Brigham and Women's Hospital</i>		111669	-	31,788	31,788
<i>Pass-Through from Calder Biosciences, Inc.</i>		UTA18-001201	-	69,815	69,815
<i>Pass-Through from Case Western Reserve University</i>		5P01AI106705-05	-	392,961	392,961
<i>Pass-Through from Catholic University of America</i>		1R01AI11153801	-	68,625	68,625
<i>Pass-Through from City of Hope National Medical Center and Beckman Research Institute</i>		AI129582/61325 2006525	-		
		669301	-	13,767	13,767
<i>Pass-Through from Columbia University</i>		GG011896-20	-	334	334
<i>Pass-Through from Duke University</i>		UM1AI104681 SITE 0097	-	9,217	9,217
		UM1AI104681			
<i>Pass-Through from Duke University</i>		225440/235058	-	27,359	27,359
<i>Pass-Through from Duke University</i>		203 7703/UM1AI104681	-	12,600	12,600
<i>Pass-Through from Duke University</i>		2034060	-	(279)	(279)
<i>Pass-Through from Duke University</i>		2037803	-	73,928	73,928
<i>Pass-Through from Duke University</i>		5R01AI12771502	-	44,332	44,332
<i>Pass-Through from Duke University</i>		5UM1AI104681-07	-	64,096	64,096
<i>Pass-Through from East Carolina University</i>		A19-0042-S001/216249	-	77,883	77,883
<i>Pass-Through from Etubics Corporation</i>		5R01AI11136405	-	45,251	45,251
<i>Pass-Through from Excara Pharmaceuticals, LLC</i>		2-M1800288	-	19,798	19,798
<i>Pass-Through from Excelsior Biofilms, LLC</i>		R41AI136134	-	23,580	23,580

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from Family Health International</i>		237413005	-	19,521	19,521
<i>Pass-Through from Feinstein Institute for Medical Research</i>		201802002-002	-	62,502	62,502
<i>Pass-Through from Florida State University</i>		1591961248A3	-	10	10
<i>Pass-Through from Fundacao de Desenvolvimento da Pesquisa</i>		UTA19-000605	-	10,844	10,844
<i>Pass-Through from George Washington University</i>		UM1AI068619 / 17-M79	-	233,357	233,357
<i>Pass-Through from George Washington University</i>		5R01AI12556204	-	122,252	122,252
<i>Pass-Through from George Washington University</i>		5R21AI12384002	-	18,730	18,730
<i>Pass-Through from George Washington University</i>		5UM1AI069503-13	-	928,746	928,746
<i>Pass-Through from Georgia State University</i>		SPA00012854-02	(4,136)	-	(4,136)
<i>Pass-Through from Georgia State University</i>		SPA00012854-04	(3,798)	-	(3,798)
<i>Pass-Through from Georgia State University</i>		SP00013286-04	64,475	-	64,475
<i>Pass-Through from Georgia State University</i>		1R21AI13993401	-	47,833	47,833
<i>Pass-Through from Georgia State University</i>		5R01AI11465403	-	13,326	13,326
<i>Pass-Through from Georgia State University</i>		5U19AI10966405	-	283	283
<i>Pass-Through from Georgia State University</i>		5U19AI10966406	-	361,233	361,233
<i>Pass-Through from Georgia State University</i>		5U19AI10994506	-	190,198	190,198
<i>Pass-Through from Georgia State University</i>		5U19AI20664-06	31,800	-	31,800
<i>Pass-Through from Georgia State University</i>		7U19AI10994506	-	358,979	358,979
<i>Pass-Through from Harvard Medical School</i>		149855 5070716 0502	-	314,373	314,373
<i>Pass-Through from Harvard University</i>		GENFD0001501259	-	165,730	165,730
<i>Pass-Through from Harvard University</i>		109669-5064867	-	3,422	3,422
<i>Pass-Through from Harvard University</i>		109708-5076477	-	21,132	21,132
<i>Pass-Through from Hawaii Biotech Inc.</i>		5R44AI11801702	-	59,760	59,760
<i>Pass-Through from Health Research, Inc.</i>		1R01AI14072601A1	-	38,540	38,540
<i>Pass-Through from Health Research, Inc.</i>		1R21AI14117801	-	8,558	8,558
<i>Pass-Through from Health Research, Inc.</i>		5R01AI13166902	-	55,367	55,367
<i>Pass-Through from Health Research, Inc.</i>		5301-01	-	283	283
<i>Pass-Through from Henry M. Jackson Foundation for the Advancement of Military Medicine</i>		1R21AI12202901A1	-	54,805	54,805
<i>Pass-Through from Icahn School of Medicine - Mount Sinai</i>		4R33AI119304-03	(9,003)	-	(9,003)
<i>Pass-Through from Icahn School of Medicine - Mount Sinai</i>		5R01AI12344903	-	42,996	42,996
<i>Pass-Through from Icahn School of Medicine - Mount Sinai</i>		5R01AI2553604	-	32,264	32,264
<i>Pass-Through from Indiana University</i>		5R21AI137918-02	-	97,749	97,749
<i>Pass-Through from Indiana University - School of Medicine</i>		IN4686396UTMC	4,758	-	4,758
<i>Pass-Through from Institute for Clinical Research, Inc.</i>		M57-SW-072-1101-3	84,821	-	84,821
<i>Pass-Through from Johns Hopkins University</i>		R01AI145675	-	992	992
<i>Pass-Through from Johns Hopkins University</i>		2004046396;PI DAVIS	-	-	-
<i>Pass-Through from Johns Hopkins University</i>		MEGHAN	-	11,482	11,482
<i>Pass-Through from Johns Hopkins University</i>		2004091390	-	77,739	77,739
<i>Pass-Through from Johns Hopkins University</i>		2004218639	91,255	(3,928)	87,327
<i>Pass-Through from Johns Hopkins University</i>		5UM1AI068632-11	(746)	-	(746)
<i>Pass-Through from Johns Hopkins University</i>		5UM1AI06863213	-	12,544	12,544
<i>Pass-Through from Johns Hopkins University</i>		5U01AI035042-25	-	17,385	17,385
<i>Pass-Through from Johns Hopkins University School of Medicine</i>		LDR 01 03	2,949	-	2,949
<i>Pass-Through from Johns Hopkins University School of Medicine</i>		LDR 01 05	-	2,347	2,347
<i>Pass-Through from Johns Hopkins University School of Medicine</i>		LDR 02 02	-	870	870
<i>Pass-Through from Johns Hopkins University School of Medicine</i>		LDR 02 05	-	3,342	3,342
<i>Pass-Through from Kansas State University</i>		S16112	-	2,606	2,606
<i>Pass-Through from Los Angeles Biomedical Research Inst at Harbor-UCLA Medical Ctr</i>		5R01AI130056-02	-	141,947	141,947
<i>Pass-Through from Lucigen Corporation</i>		5R33AI10018205	-	(20,510)	(20,510)
<i>Pass-Through from Lynntech, Inc.</i>		SRS REF # M1603255	-	1	1
<i>Pass-Through from Mapp Biopharmaceutical, Inc.</i>		UTA18-000270	-	20,609	20,609
<i>Pass-Through from Mapp Biopharmaceutical, Inc.</i>		5R01AI11139105	-	486,012	486,012
<i>Pass-Through from Massachusetts General Hospital</i>		5R01AI123001-03	-	352	352
<i>Pass-Through from Mayo Clinic</i>		1 R01 AI0969967 03	-	(2,426)	(2,426)
<i>Pass-Through from Mayo Clinic</i>		4R01 AI096967 05	-	(22,272)	(22,272)
<i>Pass-Through from Mayo Clinic</i>		5R01AI136718-02	-	483,404	483,404
<i>Pass-Through from Medigen, Inc.</i>		5R44AI09486304	-	151,099	151,099
<i>Pass-Through from Methodist Hospital Research Institute</i>		AGMT00003324	-	6,065	6,065
<i>Pass-Through from Methodist Hospital Research Institute</i>		18050021-145	-	(21,969)	(21,969)
<i>Pass-Through from Methodist Hospital Research Institute</i>		5R01AI120749-02	-	113,627	113,627
<i>Pass-Through from Methodist Hospital Research Institute</i>		5R01AI20749-03	-	35,347	35,347
<i>Pass-Through from Microbiotix, Inc.</i>		5R41AI13612602	-	169,434	169,434
<i>Pass-Through from Midwestern University - Downers Grove Campus</i>		11-1006-7116-5676	-	27,366	27,366
<i>Pass-Through from Molecular Express, Inc.</i>		1R43AI11213201A1	-	14	14
<i>Pass-Through from Molecular Express, Inc.</i>		2R44AI09477003A1	-	194	194
<i>Pass-Through from Mount Sinai Medical Center</i>		0255-8462-4609	241,941	(2,430)	239,511

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from Nano3d Biosciences, Inc.</i>		1R41AI136225-01R	-	44,037	44,037
<i>Pass-Through from National Institutes of Health</i>		1R01AI128359-01	-	477,049	477,049
<i>Pass-Through from Northwestern University</i>		CSGID - YEAR 2	-	161,467	161,467
<i>Pass-Through from Northwestern University</i>		SPA0017209 60032623	(1,634)	-	(1,634)
<i>Pass-Through from Oak Crest Institute of Science</i>		5U19AI11304805	-	371,265	371,265
<i>Pass-Through from Ohio State University</i>		R01AI129582	-	(3,725)	(3,725)
<i>Pass-Through from Penn State University</i>		5264-UTA-DHHS-0560	-	23,529	23,529
<i>Pass-Through from PharmaReview Corporation</i>		5R42AI117990-03	-	278,790	278,790
<i>Pass-Through from Profectus BioSciences Incorporated</i>		HHSN272201700077C	-	210,945	210,945
<i>Pass-Through from Profectus BioSciences Incorporated</i>		4R01AI09876005	-	101,437	101,437
<i>Pass-Through from Protein Ai</i>		R43AI142908	-	7,626	7,626
<i>Pass-Through from Protein Ai</i>		R44AI103983	-	178,939	178,939
<i>Pass-Through from Regents of the University of California - UCLA</i>		7UM1AI068636-13	-	24,844	24,844
		7UM1AI068636-13 SITE	-		
<i>Pass-Through from Regents of the University of California - UCLA</i>		31473	-	20,682	20,682
<i>Pass-Through from Regents of the University of California - UCLA</i>		7UM1A1068636-13	-	23,087	23,087
<i>Pass-Through from Regents of the University of Colorado</i>		FY19 785 001	-	86,961	86,961
<i>Pass-Through from Research Foundation of Suny</i>		1 R21 AI11129 01	-	(1,037)	(1,037)
<i>Pass-Through from Sano Chemicals</i>		M1602125	-	154	154
<i>Pass-Through from Sano Chemicals</i>		M1702260	-	22,678	22,678
<i>Pass-Through from Sano Chemicals</i>		M1901305	-	91,737	91,737
<i>Pass-Through from St. Jude Children's Research Hospital</i>		5R34HL127162-03	17,931	-	17,931
<i>Pass-Through from Stanford University</i>		60600564-107582	(25,704)	-	(25,704)
<i>Pass-Through from Stellenbosch University</i>		R01AI116039	-	14,919	14,919
<i>Pass-Through from Texas Biomedical Research Institute</i>		PO 50199/R01AI123434-01	-	340,596	340,596
<i>Pass-Through from Texas Biomedical Research Institute</i>		39801/P01AI048240	-	298,756	298,756
<i>Pass-Through from The Scripps Research Institute</i>		2U19AI100627-06	765	-	765
<i>Pass-Through from The Scripps Research Institute</i>		2U19AI100627-07	121,758	-	121,758
<i>Pass-Through from The Scripps Research Institute</i>		5-53835	534,462	-	534,462
<i>Pass-Through from The Scripps Research Institute</i>		5U19AI10976205	-	575,020	575,020
<i>Pass-Through from The Trustees of Columbia University</i>		5R01AI121349104	-	131,318	131,318
<i>Pass-Through from Tufts University</i>		101583-00001	-	364,716	364,716
<i>Pass-Through from Tulane University</i>		1R01AI138587-01	-	29,425	29,425
<i>Pass-Through from Tulane University Medical Center</i>		5R01AI10462104	-	78,316	78,316
<i>Pass-Through from Tulane University Medical Center</i>		5R01AI13222303	-	832,028	832,028
<i>Pass-Through from Tulane University Medical Center</i>		5R01AI13224403	-	42,096	42,096
<i>Pass-Through from University of Alabama - Birmingham</i>		000520936-SC001	-	94,952	94,952
<i>Pass-Through from University of Buffalo</i>		R1142123	-	264	264
<i>Pass-Through from University of California - Davis</i>		5R01AI12590203	-	257,532	257,532
<i>Pass-Through from University of California - San Diego</i>		5R21AI134295-02	-	12,810	12,810
<i>Pass-Through from University of California - San Diego</i>		54943859 S9000816	-	762	762
<i>Pass-Through from University of California - San Francisco</i>		# 9310SC	-	824	824
<i>Pass-Through from University of California - San Francisco</i>		5 UM1AI110498-03	13,105	53	13,158
<i>Pass-Through from University of California - San Francisco</i>		9868SC	1,310	-	1,310
<i>Pass-Through from University of Central Florida</i>		5R21AI13237502	-	60,274	60,274
<i>Pass-Through from University of Chicago</i>		5R01AI36056-02	-	36,164	36,164
<i>Pass-Through from University of Georgia</i>		1R01AI13923801A1	-	9,172	9,172
<i>Pass-Through from University of Georgia</i>		1R21AI142469-01	-	2,267	2,267
<i>Pass-Through from University of Hawaii - Manoa</i>		5R01AI11918504	-	2,523	2,523
<i>Pass-Through from University of Hawaii - Manoa</i>		5R01AI13232302	-	189,573	189,573
<i>Pass-Through from University of Kansas</i>		FY2019-075	-	4,051	4,051
<i>Pass-Through from University of Kansas Center for Research, Inc.</i>		1R01AI139198-01A1	-	437	437
		1R01AI147685 / OSP	-		
<i>Pass-Through from University of Massachusetts - Worcester</i>		30143-00	-	5,690	5,690
<i>Pass-Through from University of Minnesota</i>		P006562801	-	104,348	104,348
<i>Pass-Through from University of Minnesota</i>		5R01AI13158603	-	336,284	336,284
<i>Pass-Through from University of Mississippi Medical Center</i>		HHSN268201800012I	-	53,462	53,462
<i>Pass-Through from University of Missouri - Columbia</i>		5R21AI12193802	-	20,992	20,992
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5R01AI13217802	-	121,422	121,422
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5U19AI10062507	-	106,699	106,699
<i>Pass-Through from University of Pennsylvania</i>		5R33AI105856-05	(30,669)	-	(30,669)
<i>Pass-Through from University of Pennsylvania</i>		569199	-	1,300	1,300
<i>Pass-Through from University of Pennsylvania</i>		569199 - UNIV PENN	113,680	-	113,680
<i>Pass-Through from University of Pittsburgh</i>		1R21AI14701701	-	4,268	4,268
<i>Pass-Through from University of Pittsburgh</i>		1R56AI139189-01	-	33,072	33,072
<i>Pass-Through from University of Pittsburgh</i>		5R01AI09543607	-	57,193	57,193
<i>Pass-Through from University of Rochester</i>		1 U19 AI067733 01	-	(13,173)	(13,173)
<i>Pass-Through from University of Tennessee</i>		R21AI126755 TAMU	-	(12,218)	(12,218)

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from University of Tennessee Health Science Center</i>		1U19AI14276201	-	2,027	2,027
<i>Pass-Through from University of Wisconsin - Madison</i>		ICAC	604,531	-	604,531
<i>Pass-Through from University of Wisconsin - Madison</i>		1U01AI13699401A1	-	78,714	78,714
<i>Pass-Through from University of Wisconsin - Madison</i>		5UM1AI114271	(12,898)	-	(12,898)
<i>Pass-Through from University of Wisconsin - Madison</i>		5UM1AI114271-02	-	1,418	1,418
<i>Pass-Through from University of Wisconsin - Madison</i>		5UM1AI114271-04/764K	-	2,172	2,172
<i>Pass-Through from University of Wisconsin - Madison</i>		5UM1AI1142715	-	34	34
<i>Pass-Through from University of Wisconsin - Madison</i>		865K535	74,213	(1,109)	73,104
<i>Pass-Through from Vanderbilt University</i>		UNIV60380	-	128,060	128,060
<i>Pass-Through from VenatorRX Pharmaceuticals, Inc.</i>		1R44AI122421	-	23,497	23,497
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		431911-19C63	-	190,401	190,401
<i>Pass-Through from Washington University - St. Louis</i>		WU-17-51- -3	20,292	-	20,292
<i>Pass-Through from Washington University - St. Louis</i>		5P01AI120943-03	106,916	-	106,916
<i>Pass-Through from Washington University - St. Louis</i>		5U01AI095542-07	(57)	-	(57)
<i>Pass-Through from Washington University - St. Louis</i>		5U19AI109725-04	(256)	-	(256)
<i>Pass-Through from Washington University - St. Louis</i>		7R01AI13027803	-	8,202	8,202
<i>Pass-Through from Washington University School of Medicine</i>		WU-19-94	-	583	583
<i>Pass-Through from Washington University School of Medicine</i>		5U19AI109725-05	-	1,239,100	1,239,100
<i>Pass-Through from Wayne State University</i>		WSU16040-A3	-	104,108	104,108
<i>Pass-Through from Yale University</i>		5R01AI08314609	-	62,910	62,910
<i>Pass-Through from Yale University</i>		5R01AI087946-11	-	29,055	29,055
<i>Pass-Through from Zalgen Labs, LLC</i>		1R01AI14125101	-	37,031	37,031
Total - CFDA 93.855			16,211,939	104,484,193	120,696,132
Microbiology and Infectious Diseases Research	93.856		574,133	541,149	1,115,282
<i>Pass-Through from American Type Culture Collection</i>		HHSN272201600013C	-	472,658	472,658
<i>Pass-Through from Northwestern University</i>		HHSN272201600016C	-	16,640	16,640
<i>Pass-Through from University of Tennessee Health Science Center</i>		5R01AG049696-03	-	9,343	9,343
<i>Pass-Through from Washington University - St. Louis</i>		WU-18-30/ PO 2934177E	-	26,387	26,387
Total - CFDA 93.856			574,133	1,066,177	1,640,310
Biomedical Research and Research Training	93.859		4,091,549	82,471,849	86,563,398
<i>Pass-Through from AM Biotechnologies, LLC</i>		5 R44 GM084552 04	-	(790)	(790)
<i>Pass-Through from Baylor College of Medicine</i>		PO# 7000000655	-	13,529	13,529
<i>Pass-Through from Baylor College of Medicine</i>		5 P01 GM081627 05	-	(3,682)	(3,682)
<i>Pass-Through from Baylor College of Medicine</i>		5T32GM00828029	-	(1,593)	(1,593)
<i>Pass-Through from Baylor College of Medicine</i>		7000000193	-	31,368	31,368
<i>Pass-Through from Biolytic Lab Performance, Inc.</i>		R41GM121103	-	7,213	7,213
<i>Pass-Through from Boston University</i>		4500002045	-	159,237	159,237
<i>Pass-Through from Case Western Reserve University</i>		RES509568	-	26,056	26,056
<i>Pass-Through from Columbia University</i>		1(GG010211)-PO# G13593	-	89,818	89,818
<i>Pass-Through from Cooper Medical School of Rowan University</i>		R01GM081685-12	-	3,382	3,382
<i>Pass-Through from Cornell University</i>		68964-10332	-	(14,749)	(14,749)
<i>Pass-Through from Duke University</i>		2037848/R01GM120221	-	84,558	84,558
<i>Pass-Through from East Carolina University</i>		A13-0179-S003-A01	-	1,484	1,484
<i>Pass-Through from El Paso Community College</i>		CI004956/21197F21199-7184	-	21,786	21,786
<i>Pass-Through from EpiCypher, Inc.</i>		2R44GM112234-02A1	-	101,001	101,001
<i>Pass-Through from EpiCypher, Inc.</i>		2R44GM116584-02	-	55,780	55,780
<i>Pass-Through from Firebird Biomolecular Sciences, LLC</i>		UTA16-001343	-	1	1
<i>Pass-Through from Georgia Institute of Technology</i>		RF258-G1 1	-	54,608	54,608
<i>Pass-Through from Georgia Tech Research Corporation</i>		R01GM116547	-	174,922	174,922
<i>Pass-Through from Hunter College</i>		5 R01 GM088530 04	-	(938)	(938)
<i>Pass-Through from Icahn School of Medicine - Mount Sinai</i>		5R01GM12404702	-	98,987	98,987
<i>Pass-Through from Indiana University</i>		BL4624920TAMU - 2120693	-	134,654	134,654
<i>Pass-Through from Indiana University</i>		BL4624920TU	-	79,409	79,409
<i>Pass-Through from InnovaRegi, LLC</i>		R41GM130206	-	49,835	49,835
<i>Pass-Through from Johns Hopkins University</i>		2002879980/5R01GM0500	-	-	-
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		16-2	-	2,974	2,974
<i>Pass-Through from Mayo Clinic</i>		5P30GM124169-02	-	10,263	10,263
<i>Pass-Through from Mayo Clinic</i>		TEX-232782 - 66146712	-	184,782	184,782
<i>Pass-Through from Mayo Clinic</i>		UTX-248321-	-	-	-
<i>Pass-Through from Mercury Biomed, LLC</i>		01/R01GM126086	-	31,481	31,481
<i>Pass-Through from Mercury Biomed, LLC</i>		UTA17-000723	-	1,351	1,351
<i>Pass-Through from Mercury Biomed, LLC</i>		UTA18-001508	-	34,362	34,362

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from Michigan State University</i>		RC106305A	-	24,007	24,007
<i>Pass-Through from National Institutes of Health</i>		7R01GM108583	-	443,006	443,006
<i>Pass-Through from National Institutes of Health</i>		7R15GM122953-02	-	95,584	95,584
<i>Pass-Through from New Mexico State University</i>		1R01GM12281901A1	-	143	143
<i>Pass-Through from New York Institute of Technology</i>		1R15GM11750101A1UTEP	-	35,668	35,668
<i>Pass-Through from Nimbic Systems, Inc.</i>		3R44GM09500507S2	-	75,004	75,004
<i>Pass-Through from North Dakota State University</i>		FAR0027126	-	77,134	77,134
<i>Pass-Through from Northwestern University Medical School</i>		NUMS 2018	-	13,131	13,131
<i>Pass-Through from Ohio State University</i>		60066506	-	7,621	7,621
<i>Pass-Through from Ohio State University</i>		60066528	-	66,221	66,221
<i>Pass-Through from Ohio State University</i>		60066529	-	48,454	48,454
<i>Pass-Through from Ohio State University</i>		60066531	-	27,335	27,335
<i>Pass-Through from Ohio State University</i>		60066532	-	44,912	44,912
<i>Pass-Through from Ohio State University</i>		60070930 RF01574454	-	107	107
<i>Pass-Through from Ohio State University</i>		60070932 RF01574856	-	10,956	10,956
<i>Pass-Through from Ohio State University</i>		60070934 RF01574861	-	17,138	17,138
<i>Pass-Through from Ohio State University</i>		60070943 RF01574865	-	6,634	6,634
<i>Pass-Through from Operational Technologies Corporation</i>		R44 GM101712	-	(7,431)	(7,431)
<i>Pass-Through from Penn State University</i>		5283-UTA-DHHS-3106	-	5,084	5,084
<i>Pass-Through from Princeton University</i>		0000090	-	13	13
<i>Pass-Through from Progenitec, Inc.</i>		2R44GM101776-02AL	-	253,206	253,206
<i>Pass-Through from Progenitec, Inc.</i>		2R44GM101776-02A1	80	-	80
<i>Pass-Through from Purdue University</i>		1 R01 GM106016 01	-	(1,720)	(1,720)
<i>Pass-Through from Rensselaer Polytechnic Institute</i>		A12403 - PO 259936	-	62,246	62,246
<i>Pass-Through from Rutgers University</i>		5R01GM118574-03	-	20,635	20,635
<i>Pass-Through from Salzman Group</i>		R44GM122095	-	159,510	159,510
<i>Pass-Through from Salzman Group</i>		2R44GM10050302A1	-	(12,867)	(12,867)
<i>Pass-Through from Sanford-Burnham Medical Research Institute</i>		1P01GM121203-01-A1	-	141,026	141,026
<i>Pass-Through from St. Jude Children's Research Hospital</i>		5P50GM115279-04	-	68,902	68,902
		60325810-25996-C	-	-	-
<i>Pass-Through from Stanford University</i>		2P01GM066275	-	47,424	47,424
<i>Pass-Through from SunnyBrook Research Institute</i>		5R01GM087285-07	-	103,773	103,773
<i>Pass-Through from The Scripps Research Institute</i>		R01GM118594	-	37,745	37,745
<i>Pass-Through from University of California - Los Angeles</i>		AWD 0518 G WA895	-	86,541	86,541
<i>Pass-Through from University of California - San Diego</i>		5R01GM118609-03	-	150,919	150,919
<i>Pass-Through from University of California - Santa Barbara</i>		KK1762 2 (W/EXT)	-	93,711	93,711
<i>Pass-Through from University of Colorado - Denver</i>		5R01GM12736502	-	116,252	116,252
<i>Pass-Through from University of Delaware</i>		R01GM120351	-	67,640	67,640
<i>Pass-Through from University of Florida</i>		UFDSP00012273	-	134,117	134,117
<i>Pass-Through from University of Idaho</i>		IMK050-SB-001	-	27,724	27,724
<i>Pass-Through from University of Illinois</i>		R01GM120485	-	29,332	29,332
<i>Pass-Through from University of Iowa</i>		5R01GM121458-03	-	190,299	190,299
<i>Pass-Through from University of Kentucky Research Foundation</i>		3200001651-18-236	8,256	-	8,256
<i>Pass-Through from University of Michigan</i>		5R01GM115598-05	-	78,613	78,613
<i>Pass-Through from University of Minnesota</i>		H005170501	-	76,995	76,995
<i>Pass-Through from University of Minnesota</i>		5R01GM05960417	-	76,874	76,874
<i>Pass-Through from University of Minnesota</i>		5R01GM12297903	-	184,886	184,886
<i>Pass-Through from University of New Mexico Health Science Center</i>		3REY1	-	885	885
<i>Pass-Through from University of North Carolina</i>		5104924/R01GM070335	-	31,727	31,727
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5R01GM100919-07	-	59,504	59,504
<i>Pass-Through from University of Oklahoma</i>		1R01GM107490-01A1NIH	-	15,476	15,476
<i>Pass-Through from University of Pennsylvania</i>		SYL1R01GM118501-01A1	-	17,169	17,169
<i>Pass-Through from University of Pennsylvania</i>		23-1352685	-	18,116	18,116
<i>Pass-Through from University of Pennsylvania</i>		5R01GM124111-03	-	65,973	65,973
		CNVA00060637 (131563-1)	-	-	-
<i>Pass-Through from University of Pittsburgh</i>		1)	-	32,243	32,243
<i>Pass-Through from University of Pittsburgh</i>		R01GM049202	-	18,672	18,672
<i>Pass-Through from University of Pittsburgh</i>		R01GM114851	-	98,884	98,884
<i>Pass-Through from University of Pittsburgh</i>		0047882 (126884-5)	-	11,797	11,797
<i>Pass-Through from University of Southern California</i>		93481450	-	11,191	11,191
<i>Pass-Through from University of Southern California</i>		95367003	-	12,643	12,643
<i>Pass-Through from University of Utah</i>		5 R01 GM104390 01	-	(37,902)	(37,902)
<i>Pass-Through from University of Washington</i>		5R01GM04272524	-	43,818	43,818
<i>Pass-Through from University of Wisconsin - Madison</i>		R01GM097618	-	42,173	42,173
<i>Pass-Through from Washington University</i>		WU-19-199; PO 2934574G	-	21,367	21,367
<i>Pass-Through from William Marsh Rice University</i>		R01GM115857	-	10,689	10,689
<i>Pass-Through from William Marsh Rice University</i>		R22891	-	139,265	139,265
<i>Pass-Through from William Marsh Rice University</i>		1R01GM106027 01	-	(19)	(19)

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from William Marsh Rice University</i>		5 R01 GM096189 03 GR102819 (CON-	-	(1)	(1)
<i>Pass-Through from Yale University</i>		8001234) YR 10	-	145,309	145,309
<i>Pass-Through from Yale University</i>		7R01GM107629-05	-	646	646
Total - CFDA 93.859			4,099,885	87,847,067	91,946,952
Child Health and Human Development Extramural Research	93.865		3,316,065	27,424,882	30,740,947
<i>Pass-Through from Arizona State University</i>		3DP2HD084067-01S2	-	23,167	23,167
<i>Pass-Through from Augusta University</i>		R25HL106365	-	17,400	17,400
<i>Pass-Through from Baylor College of Medicine</i>		7000000621	-	125,420	125,420
<i>Pass-Through from Baylor College of Medicine</i>		7000000864	-	30,179	30,179
<i>Pass-Through from Boston University</i>		4500002474	-	341,110	341,110
<i>Pass-Through from Children's Hospital of Philadelphia</i>		P01HD070454 -09 8902360619	-	16,417	16,417
<i>Pass-Through from Children's Hospital of Philadelphia</i>		5P01HD070454-09	-	144,213	144,213
<i>Pass-Through from Duke University</i>		FWA00005087	2,711	-	2,711
<i>Pass-Through from Duke University</i>		HHSN- 2752010000031	-	1,303	1,303
<i>Pass-Through from Duke University</i>		HHSN275201000003I	-	4,545	4,545
<i>Pass-Through from East Carolina University</i>		A17-0265-S001 213876	-	67,826	67,826
<i>Pass-Through from Eastern Virginia Medical School</i>		5R01HD08631304	-	330,097	330,097
<i>Pass-Through from Fannin Partners, LLC</i>		M1801824	-	1,285	1,285
<i>Pass-Through from George Washington University</i>		U10HD036801/U01- HL098354	-	764,560	764,560
<i>Pass-Through from George Washington University</i>		U10HD036802	-	477,265	477,265
<i>Pass-Through from George Washington University</i>		17-M100	-	54,317	54,317
<i>Pass-Through from Georgia State University Research Foundation</i>		5R01HD086894-03	-	9,380	9,380
<i>Pass-Through from Magee-Women's Hospital of UPMC</i>		5P01HD075795-05	-	335,320	335,320
<i>Pass-Through from Magee-Womens Research Institute & Foundation</i>		5U54HD04790514	-	292	292
<i>Pass-Through from Magee-Womens Research Institute & Foundation</i>		5U54HD04790515	-	16,219	16,219
<i>Pass-Through from Medical University of South Carolina</i>		MUSC18-098-8B464	-	5,730	5,730
<i>Pass-Through from Mucommune</i>		1R43HD09794101	-	35,542	35,542
<i>Pass-Through from Noninvasix Incorporated</i>		1R41HD09454201A1	-	56,092	56,092
<i>Pass-Through from Northeastern University</i>		500515-78050	-	71,235	71,235
<i>Pass-Through from Northern Arizona University Board of Regents</i>		7R03HD09637202	-	4,668	4,668
<i>Pass-Through from Pennsylvania State University</i>		UTHSCHD089922/P50HD 089922	-	13,642	13,642
<i>Pass-Through from Purdue University</i>		R01HD060995	-	101,371	101,371
<i>Pass-Through from Regents of the University of Michigan</i>		3004274738	-	6,499	6,499
<i>Pass-Through from RTI International</i>		U10HD054241	12,545	-	12,545
<i>Pass-Through from RTI International</i>		U24HL143216 TOP5 216651	-	83,592	83,592
<i>Pass-Through from RTI International</i>		2-UG1HD054241	-	50,469	50,469
<i>Pass-Through from RTI International</i>		2U10HD04068911	-	26,291	26,291
<i>Pass-Through from The Scripps Research Institute</i>		5-53414 / 5-53716	-	8,573	8,573
<i>Pass-Through from TomoWave Laboratories, Inc.</i>		R43HD095348	-	26,664	26,664
<i>Pass-Through from University of Arizona</i>		509353	-	14,004	14,004
<i>Pass-Through from University of Arkansas for Medical Sciences</i>		8U24OD24957	-	1,586	1,586
<i>Pass-Through from University of California - Davis</i>		A17-0003-S003-A1	73,467	-	73,467
<i>Pass-Through from University of California - Davis</i>		1R01HD084674-01A1	-	79,197	79,197
<i>Pass-Through from University of California - Irvine</i>		1 R21 HD081319 02	-	(3,440)	(3,440)
<i>Pass-Through from University of California - Los Angeles</i>		1215 G TA045	-	55,885	55,885
<i>Pass-Through from University of California - Los Angeles</i>		5U19HD089886-03	122,471	-	122,471
<i>Pass-Through from University of Georgia</i>		RR274-467/S001511	-	35,760	35,760
<i>Pass-Through from University of Georgia</i>		1R01HD08683201A1	-	155,239	155,239
<i>Pass-Through from University of Georgia</i>		2R01HD07531104A1	-	321,166	321,166
<i>Pass-Through from University of Illinois - Chicago</i>		20120613601001/R01HD	-	255	255
<i>Pass-Through from University of Illinois - Chicago</i>		2014-07499	-	35,317	35,317
<i>Pass-Through from University of Michigan</i>		3003597836	-	8,986	8,986
<i>Pass-Through from University of Michigan</i>		3004739344	-	(1,040)	(1,040)
<i>Pass-Through from University of Michigan</i>		3004864861	-	(11)	(11)
<i>Pass-Through from University of Missouri</i>		RSDP2019	22,589	-	22,589
<i>Pass-Through from University of Nebraska - Lincoln</i>		24-1710-0157-005 / 1R01HD08608	-	37,447	37,447
<i>Pass-Through from University of New Mexico</i>		3RED9	-	98,338	98,338
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5R01HD053000-10	-	(710)	(710)

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
		5R01HD086139-03			
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5107014	-	6,051	6,051
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5R01HD08613903	-	21,473	21,473
		5106231 / 5R01HD086139-03	-	5,538	5,538
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		0048860 (126873-11)	-	45,400	45,400
<i>Pass-Through from University of Pittsburgh</i>		0048860 (126873-11) A1			
<i>Pass-Through from University of Pittsburgh</i>		PILOT PROJ	-	47,857	47,857
<i>Pass-Through from University of Pittsburgh</i>		0051592 (128416-4)	4,089	-	4,089
		1R24HD096350-01			
<i>Pass-Through from University of Utah</i>		10046978-03	-	107,660	107,660
<i>Pass-Through from Vanderbilt University Medical Center</i>		5U01HD076733-05	-	53,307	53,307
<i>Pass-Through from Vanderbilt University School of Medicine</i>		5U01HD076733-04	-	2,249	2,249
<i>Pass-Through from Washington University School of Medicine</i>		5K12HD0000849-30	-	545	545
		GK000091 (CON-80000366)			
<i>Pass-Through from Yale University School of Medicine</i>			16,750	-	16,750
Total - CFDA 93.865			3,570,687	31,803,624	35,374,311
Aging Research	93.866		6,996,265	41,179,578	48,175,843
<i>Pass-Through from Albert Einstein College of Medicine</i>		31132H/P01AG017242	13,621	218,171	231,792
<i>Pass-Through from Amprion, Inc.</i>		1R42AG058333-01	-	61,072	61,072
<i>Pass-Through from Amprion, Inc.</i>		5R42AG049562-03	-	70,365	70,365
<i>Pass-Through from Astrocyte Pharmaceuticals Inc.</i>		R41AG062163-01	-	61,541	61,541
<i>Pass-Through from Baylor College of Medicine</i>		5R01AG057509-02	-	201,234	201,234
<i>Pass-Through from Baylor Research Institute</i>		41010621801	-	32,528	32,528
<i>Pass-Through from Boston Children's Hospital</i>		GENFD0001653417	-	56,483	56,483
<i>Pass-Through from Boston Children's Hospital</i>		R01AG058464-01	-	120,046	120,046
<i>Pass-Through from Boston University</i>		R01AG033040-10	-	170	170
<i>Pass-Through from Boston University</i>		1R01AG059727-01	-	12,647	12,647
<i>Pass-Through from Boston University</i>		1U01AG058589-01A1	-	6,272	6,272
<i>Pass-Through from Brigham and Women's Hospital</i>		5U01AG04827005	-	104,906	104,906
<i>Pass-Through from Bronx Veterans Medical Research Foundation, Inc.</i>		1R01AG060341-01-2	-	125,608	125,608
<i>Pass-Through from Columbia University</i>		2(GG010473-01)	-	19,726	19,726
<i>Pass-Through from Columbia University</i>		5R01AG047146-04	53,843	-	53,843
<i>Pass-Through from Columbia University</i>		5R01AG057709-02	-	10,419	10,419
<i>Pass-Through from Columbia University</i>		8(GG012955-02)	59,456	-	59,456
		A030455/RF1AG059093-01	-	23,132	23,132
<i>Pass-Through from Duke University</i>		A032406 / U01AG061359	-	32,290	32,290
<i>Pass-Through from Duke University</i>		2036783/RF1AG051550-01	-	23,835	23,835
<i>Pass-Through from Duke University</i>		ASPREE/U01AG029824	-	25,634	25,634
<i>Pass-Through from Hennepin Healthcare Research Institute</i>		U01AG029824	-	73,704	73,704
<i>Pass-Through from HNB Therapeutics, LLC</i>		R41AG057242	-	32,739	32,739
<i>Pass-Through from Icahn School of Medicine - Mount Sinai</i>		0255-B451-4609	-	1,672	1,672
<i>Pass-Through from Indiana University</i>		IN4680040UTA	-	376,340	376,340
<i>Pass-Through from Kaiser Foundation Research Institute</i>		U01AG012554	-	8,878	8,878
<i>Pass-Through from LifeSensors, Inc.</i>		1R43AG057231-01	-	30,770	30,770
		THE-			
<i>Pass-Through from Mayo Clinic</i>		213137/R37AG013925	-	82,187	82,187
		THE-			
<i>Pass-Through from Mayo Clinic</i>		256112/1P01AG062413-0	-	7,556	7,556
		THS-			
<i>Pass-Through from Mayo Clinic</i>		213137/PO#66246843/R3	-	126,573	126,573
		UTH-			
<i>Pass-Through from Mayo Clinic</i>		250202/PO#66468115/1R	-	3,983	3,983
<i>Pass-Through from Minneapolis Medical Research Foundation</i>		ASPREE	53,002	-	53,002
<i>Pass-Through from Northern Arizona University Board of Regents</i>		7R03AG06034502	-	4,659	4,659
<i>Pass-Through from Ohio State University</i>		60067564	-	149,730	149,730
		P0452A-A/RF1AG057964-01	-	141,200	141,200
<i>Pass-Through from Oregon State University</i>		5U01AG048270-05	-	15,575	15,575
<i>Pass-Through from Partners HealthCare Research Management</i>		5799-UTA-DHHS-01A1	-	71,638	71,638
<i>Pass-Through from Penn State University</i>		2R44AG04772204	-	111,072	111,072
<i>Pass-Through from Posit Science Corporation</i>		P007096957	-	9,405	9,405
<i>Pass-Through from Regents of the University of Minnesota</i>		CM000011844-00	-	23,348	23,348
<i>Pass-Through from Research Foundation of CUNY</i>					

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
<i>Pass-Through from Ridgeline Therapeutics, LLC</i>		1R41AG06198901	-	77,877	77,877
<i>Pass-Through from St. Jude Children's Research Hospital</i>		112036040-7828048	118,647	-	118,647
<i>Pass-Through from St. Jude Children's Research Hospital</i>		112274030-1431891	126,724	-	126,724
<i>Pass-Through from SynapTex, LLC</i>		R41AG060836	-	79,742	79,742
<i>Pass-Through from Texas Biomedical Research Institute</i>		PO#60946/P01AG051428	-	17,298	17,298
<i>Pass-Through from Texas Biomedical Research Institute</i>		5P01AG051428-04	-	211,688	211,688
<i>Pass-Through from The Curators of The University of Missouri</i>		0065133/00050841	-	1,553	1,553
<i>Pass-Through from The Hospital for Sick Children</i>		R01AG056726	-	630	630
<i>Pass-Through from The Scripps Research Institute</i>		PO5-52862	498	-	498
<i>Pass-Through from The Scripps Research Institute</i>		PO5-52866	(1,225)	-	(1,225)
<i>Pass-Through from The Scripps Research Institute</i>		PO5-52938	(1,764)	-	(1,764)
<i>Pass-Through from The Trustees of Columbia University</i>		1R56AG05975601	-	21,375	21,375
<i>Pass-Through from University of Arizona</i>		412921	-	208,683	208,683
<i>Pass-Through from University of Arizona</i>		5P01AG052359-03	-	257,255	257,255
<i>Pass-Through from University of California - Davis</i>		A13-0008-S001	-	1,920	1,920
<i>Pass-Through from University of California - Davis</i>		1RF1AG054548-01	-	35,716	35,716
<i>Pass-Through from University of California - Irvine</i>		R01AG058644	-	118,034	118,034
<i>Pass-Through from University of California - Los Angeles</i>		1R01AG06107801	-	22,778	22,778
<i>Pass-Through from University of California - Los Angeles</i>		2120 G WB040	111,861	-	111,861
<i>Pass-Through from University of California - San Diego</i>		MP INVOICE #S9002344	-	17,147	17,147
<i>Pass-Through from University of California - San Diego</i>		7R01AG048642-04	-	24,946	24,946
<i>Pass-Through from University of Florida</i>		R37AG033906	-	612	612
<i>Pass-Through from University of Louisville</i>		ULRF 17-1498	-	4,027	4,027
<i>Pass-Through from University of Maryland</i>		1500141	-	(547)	(547)
<i>Pass-Through from University of Massachusetts Medical School</i>		5R24AG04505004	-	(803)	(803)
<i>Pass-Through from University of Michigan</i>		3003298847 5 (W/EXT)	29,045	19,865	48,910
<i>Pass-Through from University of Michigan</i>		3004436261/R21AG05509	-	-	-
<i>Pass-Through from University of Michigan</i>		0-01	-	32,206	32,206
<i>Pass-Through from University of Michigan</i>		5R37AG02734309	-	(38)	(38)
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5106149	-	72,066	72,066
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5113397	-	31,338	31,338
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		571937 SUPP; PO	-	-	-
<i>Pass-Through from University of Pennsylvania</i>		#4309784	-	840	840
<i>Pass-Through from University of Pennsylvania</i>		571937; PO #4309698	-	332,075	332,075
<i>Pass-Through from University of Pittsburgh</i>		U01AG051406	-	35,522	35,522
<i>Pass-Through from University of Southern California</i>		103788735/R01AG047992	-	13,765	13,765
<i>Pass-Through from University of Southern California</i>		109926836	90,891	(30,739)	60,152
<i>Pass-Through from University of Southern California</i>		109990547	-	110,683	110,683
<i>Pass-Through from University of Southern California</i>		119767639	-	31,406	31,406
<i>Pass-Through from University of Tennessee Health Science Center</i>		2R01AG040146-04A1	-	14,287	14,287
<i>Pass-Through from University of Vermont</i>		5R21AG06035602	-	17,080	17,080
<i>Pass-Through from University of Washington</i>		UWSC10636/R01AG0558	-	-	-
<i>Pass-Through from University of Washington</i>		20	-	10,920	10,920
<i>Pass-Through from University of Washington</i>		UWSC10920/P30AG0478	-	-	-
<i>Pass-Through from University of Washington</i>		45-05	-	52,427	52,427
<i>Pass-Through from University of Washington</i>		UWSC10988 / BPO 37333	-	182,473	182,473
<i>Pass-Through from University of Washington</i>		UWSC11057 / 38470	-	17,661	17,661
<i>Pass-Through from University of Washington</i>		UWSC11070 / BPO 38599	-	18,138	18,138
<i>Pass-Through from University of Washington</i>		UWSC11070 / BPO 41595	-	14,623	14,623
<i>Pass-Through from University of Washington</i>		5U01AG016976-15	(55)	-	(55)
<i>Pass-Through from University of Wisconsin - Madison</i>		1R21AG055876-01	26,005	-	26,005
<i>Pass-Through from University of Wisconsin - Madison</i>		845K386	-	46,706	46,706
<i>Pass-Through from University of Wisconsin System</i>		0000000131	-	9,893	9,893
<i>Pass-Through from University of Wyoming</i>		1004121-	-	-	-
<i>Pass-Through from University of Wyoming</i>		UTH/U19AG057758-0	-	252,968	252,968
<i>Pass-Through from University of Wyoming</i>		1004121E-	-	-	-
<i>Pass-Through from University of Wyoming</i>		UTH/U19AG057758	-	17,952	17,952
<i>Pass-Through from University of Wyoming</i>		1004121G-UTHSC- 3	-	15,846	15,846
<i>Pass-Through from Vulintus, LLC</i>		R43AG059508	-	30,811	30,811
<i>Pass-Through from Wake Forest University Health Sciences</i>		WFUHS552702/R01AG05	-	-	-
<i>Pass-Through from Washington University - St. Louis</i>		8571-0	-	66,135	66,135
<i>Pass-Through from Washington University - St. Louis</i>		5R01AG05164703	-	163,636	163,636
<i>Pass-Through from Yale University School of Medicine</i>		GK000549 (CON-	-	-	-
<i>Pass-Through from Yale University School of Medicine</i>		800001612)	-	2,396	2,396
<i>Pass-Through from Yale University School of Medicine</i>		M17A12604 (A10795)	-	96,145	96,145
Total - CFDA 93.866			7,676,814	46,435,703	54,112,517

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
Vision Research	93.867		470,325	22,288,743	22,759,068
<i>Pass-Through from Baylor College of Medicine</i>		5 T32 EY007102 18	-	(15,042)	(15,042)
<i>Pass-Through from Baylor College of Medicine</i>		7000000313	-	32,219	32,219
<i>Pass-Through from Baylor College of Medicine</i>		7000000313/102163160	-	136,185	136,185
<i>Pass-Through from BetaStem Therapeutics Inc</i>		1R44EY028070-01	-	(3,910)	(3,910)
<i>Pass-Through from Children's Hospital of Philadelphia</i>		4R01EY021137-05	-	8,181	8,181
<i>Pass-Through from Emory University</i>		T892502	628	-	628
<i>Pass-Through from Emory University</i>		000027956	6,558	-	6,558
<i>Pass-Through from Emory University</i>		5-U10-EY013272-12	-	5	5
<i>Pass-Through from Emory University</i>		5UG1EY025553-02	(173)	-	(173)
<i>Pass-Through from Harvard University</i>		2067516	-	52,108	52,108
<i>Pass-Through from Icahn School of Medicine - Mount Sinai</i>		0255-0941-4609	-	48,636	48,636
<i>Pass-Through from Jaeb Center for Health Research</i>		U10EY11751	-	6,415	6,415
<i>Pass-Through from Jaeb Center for Health Research</i>		109510	-	13,565	13,565
<i>Pass-Through from Public Health Institute</i>		00938	-	4,879	4,879
<i>Pass-Through from Salus University</i>		5U10EY022599	-	18,841	18,841
<i>Pass-Through from University of Washington</i>		#26528	-	54,609	54,609
<i>Pass-Through from University of Washington</i>		5R01EY027859-02	-	74,188	74,188
Total - CFDA 93.867			477,338	22,719,622	23,196,960
Antimicrobial Resistance Surveillance in Retail Food Specimens	93.876		-	137,918	137,918
Medical Library Assistance	93.879		193,140	2,521,277	2,714,417
<i>Pass-Through from National Institutes of Health</i>		2R56LM011647-03	-	87,765	87,765
<i>Pass-Through from Northeastern University - Boston</i>		500495-78051	-	23,958	23,958
<i>Pass-Through from Tulane University</i>		TUL-HSC-554836-16/17	-	(3,710)	(3,710)
<i>Pass-Through from University of Pittsburgh</i>		5R01LM012095-04	-	23,734	23,734
<i>Pass-Through from University of Washington</i>		7R01LM011563-05	-	33,942	33,942
<i>Pass-Through from Vanderbilt University Medical Center</i>		7R21LM012448-03	-	10,982	10,982
<i>Pass-Through from William Marsh Rice University</i>		2T15LM007093-26	-	13,428	13,428
<i>Pass-Through from William Marsh Rice University</i>		4T15LM0070093-25	-	(1,224)	(1,224)
<i>Pass-Through from William Marsh Rice University</i>		5 T15 LM007093 25	-	(73,485)	(73,485)
Total - CFDA 93.879			193,140	2,636,667	2,829,807
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912		-	9,970	9,970
<i>Pass-Through from Alcohol and Drug Abuse Council of Deep East Texas</i>		693370	-	26,931	26,931
Total - CFDA 93.912			-	36,901	36,901
HIV Emergency Relief Project Grants	93.914		-	-	-
<i>Pass-Through from Boston University</i>		4500002953	-	28,353	28,353
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		-	-	-
<i>Pass-Through from Houston Regional HIV/AIDS Resource Group, Inc.</i>		206171	-	7,255	7,255
<i>Pass-Through from Resource Group</i>		18UTV00SSR	-	1,389	1,389
Total - CFDA 93.918			-	8,644	8,644
Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants	93.924		-	54,981	54,981
Healthy Start Initiative	93.926		-	820,604	820,604
<i>Pass-Through from Association of Maternal and Child Health Programs</i>		UF3MC31237	-	183	183
Total - CFDA 93.926			-	820,787	820,787
HIV Prevention Activities Health Department Based	93.940		-	(965)	(965)
<i>Pass-Through from City of Houston Health and Human Services</i>		6U62PS005092	-	305,982	305,982
Total - CFDA 93.940			-	305,017	305,017

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Health and Human Services (Continued)					
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944		-	1,798	1,798
Block Grants for Prevention and Treatment of Substance Abuse	93.959		-	69,883	69,883
PPHF Geriatric Education Centers	93.969		-	185,513	185,513
International Research and Research Training	93.989		21,600	637,202	658,802
<i>Pass-Through from University of Maryland - Baltimore</i>		5R21TW010952-02	-	27,846	27,846
<i>Pass-Through from Vanderbilt University Medical Center</i>		5R25TW009722-06	14,374	-	14,374
Total - CFDA 93.989			35,974	665,048	701,022
Maternal and Child Health Services Block Grant to the States	93.994		-	1,888,752	1,888,752
Total - U.S. Department of Health and Human Services			87,913,619	905,468,430	993,382,049
Corporation for National and Community Service					
Corporation for National and Community Service	94.XXX	15REHTX001 2 (COMP RENEWAL)	-	98,494	98,494
AmeriCorps	94.006		-	449,773	449,773
Training and Technical Assistance	94.009		-	7,781	7,781
Social Innovation Fund	94.019				
<i>Pass-Through from Methodist Healthcare Ministries of South Texas, Inc.</i>		14SIHTX001-05	-	1,595,871	1,595,871
<i>Pass-Through from Methodist Healthcare Ministries of South Texas, Inc.</i>		14SIHTX001-09	-	1,054,274	1,054,274
Total - CFDA 94.019			-	2,650,145	2,650,145
National Service and Civic Engagement Research Competition	94.026		-	126,103	126,103
<i>Pass-Through from University of Georgia</i>		RR274-474/S001570	-	(2,052)	(2,052)
Total - CFDA 94.026			-	124,051	124,051
Total - Corporation for National and Community Service			-	3,330,244	3,330,244
U.S. Department of Homeland Security					
U.S. Department of Homeland Security	97.XXX	HSHQDC-17-C-00063	-	431,791	431,791
		M1802205	-	90,104	90,104
		308972	-	10,566	10,566
<i>Pass-Through from Information Technology Strategies, Inc.</i>		00008	-	122,594	122,594
<i>Pass-Through from OBSIDIAN</i>		PRE-AWARD	-	61,127	61,127
<i>Pass-Through from TDA Research, Inc.</i>		AJ 5201 005 TTU 18 01	-	40,063	40,063
Total - CFDA 97.XXX			-	756,245	756,245
State and Local Homeland Security National Training Program	97.005		1,201,814	211,044	1,412,858
<i>Pass-Through from University of Arkansas System</i>		18002-2 (SCI-5676)	-	346,848	346,848
Total - CFDA 97.005			1,201,814	557,892	1,759,706
Hazard Mitigation Grant	97.039				
<i>Pass-Through from Bastrop County</i>		TX-1999-012 & 031	-	2,045	2,045
Assistance to Firefighters Grant	97.044		46,612	685,876	732,488
<i>Pass-Through from CFAI - Risk, Inc.</i>		CFAI-RISK-16	-	16,627	16,627
<i>Pass-Through from CFAI - Risk, Inc.</i>		CFAI-RISK-17	-	40,283	40,283
Total - CFDA 97.044			46,612	742,786	789,398

STATE OF TEXAS
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FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Department of Homeland Security (Continued)					
Centers for Homeland Security	97.061		551,973	3,300,962	3,852,935
<i>Pass-Through from Arizona State University</i>		18-401	-	64,036	64,036
<i>Pass-Through from George Mason University</i>		E2042936	-	141,280	141,280
<i>Pass-Through from George Mason University</i>		E2044131	-	8,416	8,416
<i>Pass-Through from National Institute for Hometown Security, Inc.</i>		05-17-TAM	-	434,618	434,618
<i>Pass-Through from University of Alaska</i>		508233	-	61,007	61,007
<i>Pass-Through from University of Alaska - Anchorage</i>		PO507159	-	4,927	4,927
<i>Pass-Through from University of North Carolina</i>		5101656	-	109,298	109,298
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5103190	-	54,408	54,408
<i>Pass-Through from University of North Carolina - Chapel Hill</i>		5109933	-	34,966	34,966
Total - CFDA 97.061			551,973	4,213,918	4,765,891
Scientific Leadership Awards	97.062		-	492,419	492,419
Homeland Security Advanced Research Projects Agency	97.065		65,210	360,769	425,979
Homeland Security Research, Development, Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Threat Detection	97.077		-	-	-
<i>Pass-Through from Southern Methodist University</i>		18DNARI000290100	-	114,101	114,101
Homeland Security, Research, Testing, Evaluation, and Demonstration of Technologies	97.108		55,514	111,390	166,904
National Cyber Security Awareness	97.128		264,704	624,070	888,774
National Nuclear Forensics Expertise Development Program	97.130		-	285,712	285,712
Total - U.S. Department of Homeland Security			2,185,827	8,261,347	10,447,174
U.S. Agency for International Development					
U.S. Agency for International Development	98.XXX		-	-	-
<i>Pass-Through from Michigan State University</i>		RC10205-KENYA	-	72,601	72,601
<i>Pass-Through from Michigan State University</i>		RC102095-LIBERIA	-	19,674	19,674
<i>Pass-Through from Michigan State University</i>		RC102095-R2003	-	60,604	60,604
<i>Pass-Through from Michigan State University</i>		RC103361	-	4,659	4,659
Total - CFDA 98.XXX			-	157,538	157,538
USAID Foreign Assistance for Programs Overseas	98.001		950,926	3,384,646	4,335,572
<i>Pass-Through from Baylor College of Medicine</i>		AI AAA150070	-	3,269	3,269
<i>Pass-Through from Baylor College of Medicine</i>		AID674A1600003	-	26,876	26,876
<i>Pass-Through from Cardno</i>		4726-001-CPFF-001	-	118,754	118,754
<i>Pass-Through from Conflict and Development Foundation</i>		SRS REF #M1700370	-	228,303	228,303
<i>Pass-Through from Conflict and Development Foundation</i>		SRS REF M1701135	-	106,892	106,892
<i>Pass-Through from Development Alternatives, Inc.</i>		1003456-S18-30977	-	605,837	605,837
<i>Pass-Through from Development Alternatives, Inc.</i>		1003506-18S-31202	-	270,958	270,958
<i>Pass-Through from Kansas State University</i>		S14181	-	42,274	42,274
<i>Pass-Through from Kansas State University</i>		S16057	166,137	178,501	344,638
<i>Pass-Through from Kansas State University</i>		S17148	-	15,295	15,295
<i>Pass-Through from Kansas State University</i>		S19169	-	5,187	5,187
<i>Pass-Through from Mercy Corps</i>		TAMU-ENHANCE- 33287S003	-	58,922	58,922
<i>Pass-Through from Mississippi State University</i>		193900 312455 03	-	36,199	36,199
<i>Pass-Through from National Academy of Sciences</i>		AID-OAA-A-11-00012	-	116,644	116,644
<i>Pass-Through from National Academy of Sciences</i>		2000009149	-	57,231	57,231
<i>Pass-Through from National Academy of Sciences</i>		200008309	-	100,647	100,647
<i>Pass-Through from Purdue University</i>		8000075673	-	6,652	6,652
<i>Pass-Through from SEGURA Consulting, LLC</i>		AID-OAA-C-13-00139	-	153,481	153,481
<i>Pass-Through from University of Georgia</i>		000001996	-	6,918	6,918
<i>Pass-Through from University of Georgia</i>		000018989	-	687	687
Total - CFDA 98.001			1,117,063	5,524,173	6,641,236

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FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
U.S. Agency for International Development (Continued)					
John Ogonowski Farmer-to-Farmer Program	98.009		35,515	139,799	175,314
USAID Development Partnerships for University Cooperation and Development <i>Pass-Through from Tetra Tech, Inc.</i>	98.012	1078-TAMU-001	-	(39)	(39)
Total - U.S. Agency for International Development			1,152,578	5,821,471	6,974,049
Total Research and Development Cluster			158,634,063	1,728,948,720	1,887,582,783
STUDENT FINANCIAL ASSISTANCE PROGRAMS CLUSTER					
U.S. Department of Education					
Federal Supplemental Educational Opportunity Grants	84.007		-	23,728,430	23,728,430
Federal Work-Study Program	84.033		-	27,223,893	27,223,893
Federal Perkins Loan (FPL)-Federal Capital Contributions	84.038		-	114,351,620	114,351,620
Federal Pell Grant Program	84.063		-	1,103,439,746	1,103,439,746
Federal Direct Student Loans	84.268		-	3,229,808,962	3,229,808,962
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379		-	4,646,922	4,646,922
Postsecondary Education Scholarships for Veteran's Dependents	84.408		-	14,207	14,207
Total - U.S. Department of Education			-	4,503,213,780	4,503,213,780
U.S. Department of Health and Human Services					
Nurse Faculty Loan Program (NFLP)	93.264		-	1,817,765	1,817,765
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342		-	19,716,927	19,716,927
Nursing Student Loans	93.364		-	3,326,644	3,326,644
Scholarships for Health Professions Students from Disadvantaged Background	93.925		-	5,939,773	5,939,773
Total - U.S. Department of Health and Human Services			-	30,801,109	30,801,109
Total Student Financial Assistance Programs Cluster			-	4,534,014,889	4,534,014,889
AGING CLUSTER					
U.S. Department of Health and Human Services					
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044		26,486,357	1,416,386	27,902,743
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045		39,947,396	1,518,445	41,465,841
Nutrition Services Incentive Program	93.053		9,240,304	2,175,199	11,415,503
Total - U.S. Department of Health and Human Services			75,674,057	5,110,030	80,784,087
Total Aging Cluster			75,674,057	5,110,030	80,784,087

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
CHILD NUTRITION CLUSTER					
U.S. Department of Agriculture					
School Breakfast Program	10.553		619,271,074	927,069	620,198,143
National School Lunch Program	10.555		1,715,590,880	1,845,931	1,717,436,811
Special Milk Program for Children	10.556		6,980	-	6,980
Summer Food Service Program for Children	10.559		30,691,445	442,194	31,133,639
Total - U.S. Department of Agriculture			2,365,560,379	3,215,194	2,368,775,573
Total Child Nutrition Cluster			2,365,560,379	3,215,194	2,368,775,573
CLEAN WATER STATE REVOLVING FUND CLUSTER					
Environmental Protection Agency					
Capitalization Grants for Clean Water State Revolving Funds	66.458		38,648,961	33,942,940	72,591,901
Total - Environmental Protection Agency			38,648,961	33,942,940	72,591,901
Total Clean Water State Revolving Fund Cluster			38,648,961	33,942,940	72,591,901
CCDF CLUSTER					
U.S. Department of Health and Human Services					
Child Care and Development Block Grant	93.575		401,579,778	102,725,956	504,305,734
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		217,328,863	-	217,328,863
<i>Pass-Through from Upper Rio Grande Workforce Development Board</i>		1018CCMC05	-	2,578	2,578
<i>Pass-Through from Upper Rio Grande Workforce Development Board</i>		1019CCMC05	-	43,154	43,154
<i>Pass-Through from Workforce Solutions</i>		2017-2018	-	17,500	17,500
Total - CFDA 93.596			217,328,863	63,232	217,392,095
Total - U.S. Department of Health and Human Services			618,908,641	102,789,188	721,697,829
Total CCDF Cluster			618,908,641	102,789,188	721,697,829
CDBG - ENTITLEMENT GRANTS CLUSTER					
U.S. Department of Housing and Urban Development					
Community Development Block Grants/Entitlement Grants	14.218		266,064	8,845	274,909
<i>Pass-Through from City of Arlington</i>		2018-179	-	2,393	2,393
<i>Pass-Through from City of Dallas</i>		2017-269	-	67,800	67,800
Total - CFDA 14.218			266,064	79,038	345,102
Total - U.S. Department of Housing and Urban Development			266,064	79,038	345,102
Total CDBG - Entitlement Grants Cluster			266,064	79,038	345,102
DISABILITY INSURANCE/SSI CLUSTER					
Social Security Administration					
Social Security Disability Insurance	96.001		-	101,010,715	101,010,715
Total - Social Security Administration			-	101,010,715	101,010,715
Total Disability Insurance/SSI Cluster			-	101,010,715	101,010,715

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FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
DRINKING WATER STATE REVOLVING FUND CLUSTER					
Environmental Protection Agency					
Capitalization Grants for Drinking Water State Revolving Funds	66.468		68,773,045	13,122,285	81,895,330
Total - Environmental Protection Agency			68,773,045	13,122,285	81,895,330
Total Drinking Water State Revolving Fund Cluster			68,773,045	13,122,285	81,895,330
ECONOMIC DEVELOPMENT CLUSTER					
U.S. Department of Commerce					
Investments for Public Works and Economic Development Facilities	11.300		-	804,717	804,717
Economic Adjustment Assistance	11.307		-	280,578	280,578
Total - U.S. Department of Commerce			-	1,085,295	1,085,295
Total Economic Development Cluster			-	1,085,295	1,085,295
EMPLOYMENT SERVICE CLUSTER					
U.S. Department of Labor					
Employment Service/Wagner-Peyser Funded Activities	17.207		11,328,835	46,488,277	57,817,112
<i>Pass-Through from East Texas Council of Governments</i>		75-1327222	-	47,402	47,402
Total - CFDA 17.207			11,328,835	46,535,679	57,864,514
Jobs for Veterans State Grants	17.801		-	9,291,791	9,291,791
Local Veterans' Employment Representative Program	17.804		-	5,188,089	5,188,089
Total - U.S. Department of Labor			11,328,835	61,015,559	72,344,394
Total Employment Service Cluster			11,328,835	61,015,559	72,344,394
FEDERAL TRANSIT CLUSTER					
U.S. Department of Transportation					
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526		4,469,268	1	4,469,269
Total - U.S. Department of Transportation			4,469,268	1	4,469,269
Total Federal Transit Cluster			4,469,268	1	4,469,269
FISH AND WILDLIFE CLUSTER					
U.S. Department of the Interior					
Sport Fish Restoration	15.605		998,431	2,534,802	3,533,233
Wildlife Restoration and Basic Hunter Education	15.611		-	21,380,716	21,380,716
Enhanced Hunter Education and Safety	15.626		78,487	262,051	340,538
Total - U.S. Department of the Interior			1,076,918	24,177,569	25,254,487
Total Fish and Wildlife Cluster			1,076,918	24,177,569	25,254,487
FOOD DISTRIBUTION CLUSTER					
U.S. Department of Agriculture					
Commodity Supplemental Food Program	10.565		22,411,402	-	22,411,402
Emergency Food Assistance Program (Administrative Costs)	10.568		12,811,282	68,136	12,879,418
Emergency Food Assistance Program (Food Commodities)	10.569		124,136,565	-	124,136,565
Total - U.S. Department of Agriculture			159,359,249	68,136	159,427,385
Total Food Distribution Cluster			159,359,249	68,136	159,427,385

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
FOSTER GRANDPARENT/SENIOR COMPANION CLUSTER					
Corporation for National and Community Service					
Foster Grandparent Program	94.011		22,065	1,876,376	1,898,441
Total - Corporation for National and Community Service			22,065	1,876,376	1,898,441
Total Foster Grandparent/Senior Companion Cluster			22,065	1,876,376	1,898,441
HEALTH CENTER PROGRAM CLUSTER					
U.S. Department of Health and Human Services					
Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224		-	3,239,748	3,239,748
Total - U.S. Department of Health and Human Services			-	3,239,748	3,239,748
Total Health Center Program Cluster			-	3,239,748	3,239,748
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER					
U.S. Department of Transportation					
Highway Planning and Construction	20.205		206,142,211	3,835,562,282	4,041,704,493
<i>Pass-Through from Houston - Galveston Area Council</i>		01	-	(10,903)	(10,903)
Total - CFDA 20.205			206,142,211	3,835,551,379	4,041,693,590
Recreational Trails Program	20.219		2,300,818	570,017	2,870,835
Total - U.S. Department of Transportation			208,443,029	3,836,121,396	4,044,564,425
Total Highway Planning and Construction Cluster			208,443,029	3,836,121,396	4,044,564,425
HIGHWAY SAFETY CLUSTER					
U.S. Department of Transportation					
State and Community Highway Safety	20.600		14,162,829	3,383,896	17,546,725
National Priority Safety Programs	20.616		7,295,648	12,400,479	19,696,127
<i>Pass-Through from Texans Standing Tall</i>		2018-TST-G-1YG-0233	-	563	563
Total - CFDA 20.616			7,295,648	12,401,042	19,696,690
Total - U.S. Department of Transportation			21,458,477	15,784,938	37,243,415
Total Highway Safety Cluster			21,458,477	15,784,938	37,243,415
HOUSING VOUCHER CLUSTER					
U.S. Department of Housing and Urban Development					
Section 8 Housing Choice Vouchers	14.871		-	6,783,213	6,783,213
Total - U.S. Department of Housing and Urban Development			-	6,783,213	6,783,213
Total Housing Voucher Cluster			-	6,783,213	6,783,213
MEDICAID CLUSTER					
U.S. Department of Health and Human Services					
State Medicaid Fraud Control Units	93.775		-	17,388,166	17,388,166
XVIII) Medicare	93.777		-	43,711,165	43,711,165
Medical Assistance Program	93.778		8,390,224	23,984,496,771	23,992,886,995
Total - U.S. Department of Health and Human Services			8,390,224	24,045,596,102	24,053,986,326
Total Medicaid Cluster			8,390,224	24,045,596,102	24,053,986,326

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
SPECIAL EDUCATION CLUSTER (IDEA)					
U.S. Department of Education					
Special Education Grants to States	84.027		1,095,904,320	64,599,496	1,160,503,816
<i>Pass-Through from Clear Creek Independent School District</i>		H027A150008	-	28,120	28,120
<i>Pass-Through from Education Service Center Region 17</i>		18-0360	-	52,473	52,473
<i>Pass-Through from Pasadena Independent School District</i>		H027A16008	-	28,120	28,120
Total - CFDA 84.027			1,095,904,320	64,708,209	1,160,612,529
Special Education Preschool Grants	84.173		24,901,112	193,523	25,094,635
Total - U.S. Department of Education			1,120,805,432	64,901,732	1,185,707,164
Total Special Education Cluster (IDEA)			1,120,805,432	64,901,732	1,185,707,164
SNAP CLUSTER					
U.S. Department of Agriculture					
Supplemental Nutrition Assistance Program	10.551		-	4,805,000,297	4,805,000,297
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		29,577,536	195,308,397	224,885,933
Total - U.S. Department of Agriculture			29,577,536	5,000,308,694	5,029,886,230
Total SNAP Cluster			29,577,536	5,000,308,694	5,029,886,230
TRANSIT SERVICES PROGRAMS CLUSTER					
U.S. Department of Transportation					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		6,791,863	818,134	7,609,997
Job Access and Reverse Commute Program	20.516		-	(46,722)	(46,722)
New Freedom Program	20.521		-	(2)	(2)
Total - U.S. Department of Transportation			6,791,863	771,410	7,563,273
Total Transit Services Programs Cluster			6,791,863	771,410	7,563,273
TANF CLUSTER					
U.S. Department of Health and Human Services					
Temporary Assistance for Needy Families	93.558		118,625,653	399,762,598	518,388,251
Total - U.S. Department of Health and Human Services			118,625,653	399,762,598	518,388,251
Total TANF Cluster			118,625,653	399,762,598	518,388,251
TRIO CLUSTER					
U.S. Department of Education					
TRIO Student Support Services	84.042		-	5,778,927	5,778,927
TRIO Talent Search	84.044		-	6,294,654	6,294,654
TRIO Upward Bound	84.047		-	14,213,525	14,213,525
TRIO Educational Opportunity Centers	84.066		-	686,970	686,970
TRIO McNair Post-Baccalaureate Achievement	84.217		-	2,214,006	2,214,006
Total - U.S. Department of Education			-	29,188,082	29,188,082
Total TRIO Cluster			-	29,188,082	29,188,082

STATE OF TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
WIOA CLUSTER					
U.S. Department of Labor					
WIOA Adult Program	17.258		62,407,041	1,860,061	64,267,102
WIOA Youth Activities	17.259		55,392,266	7,183,648	62,575,914
WIOA Dislocated Worker Formula Grants <i>Pass-Through from Workforce Solutions</i>	17.278	EXTERNSH	51,523,074	927,548	52,450,622
			-	6,910	6,910
Total - CFDA 17.278			<u>51,523,074</u>	<u>934,458</u>	<u>52,457,532</u>
Total - U.S. Department of Labor			<u>169,322,381</u>	<u>9,978,167</u>	<u>179,300,548</u>
Total WIOA Cluster			<u>169,322,381</u>	<u>9,978,167</u>	<u>179,300,548</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 9,879,582,277</u>	<u>\$46,705,791,684</u>	<u>\$56,585,373,961</u>

STATE OF TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The state of Texas Schedule of Expenditures of Federal Awards (Schedule) includes the activity of all federal award programs administered by the primary government except for the federal activity of the Texas A&M Research Foundation (TAMRF), a blended component unit of the Texas A&M University System. TAMRF is excluded from the Schedule and is subject to a separate audit in compliance with the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The Schedule does not include the federal activity of discrete component units. These entities are legally separate from the state and are responsible for undergoing separate audits as needed to comply with the OMB Uniform Guidance. The federal activity of the following discrete component units is excluded from the Schedule:

OneStar National Service Commission
Texas Boll Weevil Eradication Foundation Inc.
Texas State Affordable Housing Corporation

(b) Basis of Presentation

The Schedule presents total federal awards expended for each individual federal program during the fiscal year ended August 31, 2019. The information in the Schedule is presented in accordance with the requirements of OMB Uniform Guidance.

Federal award program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA). Federal award program titles not presented in the CFDA are identified by federal agency number followed by (.XXX). Federal award programs include expenditures, pass-throughs to non-state agencies (i.e., payments to subrecipients), non-monetary assistance, and loan programs.

(c) Basis of Accounting

The expenditures for each of the federal financial assistance programs are presented in the Schedule on the accounting basis as presented on the fund financial statements. For entities with governmental funds, expenditures are presented on a modified accrual basis. For entities with proprietary or fiduciary funds, expenditures are presented on the full accrual basis. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A- 133, *Audits of States, Local Governments, and Non-profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The expenditures in the Student Financial Assistance Cluster that meet the qualification for continuing compliance requirements include the beginning balance of outstanding loans from previous reporting periods, new loans processed in the current reporting period, and the administrative cost recovered. Additional information on all loan expenditures can be seen in Note 5.

Both the modified accrual and accrual basis of accounting incorporate an estimation approach to determine the amount of expenditures incurred if not yet billed by a vendor. Thus, those federal programs presenting negative amounts on the Schedule are the result of prior year estimates being overstated and/or reimbursements due back to the grantor.

(d) Matching Costs

Matching costs, the nonfederal share of certain program costs, are not included in the Schedule, except for the state's share of unemployment insurance (See Note 4).

**STATE OF TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Indirect Cost Rate

The following state agencies have elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance:

Texas A&M University – Central Texas
Lamar Institute of Technology

NOTE 2 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule, which is prepared on the basis explained in Note 1.

NOTE 3 RELATIONS TO REVENUES IN THE STATE OF TEXAS' FUND FINANCIAL STATEMENTS

The following is a reconciliation of total federal awards expended as reported in the Schedule to federal revenues reported in the fund financial statements.

FEDERAL REVENUES

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds, Federal Revenue	\$ 46,828,916,783
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds, Federal Revenue	3,704,697,830
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds, Capital Contributions - Federal	848,391
Statement of Changes in Fiduciary Net Position	<u>315,669,941</u>
Total Federal Revenue per Fund Financial Statements	<u>50,850,132,945</u>

RECONCILING ITEMS

Noncash Federal Commodities/Vaccines/Surplus Property/ Other (Note 6)	831,068,344
Various Loans Processed by Universities and Agencies (Note 5)	3,233,907,389
Beginning Balance of Loans as of September 1, 2018 for Various Loan Programs (Note 5)	141,083,013
State Unemployment Funds (Note 4)	2,015,963,440
Programs Not Subject to OMB Uniform Guidance (Note 8)	(427,094,985)
Other*	4,711,234
Blended Component Unit Not Included in the Schedule of Expenditures of Federal Awards (Note 1(a))	<u>(64,397,419)</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u><u>\$ 56,585,373,961</u></u>

* This amount includes deductions of \$682,341 for fixed fee contracts; deductions of \$9,045,259 for vendor transactions; additions of \$12,037,162 for Credit Enhancement for Charter School Facilities; additions of \$764,130 for Smith-Lever Act Federal Appropriation; additions of \$1,637,458 of other transactions; and an addition of \$84 for rounding in the Schedule.

STATE OF TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

NOTE 4 UNEMPLOYMENT INSURANCE FUNDS

State unemployment tax revenues and the government and nonprofit contributions in lieu of state taxes (State UI funds) must be deposited into the Unemployment Trust Fund in the U.S. Treasury. Use of these funds is restricted to pay benefits under the federally approved State Unemployment Law. State UI funds as well as federal funds are reported in the Schedule under CFDA 17.225. The state portion in the amount of \$2.0 billion is a reconciling item in the reconciliation of the Schedule to revenues in the fund financial statements (see Note 3).

NOTE 5 FEDERALLY FUNDED LOAN/CREDIT ENHANCEMENT PROGRAMS

The state participates in various federally funded loan and credit enhancement programs. The programs can be grouped into three broad categories:

- Federally Funded Student Loan Programs
- Other Federally Funded Loan Programs
- Federally Funded Credit Enhancement Program

(a) Federally Funded Student Loan Programs

The state participates in student loan programs on which the federal government imposes continuing compliance requirements. Additionally, the state participates in other student loan programs that do not require continuing compliance. The charts below summarize activity by the state for federally funded student loan programs:

Student Loan Programs with Continuing Compliance Requirements

CFDA Number	Program Name	Beginning Balance of Loans as of September 1, 2018	Ending Balance of Loans as of September 1, 2019	New Loans Processed
84.032L	Federal Family Education Loan Program (FFELP)	\$ 4,136,834	\$ 3,411,174	-
84.038	Federal Perkins Loan (FPL) - Federal Capital Contributions	114,394,751	90,665,411	(76,248)
93.108	Health Education Assistance Loan Program (HEAL)	1,534,008	1,139,795	-
93.264	Nurse Faculty Loan Program (NFLP)	1,403,044	1,404,302	414,721
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students (HPSL/PCL/LDS)	16,624,978	15,369,972	3,091,949
93.364	Nursing Student Loans (NSL)	2,696,139	753,075	630,505
93.408	ARRA - Nurse Faculty Loan Program	293,259	302,025	37,500
		<u>\$ 141,083,013</u>	<u>\$ 113,045,754</u>	<u>\$ 4,098,427</u>

**STATE OF TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019**

NOTE 5 FEDERALLY FUNDED LOAN/CREDIT ENHANCEMENT PROGRAMS (CONTINUED)

(a) Federally Funded Student Loan Programs (Continued)

Other Student Loan Programs

CFDA Number	Program Name	New Loans Processed
84.268	Federal Direct Student Loans (Direct Loan)	<u>\$ 3,229,808,962</u>

New student loans processed totaling \$3.2 billion are included in the Schedule and are part of a reconciling item on Note 3.

The Federal Direct Student Loans Program (Direct Loan, CFDA 84.268) does not require universities to disburse funds. The proceeds are disbursed by the federal government for Direct Loans.

(b) Other Federally Funded Loan Programs

Clean Water State Revolving Funds (CWSRF, CFDA 66.458)

The Texas Water Development Board receives capitalization grants to create and maintain Clean Water State Revolving Funds programs (CWSRF, CFDA 66.458). The state can use capitalization grant funds to provide a long-term source of state financing for construction of wastewater treatment facilities and implementation of other water quality management activities.

The CWSRF provides loans at interest rates lower than what can be obtained through commercial markets. Mainstream funds offer a net long-term fixed interest rate below market rate for those applicants financing the origination fee. The maximum repayment period for most CWSRF loans is 30 years from completion of construction. Capitalization loans processed for CWSRF for the year ended August 31, 2019 were approximately \$69.2 million and are included in the Schedule. CWSRF outstanding loans, with no continuing audit requirements, at August 31, 2019 were approximately \$2.6 billion.

Drinking Water State Revolving Funds (DWSRF, CFDA 66.468)

The Texas Water Development Board receives capitalization grants to create and maintain Drinking Water State Revolving Funds programs (DWSRF, CFDA 66.468). The state can use capitalization grant funds to establish a revolving loan fund. The revolving loan fund can assist public water systems in financing the costs of infrastructure needed to achieve or maintain compliance with the Safe Drinking Water Act. These compliance requirements ensure the public health objectives of the Safe Drinking Water Act.

The DWSRF can provide loans at interest rates lower than the market or provide other types of financial assistance for qualified communities, local agencies, and private entities. Mainstream funds offer a net long-term fixed interest rate below market rate for those applicants financing the origination fee. The maximum repayment period for most DWSRF loans is 30 years from the completion of construction. Capitalization loans processed for DWSRF for the year ended August 31, 2019 were approximately \$68.8 million and are included in the Schedule. DWSRF outstanding loans, with no continuing audit requirements, at August 31, 2019 were approximately \$1.3 billion.

**STATE OF TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019**

NOTE 5 FEDERALLY FUNDED LOAN/CREDIT ENHANCEMENT PROGRAMS (CONTINUED)

(b) Other Federally Funded Loan Programs (Continued)

The chart below summarizes activity by the state for the two revolving loan programs.

CFDA Number	Program Name	New Loans Processed
66.458	Clean Water State Revolving Funds (CWSRF)	\$ 69,154,900
66.468	Drinking Water State Revolving Funds (DWSRF)	68,773,045
Total New Loans Processed		<u>\$ 137,927,945</u>

State Energy Program (SEP, CFDA 81.041)

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

CFDA Number	Program Name	New Loans Processed
81.041	State Energy Program	<u>\$ 17,002,806</u>

(c) Federally Funded Credit Enhancement Program

Credit Enhancement for Charter School Facilities (CFDA 84.354)

In 2005, the Texas Public Finance Authority Charter School Finance Corporation formed a consortium with the Texas Education Agency and the Texas Charter School Resource Center to apply for a federal grant to assist charter schools. In 2006, the consortium received \$10 million in federal grants, to which the Texas Education agency added \$100,000, to establish the Texas Credit Enhancement Program (TCEP). The \$12.0 million of federal grants received are subject to continuing audit requirements and are included in the Schedule. In addition, approximately \$292.2 thousand of interest earned on the federal grant monies drawn down in fiscal 2019 is also included in the Schedule.

The TCEP provides credit enhancement grants to eligible charter schools by funding debt service reserve funds for bonds issued on behalf of the schools to finance education facilities. As of August 31, 2019, approximately \$9.1 million of the grant funds and related interest earnings were allocated in the form of credit enhancements to various charter schools.

**STATE OF TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019**

NOTE 6 NONMONETARY ASSISTANCE

The state is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements and are therefore not recorded in the state's fund financial statements. Awards received by the state, which includes cash and noncash amounts, are included in the Schedule as follows:

CFDA Number	Program Name	New Loans Processed
10.555	National School Lunch Program	\$ 189,701,410
10.559	Summer Food Service Program for Children	100,023
10.565	Commodity Supplemental Food Program	17,549,863
10.569	Emergency Food Assistance Program (Food Commodities)	124,136,565
39.003	Donation of Federal Surplus Personal Property	12,632,142
93.268	Immunization Cooperative Agreements	486,868,718
94.013	Volunteers in Service to America	79,623
Total Grant Awards		<u>\$ 831,068,344</u>

NOTE 7 REBATES FROM THE SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)

During fiscal year 2019, the state received cash rebates from infant formula manufacturers in the amount of approximately \$211.6 million on sales of formula to participants in the WIC program (CFDA 10.557), which are netted against total expenditures included in the Schedule. Rebate contracts with infant formula manufacturers are authorized by Code of Federal Regulations, Title 7: Agriculture, Subtitle B, Chapter II, Subchapter A, Part 246.16a as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. Applying the rebates received to such costs enabled the state to extend program benefits to more participants than could have been serviced this fiscal year in the absence of the rebate contract.

NOTE 8 PROGRAMS NOT SUBJECT TO OMB UNIFORM GUIDANCE

The fund financial statements include federal funding received from certain programs that are not subject to continuing compliance requirements. For the year ended August 31, 2019, the fund financial statements include \$427.1 million of federal funds which are not subject to the continuing compliance requirements of OMB Uniform Guidance, and are not included in the Schedule.

Medicare Part D is not subject to OMB Uniform Guidance. Reimbursements of \$344.4 million were received related to the Medicare Part D program by the administrators of postemployment health care plans. Administrators include the Employees Retirement System of Texas, Teacher Retirement System of Texas, University of Texas System, and Texas A&M University System.

The Build America Bonds are taxable municipal bonds that carry special tax credits and federal subsidies for either the bond issuer or the bondholder. The revenue generated is excluded from the Schedule. The state recognized federal revenues of \$82.7 million related to the program.

STATE OF TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

NOTE 9 DISASTER GRANTS – PUBLIC ASSISTANCE (CFDA 97.036)

After a Presidential-Declared Disaster, FEMA provides a Public Assistance Grant to reimburse eligible costs associated with repair, replacement, or restoration of disaster-damaged facilities. The federal government reimburses in the form of cost-shared grants that require state matching funds. For the year ended August 31, 2019, \$30.2 million of approved eligible expenditures that were incurred in a prior year are included on the Schedule.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PORTION OF STATEWIDE SINGLE AUDIT REPORT
FOR THE YEAR ENDED AUGUST 31, 2019**

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**STATE OF TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PORTION OF STATEWIDE SINGLE AUDIT REPORT
FOR THE YEAR ENDED AUGUST 31, 2019**

Section 1 – Summary of Auditors’ Results

Financial Statements

Issued under separate cover. See State Auditor’s Office report entitled the *State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2019* dated February 25, 2020.

Federal Awards

1. Internal control over major federal programs:

- Material weakness(es) identified? x yes no
- Significant deficiency(ies) identified x yes none reported

Major Programs with Material Weaknesses:

CFDA

<u>Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements
93.767	Children's Health Insurance Program (CHIP)
93.791	Money Follows the Person Rebalancing Demonstration
Cluster	Medicaid

Major Programs with Significant Deficiencies:

CFDA

<u>Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
84.048	Career and Technical Education – Basic Grants to States
93.568	Low-Income Home Energy Assistance
93.767	Children's Health Insurance Program (CHIP)
93.791	Money Follows the Person Rebalancing Demonstration
Cluster	CCDF
Cluster	Food Distribution Cluster
Cluster	Medicaid
Cluster	SNAP
Cluster	TANF

**STATE OF TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PORTION OF STATEWIDE SINGLE AUDIT REPORT
FOR THE YEAR ENDED AUGUST 31, 2019**

Section 1 – Summary of Auditors’ Results (Continued)

2. Type of auditors’ report issued on compliance for major federal programs: See below:

Qualified:

CFDA

<u>Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements
93.767	Children’s Health Insurance Program (CHIP)
93.791	Money Follows the Person Rebalancing Demonstration
Cluster	Medicaid

Unmodified:

CFDA

<u>Number</u>	<u>Name of Federal Program or Cluster</u>
16.575	Crime Victim Assistance
84.048	Career and Technical Education – Basic Grants to States
84.424	Student Support and Academic Enrichment Program
84.938	Hurricane Education Recovery Program
93.568	Low-Income Home Energy Assistance
93.569	Community Services Block Grant
97.067	Homeland Security Grant Program
Cluster	CCDF
Cluster	Fish and Wildlife Cluster
Cluster	Food Distribution Cluster
Cluster	Highway Safety Cluster
Cluster	SNAP
Cluster	TANF

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ x _____ yes _____ no

**STATE OF TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PORTION OF STATEWIDE SINGLE AUDIT REPORT
FOR THE YEAR ENDED AUGUST 31, 2019**

Section 1 – Summary of Auditors’ Results (Continued)

Identification of Major Federal Programs

CFDA Number	Name of Federal Program or Cluster
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
16.575	Crime Victim Assistance
84.048	Career and Technical Education – Basic Grants to States
84.424	Student Support and Academic Enrichment Program
84.938	Hurricane Education Recovery Program
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements
93.568	Low-Income Home Energy Assistance
93.569	Community Services Block Grant
93.767	Children's Health Insurance Program (CHIP)
93.791	Money Follows the Person Rebalancing Demonstration
97.067	Homeland Security Grant Program
Cluster	CCDF
Cluster	Fish and Wildlife Cluster
Cluster	Food Distribution Cluster
Cluster	Highway Safety Cluster
Cluster	Medicaid
Cluster	SNAP
Cluster	TANF

Dollar threshold used to distinguish between
Type A and Type B programs: \$ 84,878,061

Auditee qualified as low-risk auditee? _____ yes no

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**STATE OF TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PORTION OF STATEWIDE SINGLE AUDIT REPORT
FOR THE YEAR ENDED AUGUST 31, 2019**

Section 2 – Financial Statement Findings

Issued under separate cover. See State Auditor's Office report entitled the State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2019 dated February 25, 2020.

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**STATE OF TEXAS
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FOR THE YEAR ENDED AUGUST 31, 2019**

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**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
AGRICULTURE, DEPARTMENT OF**

Section 3 – Federal Award Findings and Questioned Costs - CLA

This section identifies material weaknesses, significant deficiencies, and instances of non-compliance, including questioned costs, as required to be reported by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Section 200.516 Audit Findings. This section is organized by state agency.

**Reference No. 2019-001
Allowable Costs/Cost Principles
Cash Management**

Food Distribution Cluster

Award years – October 1, 2017 to September 30, 2018, July 1, 2018 to September 30, 2018, October 1, 2018 to September 30, 2019, and June 1, 2019 to September 30, 2019

Award numbers – 6TX430816, 6TX801816, 6TX810817, and 6TX810877

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

Per 2 CFR 200.303, Texas Department of Agriculture (TDA) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Questioned Cost:	\$0
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U.S. Department of Agriculture	
--------------------------------	--

TDA uses Active Directory to grant network access to TDA personnel. TDA utilizes Personnel, Accounting, Timekeeping, Human Resource System (PATHS) to process time and effort reporting under 2 CFR 200.430. TDA utilizes Contracts, Awards Management, and Procurement System (CAMPS) for procurement of vendors and approval of the associated payments on the resulting contracts, including subrecipients. Additionally, TDA utilizes TXUNPS Pentaho as a reporting tool to assist in federal reporting requirements.

- 1) As part of TDA's internal controls procedures, periodic user access reviews are required to be completed for Active Directory, PATHS and CAMPS applications in order to ensure that access granted to TDA personnel are consistent with their respective job description. During fiscal year 2019, user reviews were not performed for Active Directory, PATHS, and CAMPS applications. User access reviews should include reviewing users with privilege access, ensuring all active service accounts (i.e., non-employee accounts) have a required business purpose, verifying that users are assigned to security groups or roles based on their existing job description, and ensuring that accounts no longer required are adequately removed.
- 2) In fiscal year 2019, two (2) terminated users had access to requesting coding changes to the CAMPS application after termination. Access to coding changes allows users to request changes to configurations or program functionalities. The two users had not logged in subsequent to their date of termination, which mitigated the risk of inappropriate access, and access for these accounts was removed on September 24, 2019. Additionally, one (1) terminated user had access to Active Directory after termination. The user was terminated on November 30, 2019; however, the request to remove access to Active Directory was not submitted until December 13, 2019. The user had not logged in subsequent to their date of termination, which mitigated the risk of inappropriate access. An effective mechanism should be in place to ensure that access is appropriately removed when an employee is terminated. Without an effective termination control, the risk of unauthorized access to programs and data is increased.

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
AGRICULTURE, DEPARTMENT OF**

- 3) For the TXUNPS Pentaho application, TDA maintained a shared administrative account. Administrative accounts allow a user to add users, remove users, as well as make report configuration changes. Shared administrative accounts limit the effectiveness of audit logs in identifying the origination of changes to access or report configurations. Each administrator should have a unique administrative account in order to monitor changes made to the application. Without unique administrative accounts, the risk of unauthorized changes to report configurations or user access is increased.

No questioned costs were noted with regard to allowable costs/cost principles or cash management as a result of the issues noted above.

Recommendation:

TDA should enforce its policies and procedures in place to ensure user access reviews are performed and documented on a periodic basis. This review should entail verifying that privilege access, service accounts, and employee access are restricted to authorized personnel in accordance with their respective job description. Regarding terminated users, TDA should immediately remove a user's access upon termination. Additionally, regarding shared administrative accounts, TDA should revise its policies and procedures to eliminate shared administrative accounts. A unique account should exist for each administrator and TDA should continue to perform reviews of audit logs to ensure inappropriate changes are not made to report configurations.

Views of Responsible Officials:

TDA management agrees with the concept that system controls are necessary. The TDA ISO, IT and Program staff will continue to follow and adhere to all posted agency policies and procedures as they pertain to "Quarterly Security Access Reviews" for all in-scope agency applications.

Corrective Action Plan:

TDA will ensure quarterly security access reviews are performed, CAMPS users and F&N Pentaho administrative accounts are reviewed and performed according to the agency's posted policies. TDA Corrective Actions are detailed below:

Quarterly Security Access Reviews

1. *The PATHS application has been upgraded and now uses AD for credentialing.*
2. *IT and the ISO have collaborated to create tools, scripts and reports, which are now scheduled and/or automated to help ensure consistency and overall compliance.*
3. *The ISO will be reviewing all training materials previously provided to TDA managers charged with reviewing their staff's access rights and groups. The additional training will take place to ensure all managers understand the requirements needed to effectively evaluate and approve quarterly access reviews as well as the AD groups and relationships.*

Terminated CAMPS Users

1. *TDA IT will continue to follow and adhere to posted agency policies and procedures as they pertain to employee separations and terminations in AD. TDA IT acted correctly and timely regarding processing the termination requests received from HR in a timely manner for these two users and will continue to work with the other impacted business areas of the agency to ensure timely ticket submission to TDA IT is performed regarding any future separations and/or terminations in AD.*
2. *The CAMPS application has been decommissioned.*
3. *The (2) users listed with access did not have static IPs matching the range needed along with a current TDA email account, which would have had to be in place in an effort to submit or attempt to make a change to the CAMPS application.*
4. *The (2) users also lacked any access to the TEST, DEV and PROD environments and had no elevated user's rights, which could have allowed them any opportunity to upload or push any potentially requested changes into any of the agency's environments.*

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
AGRICULTURE, DEPARTMENT OF**

F&N Pentaho “Administrative Account”

1. *The (1) shared administrative account(s) has been terminated, disabled and new dev/ops processes were put in place to eliminate shared administrative accounts moving forward.*

Implementation Dates: All CAMPS & F&N Pentaho user access issues were resolved and completed on or around August 2019 (Items 2 & 3). All quarterly security access reviews (Item 1) were resumed on or around September 2019 and all new ISO instructions and training will be completed by August 2020.

*Responsible Persons: Wes Williams, Information Security Officer
William Butch Grote, Information Resources Manager/Chief Information Officer
Melissa Dozier Gonzales, Director for F&N Program Support*

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
AGRICULTURE, DEPARTMENT OF**

**Reference No. 2019-002
Allowable Costs/Cost Principles
Cash Management
Eligibility
Special Tests and Provisions – Accountability for USDA Foods**

Food Distribution Cluster

Award years – October 1, 2017 to September 30, 2018, July 1, 2018 to September 30, 2018, October 1, 2018 to September 30, 2019, and June 1, 2019 to September 30, 2019

Award numbers – 6TX430816, 6TX801816, 6TX810817, and 6TX810877

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

Per 2 CFR 200.303, the Texas Department of Agriculture (TDA) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Questioned Cost:	\$0
U.S. Department of Agriculture	

TDA utilizes TXUNPS, a web application that allows TDA personnel and subrecipients to submit and approve documents. TXUNPS manages information regarding subrecipient contracts, entitlement, inventory, orders, and other Food Distribution Cluster (FDC) functions. Specific functions of TXUNPS include submitting and tracking commodity orders, viewing or declining commodity allocations, viewing invoices, and submitting and maintaining annual commodity contract packets and contract entitlements.

TDA currently outsources the hosting, maintenance, and enhancement over TXUNPS to a third-party service organization. The third-party service organization does not currently provide a Service Organization Controls 1(SOC 1) Type 2 report. SOC 1 Type 2 reports validate the suitability of design and operating effectiveness of the controls to meet the designed control objectives of internal controls over financial reporting. This report is critical to ensure that the service organization has the required controls infrastructure in place to process TDA's data. Testing of controls infrastructure includes, but is not limited to, physical security, logical controls, and change management.

No questioned costs were noted with regard to allowable costs/cost principles, cash management, or eligibility as a result of the issues noted above.

Recommendation:

TDA should ensure that they obtain and review SOC reports for each of their third party vendors that provide services over critical applications in order to evaluate whether they can rely on the third party's overall control structure. In addition, TDA should review and test the complementary user entity controls included in each SOC report and document the results of those procedures.

Views of Responsible Officials:

TDA management agrees with the concept that system controls are necessary. We have process and procedures in place, but we will refine those procedures to incorporate a formal review of the SOC reports and strengthen our related complementary controls.

Corrective Action Plan:

TDA will develop procedures and a standard template to document the review of the SOC reports, identification of the related complementary controls, testing of those controls and determine any residual risk as it relates to the services provided.

TDA will conduct the review of SOC reports at least annually.

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
AGRICULTURE, DEPARTMENT OF**

Implementation Dates: *Establish procedures and a review template. April 2020
Review the SOC reports and document the review annually.*

Responsible Persons: *Wes Williams, Information Security Officer
William Butch Grote, Information Resources Manager/Chief Information
Officer
Melissa Dozier Gonzales, Director for F&N Program Support*

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
FAMILY AND PROTECTIVE SERVICES, DEPARTMENT OF**

Reference No. 2019-003

Allowable Costs/Cost Principles

(Prior Audit Issues – 2018-002, 2017-005, and 2016-008)

Medicaid Cluster

Award years – October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018

Award numbers – 1905TXINCT, 1905TXIMPL, 1905TX5MAP, 1905TX5ADM, 1805TXINCT, 1805TXIMPL, 1805TX5MAP, and 1805TX5ADM

TANF Cluster

Award years – October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018

Award numbers – 1901TXTANF, 1901TXTAN3, 1801TXTANF, and 1801TXTAN3

CCDF Cluster

Award years – October 1, 2018 to September 30, 2021, October 1, 2017 to September 30, 2020, October 1, 2016 to September 30, 2019, and October 1, 2015 to September 30, 2018

Award numbers – G1901TXCCDF, G1801TXCCDF, G1701TXCCDF, and G1601TXCCDF

Non-Major Programs:

93.090 – Guardianship Assistance

93.658 – Foster Care – Title IV – E

93.659 – Adoption Assistance

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

Per 2 CFR 200.303, Department of Family and Protective Services (DFPS) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. Per 45 CFR Section 95.507, the State shall submit a cost allocation plan for the State agency as required below to the Director, Division of Cost Allocation (DCA), in the appropriate HHS Regional Office. The plan shall describe the procedures used to identify, measure, and allocate all costs to each of the programs operated by the State agency. The cost allocation plan shall contain the procedures used to identify, measure, and allocate all costs to each benefitting program and activity. Per 45 CFR Section 95.509, the State shall promptly amend the cost allocation plan and submit the amended plan to the Director, DCA, if any of the following events occur, including if other changes occur which make the allocation basis or procedures in the approval cost allocation plan invalid.

Questioned Cost: Unknown

U.S. Department of Health and
Human Services

DFPS's approved Public Assistance Cost Allocation Plan (PACAP) expenditures and revenues are initially allocated based on an estimate of Project ID percentages. After actual base statistical data is available, expenditures are reallocated and adjustments between estimated and actual costs are made. The adjustments result in costs claimed for each period being allocated based on actual base statistics for the same period. Data is updated either monthly or quarterly depending on the Project ID. There are approximately 20 Project IDs. Control procedures are in place to review these reallocation entries.

During fiscal year 2019, reallocations were done through December of 2018 for recording in the general ledger. Monthly reconciliations were completed through June 2019, and posted through a top-side entry. However, reallocations required for projects reallocations for the months of July and August were not completed. And as of January 2020, reallocations were not complete. As such, the amount of questioned costs was unable to be determined. DFPS has determined that this delay for completing the final reallocations timely is related to current year changes to the process implemented for automated data collection procedures in preparing the reallocation rates.

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
FAMILY AND PROTECTIVE SERVICES, DEPARTMENT OF**

Recommendation:

DFPS should continue to improve the timeliness of reallocations to ensure the amounts included in the Schedule of Federal Expenditures meet 2 CFR 200.303.

Views of Responsible Officials:

In October 2019, DFPS observed a declining number of children in the “reasonable candidates for foster care” case count methodology. This was attributed to an issue identified with the IMPACT system. As a result, reallocation for Q4 could not be completed until this issue was resolved. A correction to the system was implemented in late December 2019. The data warehouse refresh was completed in February 2020, allowing DFPS to move forward with Q4 reallocation using the new counts.

Corrective Action Plan:

DFPS plans to process the Q4 reallocations within the next 30 days.

Implementation Date: March 6, 2020

Responsible Person: Kristen Norris

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
FAMILY AND PROTECTIVE SERVICES, DEPARTMENT OF**

Reference No. 2019-004

Eligibility

(Prior Audit Issues – 2018-003, 2017-006, 2016-010, and 2015-008)

TANF Cluster

Award years – October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018

Award numbers – 1901TXTANF, 1901TXTAN3, 1801TXTANF, and 1801TXTAN3

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

Per 2 CFR 200.303, Department of Family and Protective Services (DFPS) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. Per the TANF State Plan, DFPS provides any service the State previously was authorized to use IV-A or IV-F funds under prior law, as in effect on September 30, 1995 and as clarified by the State's 1997 plan amendment. This includes the TANF Emergency Assistance (EA) program.

Questioned Cost:	\$0
U.S. Department of Health and Human Services	

Per the Texas Administrative Code, Title 40, Part 19, Chapter 700, Subchapter Z, Rule §700.2703:

- (a) The Department of Family and Protective Services (DFPS) or its authorized designee determines eligibility of a child and/or his family for Title IV-A Emergency Services if all of the following criteria are met:
- (1) An emergency exists, as defined in subsection (b) of this section.
 - (2) The family applies for care and services available in emergency situations, or DFPS or its authorized designee applies on behalf of a child whose parents are unavailable or unwilling to apply.
 - (3) The child has lived with a relative at sometime within the six-month period prior to application.
 - (4) The emergency arose for a reason other than an adult family member's refusal to accept employment without good cause.
 - (5) The applicant, child, or family declares annual income of less than \$63,000.
- (b) An emergency exists when DFPS:
- (1) Determines that a child is at risk;
 - (2) Has removed a child from the child's home and placed the child in its care; or
 - (3) Determines that a child formerly in its care is at risk of being returned to that care.

There are no automated controls to require recertification of EA recipients in Information Management Protecting Adults and Children in Texas (IMPACT), DFPS's eligibility system. The process of gathering information related to EA eligibility is done in conjunction with the case investigation process. Information, including the reason for an emergency and income levels, is determined based on the caseworker's interviews with the family and child. This information is input into IMPACT to determine eligibility. IMPACT's automated controls to determine if the child is EA eligible were found to be effective, including the assignment of service codes that determine monthly payment amounts. Only the information that the caseworker considers necessary to support the conclusions regarding eligibility is included in IMPACT as case notes. A supervisor within Child Protective Services will then review and approve the entire case for placement.

Of the 65 cases sampled, one instance was noted where the supervisor approval was not received until after the participant was determined to be eligible to receive benefit payments. Of the 65 cases sampled, there was one instance where the Emergency Assistance application within IMPACT was not used; however, assistance was provided.

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
FAMILY AND PROTECTIVE SERVICES, DEPARTMENT OF**

Recommendation:

DFPS should continue to enhance the automation between authorization of participant eligibility and the applications within IMPACT that determine eligibility. These automations should also apply for recertification and exits from the applicable programs. Additionally, DFPS should ensure that appropriate documentation related to cases is maintained.

Views of Responsible Officials:

DFPS will continue to work in enhancing the automation with the applications within IMPACT for eligibility.

Corrective Action Plan:

DFPS will reassess automation between authorization of participant eligibility and the applications within IMPACT that determine eligibility, and assess, as necessary, for any other automations as applicable to the program. DFPS staff will be researching implementation approaches to determine next steps to release in the 4th quarter FY 2021. In addition, DFPS will ensure that INV/AR staff receive ongoing communication/training regarding EA and Timely Documentation.

Implementation Date: Ongoing communication – will vary, first communication by June 1, 2020; IMPACT changes by August 31, 2021

Responsible Person: Gwen Gray

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

**Health and Human Services Commission / Department of Family and Protective Services
Reference No. 2019-005**

Allowable Costs/Cost Principles

(Prior Audit Issues – 2018-026 and 2017-025)

CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children

Award years – October 1, 2018 to September 30, 2019, October 1, 2017 to September 30, 2019, October 1, 2017 to September 30, 2018, January 1, 2017 to September 30, 2018, and January 1, 2016 to September 30, 2018

Award numbers – 6TX700507 and 6TX700527

Medicaid Cluster

Award years – October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018

Award numbers – 1905TXINCT, 1905TXIMPL, 1905TX5MAP, 1905TX5ADM, 1805TXINCT, 1805TXIMPL, 1805TX5MAP, and 1805TX5ADM

SNAP Cluster

Award years – October 1, 2018 to September 30, 2019, October 1, 2017 to September 30, 2018, and October 1, 2016 to September 30, 2018

Award numbers – 6TX430165, 6TX400106, 6TX400105, and 6TX430176

TANF Cluster

Award years – October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018

Award numbers – 1901TXTANF, 1901TXTAN3, 1801TXTANF, and 1801TXTAN3

Non-Major Programs:

84.181 – Special Education-Grants for Infants and Families

93.917 – HIV Care Formula Grants

93.958 – Block Grants for Community Mental Health Services

97.050 – Presidential Declared Disaster Assistance to Individuals and Households – other Needs

Aging Cluster

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

HHSC has their own instance of the Centralized Accounting and Payroll/Personnel System – Financials (CAPPS Financials). CAPPS Financials is the HHSC accounting system of record. This system is responsible for financial-related transaction processing that occurs for the entire Enterprise, encompassing the Accounts Payables, General Ledger, Asset Management and Purchasing

functions for administrative and client services related to provider payments. CAPPS Financials personnel provide system support, including development changes. CAPPS Financials is an Oracle PeopleSoft application.

Questioned Cost:	\$0
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U.S. Department of Agriculture
U.S. Department of Education
U.S. Department of Health and Human Services
U.S. Department of Homeland Security

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

Based on our review, we determined CAPPs Financials developers have the ability to migrate PeopleSoft objects into the production environment, which creates a segregation of duties conflict since developers should not have the ability to migrate their own code changes into production. The process of performing migrations utilizing PeopleSoft may require that tables be built in the subsequent environments, and to perform this function the migrator must log into PeopleSoft Application Designer to build the scripts to run against the database. The ability to perform this function requires the same level of access as a developer, which impedes the ability to segregate a PeopleSoft migrator from a developer.

The STAT workflow process utilized to migrate code changes into production does not have the functionality to ensure the migrator and developer are different individuals. While a procedure is outlined in a memo instruction to developers to not migrate their own changes into production, there are no detective controls in place to ensure this procedure is adhered to.

Based on our review of CAPPs Financials privileged access, we determined one (1) individual with Data Base Administrator (DBA) access had a last logon date of August 31, 2017. The individual was terminated on January 26, 2018 and the CAPPs Financials access was locked on October 10, 2019. Privileged accounts pose an increased risk since they have the ability to directly access and change data. The risk of unauthorized access is increased when an account is not timely locked when a user is terminated.

Recommendation:

Change Management

HHSC should consider implementing a detective control to monitor code migration to ensure developers are not migrating their own changes to production.

User Access

HHSC should timely lock accounts at the application layer to prevent unauthorized access

Views of Responsible Officials:

Agree

Corrective Action Plan:

Change Management

HHSC will remove access to migrate production program changes from development staff. PeopleSoft migration training and system access will be given to non-development staff to achieve the separation of duties requirement. Program changes would then be promoted only by non-development staff.

User Access

HHSC will take two actions. The first is to move all privileged access to a small number of emergency accounts. Emergency accounts are required to allow for recovery from a system outage or issue within the timelines expected by program.

Second, user accounts will be reviewed quarterly to ensure only the emergency accounts have privileged access. Any other existing privileged accounts will have their privileged access removed.

Implementation Dates:

Change Management: June 30, 2020

User Access: June 30, 2020

Responsible Persons:

Leatha Marr, Director of IT Applications

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

Reference No. 2019-006

Allowable Costs/Cost Principles

Matching, Level of Effort, Earmarking

(Prior Audit Issues – 2018-005, 2017-009, and 2016-024)

CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children

Award years – October 1, 2018 to September 30, 2019, October 1, 2017 to September 30, 2019, October 1, 2017 to September 30, 2018, January 1, 2017 to September 30, 2018, and January 1, 2016 to September 30, 2018

Award numbers – 6TX700507 and 6TX700527

CFDA 93.767 – Children’s Health Insurance Program (CHIP)

Award years – October 1, 2018 to September 30, 2020 and October 1, 2016 to September 30, 2018

Award numbers – 1905TX5021 and 1705TX0301

CFDA 93.791 – Money Follows the Person Rebalancing Demonstration

Award year – January 1, 2007 to September 30, 2020

Award number – 1LICMS300151

Medicaid Cluster

Award years – October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018

Award numbers – 1905TXINCT, 1905TXIMPL, 1905TX5MAP, 1905TX5ADM, 1805TXINCT, 1805TXIMPL, 1805TX5MAP, and 1805TX5ADM

SNAP Cluster

Award years – October 1, 2018 to September 30, 2019, October 1, 2017 to September 30, 2018, and October 1, 2016 to September 30, 2018

Award numbers – 6TX430165, 6TX400106, 6TX400105, and 6TX430176

TANF Cluster

Award years – October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018

Award numbers – 1901TXTANF, 1901TXTAN3, 1801TXTANF, and 1801TXTAN3

CCDF Cluster

Award years – October 1, 2018 to September 30, 2021, October 1, 2017 to September 30, 2020, October 1, 2016 to September 30, 2019, and October 1, 2015 to September 30, 2018

Award numbers – G1901TXCCDF, G1801TXCCDF, G1701TXCCDF, and G1601TXCCDF

Non-Major Programs:

10.578 – WIC Grants to States (WGS)

10.579 – Child Nutrition Discretionary Availability

84.126 – Rehabilitation Services Vocational Rehabilitation Grants to States

84.181 – Special Education-Grants for Infants and Families

93.052 – National Family Caregiver Support, Title III, Part E

93.071 – Medicare Enrollment Assistance Program

93.104 – Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances

93.150 – Projects for Assistance in Transition from Homelessness (PATH)

93.235 – Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program

93.243 – Substance Abuse and Mental Health Services Projects of Regional and National Significance

93.296 – State Partnership Grant Program to Improve Minority Health

93.658 – Foster Care Title IV-E

93.667 – Social Services Block Grant

93.671 – Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services

93.752 – Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

93.788 – Opioid STR
93.796 – State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid
93.829 – Section 223 Demonstration Programs to Improve Community Mental Health Services
93.898 – Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations
93.958 – Block Grants for Community Mental Health Services
93.959 – Block Grants for Prevention and Treatment of Substance Abuse
93.994 – Maternal and Child Health Services Block Grant to the States
SSI Cluster
Aging Cluster
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency and Non-Compliance

Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. Per 45 CFR Section 95.507, the State shall submit a cost allocation plan for the State agency as required below to the Director, Division of Cost Allocation (DCA), in the appropriate HHS Regional Office. The plan shall describe the procedures used to identify, measure, and allocate all costs to each of the programs operated by the State agency. The cost allocation plan shall contain the procedures used to identify, measure, and allocate all costs to each benefitting program and activity. Per 45 CFR Section 95.509, the State shall promptly amend the cost allocation plan and submit the amended plan to the Director, DCA, if any of the following events occur, including if other changes occur which make the allocation basis or procedures in the approval cost allocation plan invalid.

Questioned Cost: Unknown
U.S. Department of Agriculture
U.S. Department of Education
U.S. Department of Health and Human Services
Social Security Administration

HHSC's approved Public Assistance Cost Allocation Plan (PACAP) expenditures and revenues are initially allocated based on an estimate of Project ID percentages. After actual base statistical data is available, expenditures are reallocated and adjustments between estimated and actual costs are made. The adjustments will result in costs claimed for each period being allocated based on actual base statistics for the same period. Data is updated either by voucher, monthly, quarterly, semi-annually, or annually, depending on the Project ID.

During testing over the application of the 2019 PACAP, the following items were noted:

- The PACAP does not include all department codes that HHSC is using to charge items. One department was not included in the PACAP and could not be tied to an allocation method.
- The PACAP contains department IDs that are allocated using two different Project IDs/allocation factors. Two departments were listed to two different allocation factors and determined to be allocated using one of the two indicated allocation methods.
- As changes occur in business operations, the Department can update the information in PACAP and adjust what allocation factor is used for different groups of costs. During 2019, one department ID was updated in the PACAP, but did not complete the process to be updated in the CAPPs system, resulting in the department being charged according to the incorrect allocation factor.
- The PACAP also summarizes whether current or historical statistics will be used in each allocation method. In application, one of the factors tested used both current and prior month's metrics.
- The PACAP includes allocation methods that are dependent on other allocation methods. One of the allocations tested was based on factors that are no longer included in the PACAP, due to updates to the plan.
- The PACAP summarizes the funding sources, including state general revenue and federal programs, which will be used by each allocation method. There are two federal program funding sources which, for budget reasons, are not being charged to the federal programs; rather, they are being charged to the State General Revenue in lieu of those programs.
- The estimates that are used for each project ID are not subject to review periodically and are only being adjusted for the new grant years and adjusted FMAP rates.

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

HHSC is required to pay part of the costs of providing health care to the poor and part of the costs of administering the program. Different State participation rates apply to medical assistance payments. The Federal Medical Assistance Percentage (FMAP) is updated in each allocation method in CAPPs FIN, the book of record, annually based on the Federal Register Circular. The FMAP is effective on October 1 of each year. Although there is no documented policy over when the FMAP should be updated, HHSC will allocate costs at the FMAP that is in effect at the time of the transaction and will reallocate the transactions using the FMAP in effect at the time of the reallocation. This procedure was not followed in 2019, when the costs for the months of July and August 2018 were allocated using the federal fiscal year 2018 FMAP rates, when they were reallocated during federal fiscal year 2019.

Recommendation:

HHSC should review and update the cost allocation plan to ensure that the PACAP accurately describes how costs will be allocated between the federal programs and the state. HHSC should also document how the PACAP will be applied, including how the FMAP will be applied to transactions and reallocations.

Views of Responsible Officials:

HHSC acknowledges and agrees with the finding.

Corrective Action Plan:

The Cost Allocation Team will add a step to the annual expenditure and budget analysis to check for old Dept IDs that get re-activated without a notification to Cost Allocation through the Dept ID setup process. (Quality Control)

The Cost Allocation Team will make the Project ID fields in Section VI and Exhibit IV-2 use the exact same naming and numbering conventions so that the files can be electronically checked to ensure that all Dept IDs in one file are in the other file and that all Project IDs are the same in both files for each Dept ID. (Quality Control)

The Cost Allocation Team will coordinate with the Budget Team to help ensure that budget analysts who are assigned to Dept IDs have procedures in place to ensure that setups or changes that they have requested have been completed in CAPPs-Fin, CAPPs-HR (when applicable), COGNOS, speed charts (or any other reference crosswalks used by Financial Services or program staff), and the PACAP (when applicable). (Quality Control)

The roll-out/implementation of the Electronic Dept-ID form along with concurrent training with all participants in the Dept ID routing/approval process will occur soon. This will help prevent future miscommunications and errors in completing the Dept-ID set up. (Prevention)

The Cost Allocation Team will add narrative to the PACAP that explains how HHSC may use state general revenue in place of federal funds in any award to prevent the agency from overcharging federal funds. The Budget Team is responsible for notifying the Fund Accounting Team when a federal fund source needs to be switched to a GR in lieu of counterpart.

HHSC will enhance communication between key stakeholders including the Budget Team, the Accounting Team, and the Cost Allocation Team to help ensure the necessary review of project ID fund source percentages.

The Accounting Team has updated its factor calculation and reallocation desk procedures to include language specific to always using the current CHIP FMAP rate in effect during the month in which a factor that contains the CHIP and GRCHIP fund sources is being calculated regardless of which month is being calculated.

Implementation Date: December 31, 2020

*Responsible Persons: Justin Pickens, HHSC Budget
Paula Reed, Accounting
Racheal Kane, Cost Allocation*

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

Reference No. 2019-007

Allowable Costs/Cost Principles

CFDA 93.767 – Children’s Health Insurance Program (CHIP)

Award years – October 1, 2018 to September 30, 2020 and October 1, 2016 to September 30, 2018

Award numbers – 1905TX5021 and 1705TX0301

CFDA 93.791 – Money Follows the Person Rebalancing Demonstration

Award year – January 1, 2007 to September 30, 2020

Award number – 1LICMS300151

Medicaid Cluster

Award years – October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018

Award numbers – 1905TXINCT, 1905TXIMPL, 1905TX5MAP, 1905TX5ADM, 1805TXINCT, 1805TXIMPL, 1805TX5MAP, and 1805TX5ADM

SNAP Cluster

Award years – October 1, 2018 to September 30, 2019, October 1, 2017 to September 30, 2018, and October 1, 2016 to September 30, 2018

Award numbers – 6TX430165, 6TX400106, 6TX400105, and 6TX430176

TANF Cluster

Award years – October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018

Award numbers – 1901TXTANF, 1901TXTAN3, 1801TXTANF, and 1801TXTAN3

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Questioned Cost:	\$0
U.S. Department of Agriculture U.S. Department of Health and Human Services	

HHSC oversees the operations of the Health and Human Services system, provides administrative oversight of Texas Health and Human Services programs, and provides direct administration of some programs, such as Medicaid, Children's Health Insurance Program (CHIP), Temporary Assistance for Needy Families (TANF), and SNAP Food Benefits and Nutritional Programs. To determine eligibility for these programs, HHSC uses the Texas Integrated Eligibility Redesign System (TIERS).

Based on HHSC’s policy, user access reviews are to be performed on a periodic basis. We determined a review was performed in May 2019 and during the review, a user with privileged access was identified to be removed. However, the user’s access was not removed until October 16, 2019 after it was brought to management’s attention. Upon further investigation, we noted that the last logon date for this account was November 8, 2008. We also identified another privileged account that had not been utilized since January 21, 2010. This particular account was removed on November 6, 2019 after it was brought to management’s attention. There was a third privileged account which did not appear to be assigned to an individual. The account was removed on October 16, 2019. A qualitative user review should include monitoring of last logon activity to identify accounts which are not being used.

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

Title 1, Part 10, Texas Administrative Code (TAC), Chapter 202, Rule §202.24 Agency Information Security Program requires that all state agencies have an information security program consistent with the rules defined in the TAC 202. The Texas Health and Human Services (HHS) Circular C-021 establishes the Information Security Program for HHSC, which is promulgated within the HHS Information Security – Information Security Controls document. One of the policies addresses minimum password age, which is utilized to prevent users from reverting to their old password immediately after an enforced password change. The policy indicates the minimum password age should have a value of one (1) day. We determined that TIERS had a minimum password age value of zero (0), which is not in compliance with the password policy.

Recommendation:

User Access

HHSC should ensure user access reviews include monitoring of last logon activity to identify accounts which are not being used and to reduce the risk of unauthorized access.

Authentication

HHSC should periodically review system password policy configurations to ensure they are in compliance with the HHS Information Security – Information Security Controls.

Views of Responsible Officials:

Agree

Corrective Action Plan:

In accordance with CMS requirements, HHSC has secured annual assessment services with Guidehouse (formally PWC). This independent assessment team will review HHSC compliance with the Information Security Controls for password-based authentication (IA-05-01), which include the password controls for the service accounts and password policy. This review will also include user account review and service account review and include monitoring of last logon activity.

This annual CMS assessment will be completed by June 30, 2020. Upon completion of the annual report and potential corrective action plan and risk level report HHSC will perform a business impact analysis to consider business functionality. The business impact analysis will include addressing the controls in the table below.

POAM IDs	Control ID	Weakness Description
TIERS_2018_D_0381	AC-02	Service accounts are not reviewed within every 180 days
TIERS_2018_D_0360 TIERS_2018_D_0418 TIERS_2018_D_0419	IA-05	Passwords do not comply with IA-05-1 settings

The review of service accounts and password policies will change from an annual review to 180-day (bi-annual) review initially. This policy will be documented within HHSC IT policies, standards, processes, and procedures. HHS will be reviewing the expiration policy for the service accounts as part of the business impact analysis to determine that appropriate frequency.

In accordance with AC-02, all user accounts, with the exception of service accounts, are evaluated based on the last login date every night. A warning email notification is sent to the account owner if an account has not logged in to the system for last 50 days. If the owner does not login within the following 10 days, the user account is then suspended, and a final email notification is sent to the account owner and to the owner's supervisor. All user accounts are also reviewed annually as required by the annual account review. Service accounts are part of a semi-annual account review and will be suspended if there is no conformation for the continuous need of these accounts from the responsible account owner.

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
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HEALTH AND HUMAN SERVICES COMMISSION**

Implementation Date: *Perform a password-based authentication review (includes service account and password policy review) every 180 days: July 31, 2020*
Perform and Complete a Business Impact Analysis: December 31, 2020

Responsible Persons: *Joe (Marty) Martinez, Director, HHS TIERS Infrastructure and Operations*
Lorie Ramirez, Director, HHS Data Center Services
Walter Romanowski, Audit Team Lead – ITBO Federal/State Coordination

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

Reference No. 2019-008

Allowable Costs/Cost Principles

CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children
Award years – October 1, 2018 to September 30, 2019, October 1, 2017 to September 30, 2019, October 1, 2017 to September 30, 2018, January 1, 2017 to September 30, 2018, and January 1, 2016 to September 30, 2018
Award numbers – 6TX700507 and 6TX700527

TANF Cluster

Award years – October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018
Award numbers – 1901TXTANF, 1901TXTAN3, 1801TXTANF, and 1801TXTAN3
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency and Non-Compliance

Per 2 CFR 200.430(i-vii), the Department of Human and Health Services Commission must ensure that charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must: (i) be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; (ii) be incorporated into the official records of the non-Federal entity; (iii) reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); (iv) encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy; (v) comply with established accounting policies and practices of the non-Federal entity; and (vii) support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award, a Federal award and non-Federal award, an indirect cost activity and a direct cost activity, two or more indirect activities which are allocated using different allocation bases, or an unallowable activity and a direct or indirect cost activity.

Questioned Cost:	\$0
U.S. Department of Agriculture U.S. Department of Health and Human Services	

The process in place for verification of the employee pay towards a federal grant includes the use of the Financial Services CFO System hosted by the HHS Enterprise Portal in FSS-CFO to certify employee time on a semi-annual basis. During testing of TANF Cluster for one out of 13 selections, the time and effort was not certified. The individual who was not certified was due to an IT system error. During testing of CFDA #10.557, for six out of 40 selections, the time and effort was not certified. Certification was missed as the project id used to identify an individual's time was a temporary id that was not linked with the certification system. Therefore, these individuals for this time period were not certified until inquired through the audit.

Recommendation:

HHSC should implement procedures to ensure certification of time and effort. These procedures should include a monthly or quarterly review of time and effort reports to ensure all are signed.

Views of Responsible Officials:

The HHSC Chief Financial Officer Area agrees with the IT system error noted and that time and effort not initial paid with a sole source are not certified in the FSS-CFO system but instead certified via the agency's expenditure transfer process as corrections.

Corrective Action Plan:

The HHSC CFO Area will continue to provide training related to sole source certification requirements and process.

The HHSC Chief Financial Officer Area will develop Quality Controls to validate the FSS-CFO system is identifying all appropriation information for certification.

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
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HEALTH AND HUMAN SERVICES COMMISSION**

The HHSC Chief Financial Officer Area will enhance the current certification process to better consolidate certification information, affirmations from managers and corrections.

*Implementation Date: Establish Quality Controls for FSS-CFO Sole Source Certification function –
May 1, 2020.*

Responsible Person: Sheila Hyde, Manager, Office of the CFO

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

**Health and Human Services Commission / Department of State Health Services
Reference No. 2019-009**

Procurement and Suspension and Debarment

(Prior Audit Issues – 2018-007, 2017-023, 2016-026, and 2015-024)

CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children

Award years – October 1, 2018 to September 30, 2019, October 1, 2017 to September 30, 2019, October 1, 2017 to September 30, 2018, January 1, 2017 to September 30, 2018, and January 1, 2016 to September 30, 2018

Award numbers – 6TX700507 and 6TX700527

CFDA 93.074 – Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements

Award years – July 1, 2017 to June 30, 2020

Award numbers - NU90TP921879

CFDA 93.791 – Money Follows the Person Rebalancing Demonstration

Award year – January 1, 2007 to September 30, 2020

Award number – 1LICMS300151

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Material Weakness and Material Non-Compliance

Per 2 CFR Section 200.317, States and governmental subrecipients of States, will use the same State policies and procedures used for procurements from non-Federal funds. They also must ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Questioned Cost: \$323,251

U.S. Department of Agriculture
U.S. Department of Health and
Human Services

An open market solicitation is used to purchase a good or service by soliciting from any available source. The open market solicitation procedure is authorized by Texas Government Code §2155.062(a) (3) and 2156.061. Open market informal solicitations can be used for procurements of commodities or services greater than \$5,000 but not greater than \$25,000. Open Market Formal Solicitation is used for agency-administered open market purchases of services greater than \$25,000 and for commodities if delegated by Texas Comptroller or through statutory authority specific to an agency. Per the HHSC Procurement Manual, for small purchases (\$5,000 or less excluding IT purchases) competition is not required; however, HHSC's PCS Division does require contact with at least one Historically Underutilized Business (HUB) vendor to provide them with an opportunity to quote. HHSC PCS conducts procurement activities for all HHSC agencies, resulting in a purchase order, contract, or other agreement for the requesting agency. Following the procurement process, HHSC agency staff are responsible for subsequent contract management and monitoring activities.

Per Texas Government Code 531.0055, for each health and human services system agency or division, the operational authority and responsibility for the contracting, purchasing, and related policies rests with HHSC's Procurement and Contracting Services (PCS). In addition, all procurement functions are performed by HHSC PCS on behalf of the Department of State Health Services.

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

Audit procedures included a review of procurement files related to 15 WIC purchases, 5 Money Follows the Person Rebalancing Demonstration purchases, and 12 HPP & PHEP purchases. Results of test work are as follows:

WIC

- 1 out of 15 procurement files were coded to the wrong PCC code. PO amounts were approximately \$27,266. No questioned costs as documentation error only.
- 1 out of 15 procurement files did not contain evidence that a TCI search was performed. Contract amount was approximately \$248,525.

Money Follows the Person Rebalancing Demonstration

- 3 out of 5 procurement files reviewed were later determined to be subrecipient contracts. The PO amounts were approximately \$1,163,710. No questioned cost as these were coded to the wrong general ledger account.

Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements

- 3 out of 12 procurement files did not contain evidence that a TCI search was performed. PO amounts were approximately \$74,726.

Recommendation:

We recommend that HHSC PCS continue to provide training to employees, including supervisors and management, to ensure compliance of internal procedures, Texas Government Code, and federal regulations. HHSC PCS should implement effective controls that include a review and approval process to address the significant elements of the procurement process. HHSC PCS should review their current checklists and procurement tools to determine if revision is necessary to further facilitate compliance with State and Federal regulations. Also, automated controls should be considered to ensure segregation of duties between initiation of procurement activities and buying activities.

Views of Responsible Officials:

Health and Human Services Commission (HHSC) agrees with the finding and has fully implemented a corrective action plan to address the recommendations.

Corrective Action Plan:

HHSC management concurs with the recommendation to continue to provide training to employees, supervisors and management, to ensure compliance of internal procedures, and state and federal regulations. HHSC Procurement and Contracting Services (PCS) has implemented several improvements, including checklist updates to ensure compliance with internal policies and procedures, Comptroller of Public Accounts (CPA) guidelines and state law. The checklist also requires a review and management signature after the completion of the procurement to insure all steps were followed and documented correctly. The HHSC Compliance and Quality Control (CQC) team reviews various stages of the solicitation process, manages the evaluation tool and scoring process, and reviews, revises and creates processes and procedures to ensure compliance with state law and the CPA State of Texas Procurement and Contract Management Guide.

HHSC PCS has provided trainings for purchasing staff on the policies and procedures that have been reviewed and updated by CQC. HHSC PCS utilizes its CAPPS Financials automated system to process procurements which distinguishes the roles of program vs buyer-during the procurement process

The corrective action for the findings of the reviewed POs with Dates of Procurement ranging from 9/1/2017 to 11/29/2018 has been fully implemented.

**STATE OF TEXAS
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HEALTH AND HUMAN SERVICES COMMISSION**

PCS updated the PCS 150 and 160 Checklists for greater clarification with versions specific to each type of procurement in May 2019. PCS staff were trained on the new forms in May and June of 2019. PCS management continues to review documentation used by purchasers to ensure they comply with internal procedures, Comptroller of Public Accounts regulations and state law and trains purchasers on any required updates.

Trainings on updated policies and procedures were offered in November of 2019 and completed in December of 2019. PCS will continue to target trainings as needed.

CAPPS Financials 9.2 system provides segregation of the agency's business processes related to the requisition, purchasing, solicitation and contract creation processes. The new system ensures pre-procurement planning and initiation is correctly documented and handled by program staff before being assigned to a procurement professional for processing.

Implementation Date: Implemented December 31, 2019

*Responsible Person: Linda Dominguez, PCS Audit and Review Team Lead
 Glenn Garvey, Deputy Associate Commissioner, PCS*

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

Reference No. 2019-010

Special Tests and Provisions – Compliance Investigations of High-Risk Vendors

(Prior Audit Issue – 2018-009)

CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children

Award years – October 1, 2018 to September 30, 2019, October 1, 2017 to September 30, 2019, October 1, 2017 to September 30, 2018, January 1, 2017 to September 30, 2018, and January 1, 2016 to September 30, 2018

Award numbers – 6TX700507 and 6TX700527

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

A State agency operating a retail food delivery system must conduct compliance investigations. These investigations consist of inventory audits and/or compliance buys, on a minimum of 5 percent of the vendors authorized as of October 1 of each year. Farmers are not included in this requirement. A State agency must conduct compliance investigations on its high-risk vendors up to the 5% minimum. High-risk vendors are identified at least once annually, using criteria developed by FNS and/or other statistically based criteria developed by the State agency and approved by FNS. If the number of high-risk vendors exceeds 5% of the total, then the State agency must prioritize vendors for investigative purposes based on their potential for noncompliance and/or loss. If the number of high-risk vendors falls short of 5% of the total, the State agency must randomly select enough additional vendors to meet the 5% requirement. When a compliance investigation discloses vendor violations, the State agency must take appropriate action against the vendor. Such action includes delaying payment or establishing a claim if a violation affects payment to the vendor; imposing sanctions mandated by program regulations for certain stated violations; and imposing other, less severe sanctions prescribed by the State agency's sanction schedule for lesser violations (7 CFR sections 246.2 (definitions of "compliance buy," "high-risk vendor," and "inventory audit"), 246.12(j)(4)(i) through (iii), 246.12(k)(2) through (4), and 246.12(l)(1) and (2)). Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Questioned Cost:	\$0
U.S. Department of Agriculture	

HHSC performs compliance buys and invoice audits in each given fiscal year for high risk vendors selected from the risk assessment. The inspector performing the audit summarizes the results provided to the WIC Vendor Monitoring Manager for review. The summary results are reviewed in detail by the Women, Infants, and Children (WIC) Vendor Monitoring Manager for consistency with the supporting data prior to the vendor being notified.

During our testing, 4 out of 4 samples reviewed did not have formal documentations of review documented. Per WIIC/VMO - Compliance Oversight Branch - Procedures, the Compliance Oversight Branch (COB) Manager or Vendor Management Operations (VMO) Director sign off with approval for Inspector General Vendor Management Unit (IG VMU) to continue the process. The signed document is saved to the shared drive and the IG VMU staff is notified via email. The Program is not following or updating its policy to reflect the current review process.

Recommendation:

We recommend that HHSC revise its policy or continue to assist the Programs by providing training to employees, including supervisory-level employees, to ensure compliance with Program policy and federal regulations.

Views of Responsible Officials:

HHSC concurs that the policy needs to be updated to reflect the current review process.

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
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HEALTH AND HUMAN SERVICES COMMISSION**

Corrective Action Plan:

HHSC WIC management will update their review process to formally document the receipt of workpapers from HHSC-OIG.

Implementation Date: March 6, 2020

Responsible Person: LaDon Woodson, Manager, WIC

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

**Reference No. 2019-011
Equipment/Real Property Management**

CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children
Award years – October 1, 2018 to September 30, 2019, October 1, 2017 to September 30, 2019, October 1, 2017 to September 30, 2018, January 1, 2017 to September 30, 2018, and January 1, 2016 to September 30, 2018
Award numbers – 6TX700507 and 6TX700527

CFDA 93.791 – Money Follows the Person Rebalancing Demonstration
Award year – January 1, 2007 to September 30, 2020
Award number – 1LICMS300151
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency and Non-Compliance

Per Texas Government Code Title 4. Subchapter L, Sec. 403.273. (g), "At all times, the property records of a state agency must accurately reflect the property possessed by the agency. Property may be deleted from the agency's records only in accordance with rules adopted by the comptroller."

According to SPA Process User's Guide - Chapter 2 - General Policies - Records Retention, "The Texas State Records Retention Schedule requires agencies to maintain property records for the life of the asset and for a period not less than three fiscal years after the disposal of property. Property records should include any payment-related source documentation (i.e., invoices, payment vouchers, receipts, etc.) necessary to substantiate the value of the asset. When applicable, agencies must adhere to the federal rules and regulations for retention of records for property purchased with federal grants or funds. Where federal guidelines and state guidelines apply, the greater required time period for records retention applies. If a state agency fails to keep the records, the Comptroller's office may refuse to draw warrants or initiate electronic funds transfers on behalf of the agency."

Questioned Cost:	\$0
U.S. Department of Agriculture U.S. Department of Health and Human Services	

Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. Per SPA Process User's Guide - Chapter 2 - General Policies - Policy and Contacts, "Per Government Code, Section 403.271, each state agency (and university choosing to report to SPA) is responsible for ensuring that its fiscal year-end capitalized asset balance(s) reflected in SPA are accurate and materially correct".

According to SPA Process User's Guide - Chapter 6 - Deleting Property and Funds - Disposal method 15, "Property must be in a disposal method 5c before it can be updated to disposal method 15".

During our testing, we noted the following:

- 1 out of 40 samples does not have the correct asset description per the invoice.
- 17 out of 40 samples did not maintain disposal record.
- 8 out of 40 samples were not disposed timely
- 6 out of 40 samples did not utilize disposal method 5c before utilized disposal method 15 per the SPA Manual.

Recommendation:

We recommend that HHSC continue to providing training to employees, including supervisory-level employees, to ensure compliance with State policy and federal regulations.

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
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HEALTH AND HUMAN SERVICES COMMISSION**

Views of Responsible Officials:
Agreement

Corrective Action Plan:

Asset Management Office will coordinate with Federal Funds Office to expand on developed training. The Asset Management Office will provide training to designated asset inventory coordinators, employees, including supervisory-level employees, to ensure compliance with State policy and federal regulations related to asset management. The Federal Funds Office will provide training to HHSC staff who manage federal awards to ensure compliance with federal requirements.

Implementation Dates: August 31, 2020

*Responsible Persons: Monica Reyes, Deputy Director, Asset Management
Jackson Kramer, Director, Asset Management*

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

Reference No. 2019-012
Special Tests and Provisions – EBT Reconciliation
(Prior Audit Issue – 2018-015)

SNAP Cluster

Award years – October 1, 2018 to September 30, 2019, October 1, 2017 to September 30, 2018, and October 1, 2016 to September 30, 2018

Award numbers – 6TX430165, 6TX400106, 6TX400105, and 6TX430176

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Questioned Cost:	\$0
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U.S. Department of Agriculture

The SNAP Cluster is an entitlement program with standard eligibility and benefits. The benefits each household receives are used to purchase food at authorized retail stores. States issue benefits in the form of debit cards, which recipients can use to purchase food. This is known as electronic benefits transfer (EBT). The State's EBT contractor is responsible for settlement, or payment, to retailers that have accepted EBT cards for food purchases. The contractor's "concentrator bank" makes the payment through the National Automated Clearing House (ACH) system.

The concentrator bank is reimbursed for the payments by a draw made on the State's EBT benefit account with the U.S. Treasury. The State is responsible for reconciling the payments made to retailers by its EBT contractor with the amounts drawn from its EBT account with the U.S. Treasury. Per the Compliance Supplement, Texas must obtain a system and organization controls for service organization examination report (SOC 1) by an independent auditor of the State EBT service providers (service organization) regarding the issuance, redemption, and settlement of benefits under SNAP. States must have systems in place to reconcile all of the funds entering into, exiting from, and remaining in the system each day with the State's benefit account with Treasury and EBT contractor records (7 CFR sections 274.3(a)(1) and 274.4(a)). Also, the State is required to maintain adequate security over, and documentation/records for, EBT cards, to prevent their theft, embezzlement, loss, damage, destruction, unauthorized transfer, negotiation, or use (7 CFR section 274.8(b)(3)).

HHSC is responsible for determining eligibility of the SNAP recipients and validating amounts paid to the retailers by performing daily reconciliations between the EBT system and the Automated Standard Application for Payments (ASAP) and Account Management Agent (AMA) maintained by the US Treasury. No compliance exceptions were noted with regard to eligibility or the daily EBT reconciliations to cash.

EBT Reconciliations to Eligible Recipients

HHSC must have systems in place to reconcile all of the funds entering into, exiting from, and remaining in the system each day with the State's Treasury benefit account and EBT contractor records. This includes a reconciliation of the State's issuance files of posting to recipient accounts with the EBT contract. HHSC must also have systems in place to reconcile retailer credit activity as reported into the banking system to client transactions maintained by the processor and to the funds drawn down from the EBT benefit account with Treasury (7 CFR section 274.4(a)).

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FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

HHSC utilizes the Texas Integrated Eligibility Reporting System (TIERS) for determining eligibility for SNAP. However, there were no reconciliations from the EBT system to TIERS performed during fiscal year 2018 to fulfill the requirement to reconcile to client transactions maintained by the processor (i.e., eligible recipients utilized the EBT card benefits). No compliance exceptions were noted with regard to eligibility.

Recommendation:

HHSC should perform reconciliations from the EBT system to TIERS to fulfill the requirement to reconcile retailer credit activity as reported into the banking system to client transaction.

Views of Responsible Officials:

HHSC agrees with the finding related to EBT system to TIERS client benefit issuance reconciliation. TIERS benefit issuance requests are sent to EBT via automated interface and EBT returns an acknowledgement for each record. Records that do not match generate issuance exceptions which are reconciled on a daily basis. Additionally, HHSC has processes in place to reconcile benefits issued in TIERS and EBT on a daily basis through issuance summary reports with the EBT vendor. HHSC will strengthen existing processes by adding a reconciliation of benefit issuance summaries between EBT and TIERS on a monthly basis.

Corrective Action Plan:

To address the finding, HHSC will develop and implement a reconciliation process and reconcile past months going back to the start of the current fiscal year. Additionally, HHSC will implement management oversight of the process to ensure compliance.

Implementation Dates:

Determine data needed: April 30, 2020

Develop and document processes: May 15, 2020

Train staff: May 31, 2020

Implement monthly reconciliation: June 30, 2020 (for May 2020)

Implement management oversight: July 31, 2020

Reconcile past months to September 2019: August 31, 2020

Responsible Persons:

Todd Byrnes, Associate Commissioner, Eligibility Operations

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

**Reference No. 2019-013
Allowable Costs/Cost Principles**

CFDA 93.767 – Children’s Health Insurance Program (CHIP)
Award years – October 1, 2018 to September 30, 2020 and October 1, 2016 to September 30, 2018
Award numbers – 1905TX5021 and 1705TX0301

Medicaid Cluster
Award years – October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018
Award numbers – 1905TXINCT, 1905TXIMPL, 1905TX5MAP, 1905TX5ADM, 1805TXINCT, 1805TXIMPL, 1805TX5MAP, and 1805TX5ADM
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Material Weakness and Material Non-Compliance

Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Questioned Cost:	\$0
U.S. Department of Health and Human Services	

HHSC utilizes various service providers to perform system processing and other functions on behalf of HHSC. One service provider is Accenture State Healthcare Services, LLC (Accenture), who commenced the full responsibility for operations of the Texas Medicaid Claims Administration System on August 1, 2014 to provide services to the State of Texas (State) and the State’s Medicaid clients and providers. Prior to August 2014, Accenture performed only the information technology services to support the maintenance and operation of the Medicaid Claims Administration System as part of a team referred to as the Texas Medicaid & Healthcare Partnership (TMHP).

Another service provider is Conduent State Healthcare, LLC (Conduent), who began processing outpatient pharmacy claims through the Medicaid/Children’s Health Insurance Program (CHIP) Vendor Drug Program’s point-of-sale pharmacy claim system starting in 2010. They now perform services related to the pharmacy claims processing system and managing the rebate administration functions for the HHSC Vendor Drug Program (VDP). The Medicaid Vendor Drug Program processes prescription drug claims for: Medicaid, Children with Special Health Care Needs (CSHCN) Services Program, and the Kidney Health Care (KHC) program. The Vendor Drug Program provides services for nearly 5,000 Texas pharmacies.

Service providers annually provide a System and Organization Controls (SOC) Report. The report from a Certified Public Accounting (CPA) firm provides their opinion on the fairness of the presentation of the description and the suitability of the design and operating effectiveness of the controls to achieve the control objectives stated in the description, based on the firm’s examination.

Based on our review, we noted a qualified opinion was issued by the CPA firm for the Accenture SOC report. A qualified opinion effectively means one or more controls were not designed and/or operating effectively. For Accenture, the qualified opinion was due to a developer having access to production, which is a segregation of duties conflict.

Our review of the Conduent SOC report noted that, while their CPA firm issued an unqualified opinion (meaning in the CPA firm’s opinion the controls appear to be designed and operating effectively), Conduent had a similar segregation of duties conflict of a developer having access to production. Conduent also had numerous other exceptions.

**STATE OF TEXAS
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Outsourcing services does not relinquish an organization from the responsibility of ensuring an effective control environment is in place and operating effectively. In order to obtain assurance that service providers have a sound control environment, it is important to thoroughly review provided SOC reports and determine any operational risks associated with the noted control exceptions.

We determined the HHSC Contract Administration & Provider Monitoring group does perform a review of the SOC reports and, when warranted, follow-up with the service providers based on the exceptions identified. However, we did note there are no documented procedures in place to ensure consistency of the review process, which is especially beneficial when there is staff turnover.

Recommendation:

We recommend management document their process for reviewing service provider's SOC reports. Items to consider include assessing the service auditor's opinion, identified control exceptions and the service provider's response, complementary user entity controls, and reliance on subservice providers.

Views of Responsible Officials:

CAPM agrees with the finding.

Corrective Action Plan:

CAPM will develop and implement an SOP (Standard Operating Procedure) document to include assessing the service auditor's opinion, identified control exceptions and the service provider's response, complementary user entity controls, and reliance on subservice providers.

Implementation Dates: May 1, 2020

*Responsible Person: Michael Blood, Director, Contract Administration
Dana Collins, Director, Contract Administration and Provider Monitoring*

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HEALTH AND HUMAN SERVICES COMMISSION**

Reference No. 2019-014

Special Tests and Provisions – ADP Risk Analysis and System Security Review

(Prior Audit Issues – 2018-023, 2017-015, 2016-020, and 2015-021)

Medicaid Cluster

Award years – October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018

Award numbers – 1905TXINCT, 1905TXIMPL, 1905TX5MAP, 1905TX5ADM, 1805TXINCT, 1805TXIMPL, 1805TX5MAP, and 1805TX5ADM

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

State agencies must establish and maintain a program for conducting periodic risk analyses to ensure that appropriate, cost effective safeguards are incorporated into new and existing systems. State agencies must perform risk analyses whenever significant system changes occur. State agencies shall review the ADP system security installations involved in the administration of Health and Human Services (HHS) programs on a biennial basis. At a minimum, the reviews shall include an evaluation of physical and data security operating procedures and personnel practices. The State agency shall maintain reports on its biennial ADP system security reviews, together with pertinent supporting documentation, for HHS on-site reviews (45 CFR section 95.621). Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Questioned Cost:	\$0
U.S. Department of Health and Human Services	

SysCat, HHSC's enterprise-wide repository for approved HHS systems, is HHSC's book of record of all information technology (IT) systems, including both in-house and third party systems. During 2018, HHSC worked to consolidate the list by linking subsystems to the parent system, resulting in 83 Medicaid related systems. HHSC refreshed the Information Security Controls Guide and completed standardizing security assessment templates for both in-house and third party systems. Additional templates were developed to track potential deficiencies and resolution. The deficiencies and resolutions are tracked in a centralized database and a review is conducted to close any open recommendations. During fiscal year 2018, 19 risk assessments were executed based on internal methodology or third party assessments. In fiscal year 2019, an additional 12 risk assessments were completed. Noncompliance is due to HHSC not performing risk assessments over all 83 systems in a two-year period.

Recommendation:

HHSC should ensure all systems are reviewed in a two year period. HHSC should also implement oversight controls to ensure progress toward the plan is executed during the two year period, including resolution of remediation items.

Views of Responsible Officials:

Agree

Corrective Action Plan:

HHSC will create a formal project following Project Management Office guidelines and assign a project manager from the Applications team who will report monthly through established project management processes on completion of risk assessments and track required remediation efforts.

HHSC has hired two security analysts and one business analyst dedicated to conducting risk assessments for internal Medicaid-funded systems and coordinating risk assessments by vendor-managed systems which receive Medicaid funding. The team will continue to complete risk assessments with the following charges:

- A goal of completion of eight or more assessments per quarter has been established.

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- *Remediation items identified during assessments will be assigned to the appropriate support team and prioritized through established change management processes.*
- *Development of a biannual schedule for on-going assessments by August 31, 2020.*
- *Completion of assessments on remaining systems is targeted for December 31, 2020.*

Implementation Dates: *December 31, 2020*

Responsible Persons: *P.J. Fritsche, HHSC IT Director, Medical and Social Services Applications*
Thuy Cao, Chief Information Security Officer

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

Reference No. 2019-015

Special Tests and Provisions – Provider Health and Safety Standards

(Prior Audit Issues – 2018-020, 2017-016, 2016-021, 2015-026, 2014-015, and 2013-017)

Medicaid Cluster

Award years – October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018

Award numbers – 1905TXINCT, 1905TXIMPL, 1905TX5MAP, 1905TX5ADM, 1805TXINCT, 1805TXIMPL, 1805TX5MAP, and 1805TX5ADM

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

Per 42 CFR part 442, providers must meet the prescribed health and safety standards for hospitals, nursing facilities, and ICF/MR. The standards may be modified in the State plan. Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Questioned Cost:	\$0
U.S. Department of Health and Human Services	

Acute Care

An out-of-state (OOS) provider may come into the program based on several different circumstances, including: (1) the client being sent out of state for services that are not readily available in Texas; and (2) border states where it is the norm for clients to receive a service in that border state. Under current HHSC procedures, HHSC requires OOS providers to fill out the same application as an in-state provider. OOS providers are to receive a letter that tells them that their enrollment is limited and informing them of the amount of time that has been granted.

Effective June 18, 2018, the Termination Notification Database (CMS Medicaid Termination File and the CMS Medicare for Cause Revocations File) was combined into one file titled the Averse Action File. As directed by HHSC, TMHP implemented a project (deploying end of January 2019) to perform monthly post-enrollment data matches against the Adverse Actions file in order to identify TMHP-enrolled providers, including their owner and managing employees, who Texas is required to take termination action against, to include out of state providers. Although the service organization utilizes Medicare enrollment as a prerequisite for the provider adhering to standards, the monitoring protocol was not finalized until December 2019 to check on the providers Medicare numbers to ensure that they are current and up to date.

Recommendation:

Acute Care

The implementation date of the new monitoring protocol for OOS providers was outside of fiscal year 2019. HHSC should continue performing monthly checks on all providers to ensure that they are not excluded or prohibited from participation in Medicaid through contract requirement and validate that the contractor is fulfilling its requirements through the Functional Requirement review.

Views of Responsible Officials:

CAPM agrees with and has as of December 2019 fully complied with the Acute Care Recommendation.

Corrective Action Plan:

Acute Care

Accenture State Healthcare Services (the service organization) performs monthly checks on all providers per contract requirement PRV-0405. HHSC validated that Accenture is fulfilling its requirements via Functional Requirement review PRVENMNT001, which was completed in December 2019.

Implementation Dates: December 11, 2019

*Responsible Persons: Michael Blood, Director, Contract Administration
Dana Collins, Director, Contract Administration and Provider Monitoring*

**STATE OF TEXAS
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HEALTH AND HUMAN SERVICES COMMISSION**

Reference No. 2019-016

Matching, Level of Effort, Earmarking

CFDA 93.767 – Children’s Health Insurance Program (CHIP)

Award years – October 1, 2018 to September 30, 2020 and October 1, 2016 to September 30, 2018

Award numbers – 1905TX5021 and 1705TX0301

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. Per the 2018 Compliance Supplement, expenditures not directly related to providing child health insurance assistance under the plan are limited to 10% of the state’s total expenditures through CHIP.

Questioned Cost:	\$0
U.S. Department of Health and Human Services	

In prior years, HHSC Budget staff were monitoring compliance with this requirement through a series of calculations. In fiscal year 2019, this calculation was not being performed to review compliance. No compliance issues were noted during the recalculation of the requirements.

Recommendation:

HHSC should ensure that the controls over earmarking requirements are being followed to ensure that any future changes to the program funding will not result in noncompliance.

Views of Responsible Officials:

Concurs with the finding.

Corrective Action Plan:

Will ensure that the 10% administrative cap calculation is reinstated into the process.

Implementation Date: May 31, 2020

Responsible Persons: Randolph Lovejoy, Deputy Budget Director

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HEALTH AND HUMAN SERVICES COMMISSION**

**Reference No. 2019-017
Eligibility**

CFDA 93.791 – Money Follows the Person Rebalancing Demonstration
Award years – January 1, 2007 to September 30, 2020
Award number – 1LICMS300151
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Material Weakness and Material Non-Compliance

Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Questioned Cost: \$225,695

U.S. Department of Health
and Human Services

The Money Follows the Person Demonstration (MFPD) was implemented to eliminate barriers and enable Medicaid-eligible individuals to transition from nursing facilities (NF) to the community and receive necessary long term services and supports (LTSS) in the setting of the individual's choice. Individuals can participate in the program through the STAR+ program and through the Home and Community Based Services (HCS) program. To be eligible for MFPD, the individual must meet eligibility criteria that requires the individual to:

- reside continuously in an institutional setting for at least 90 days prior to the eligibility date and be enrolled from a Medicaid certified nursing facility (NF);
- be Medicaid eligible under Title XIX of the Social Security Act;
- be transitioning* from a NF into a qualified residence that includes:
 - a home owned or leased by the individual or individual's family member;
 - an apartment with an individual lease that includes living, sleeping, bathing, and cooking areas in which the individual/or family member has domain;
 - Assisted Living (AL) apartment (service code 19);
 - Residential Care apartment (service code 19A); and
 - Adult Foster Care (AFC) home (no more than four unrelated individuals living in the home);
- agree to participate in the MFPD by completing Form 1580, Texas Money Follows the Person Demonstration Project Informed Consent for Participation, signed by the individual or authorized representative (AR) and MCO staff after explanation of MFPD and prior to delivery of services.*The MCO must include the AR in the actual transition planning, if applicable.

HHSC has outsourced the eligibility determination for the STAR+ program and the HCS program to Managed Care Organizations (MCO) and Local Intellectual and Developmental Disability Authorities (LIDDA).

During our testing, we noted the following:

- Out of 40 individuals determined eligible by MCOs/LIDDAs, HHSC did not retain or receive Form 1580 for 6 individuals.
- HHSC did not retain or receive documentation showing that the MCO/LIDDAs screened the case for eligibility for the MFPD program for 2 out of 40 cases.
- 1 out of 40 participants reviewed stayed in the program more than 365-days entitlement period.
- 1 out of 40 participants reviewed did not stay in a qualified institutions for 90 days or more.
- 14 out of 40 participants reviewed were not eligible for MFPD.
- 40 out of 40 samples selected did not have a monitoring process in place to ensure if the MCO/service coordinator determined eligibility correctly.

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
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HEALTH AND HUMAN SERVICES COMMISSION**

Recommendation:

We recommend the Program to maintain effective internal controls, implement monitoring procedures, and provide training to staff to ensure proper record retention in order to comply with applicable procedures and federal regulations.

Views of Responsible Officials:

In accordance with The Centers for Medicare and Medicaid (CMS) approved Sustainability Plan, Texas ended MFPD enrollment December 31, 2017, with the entitlement period continuing for the following 12 months.

MFPD was modeled after the Texas Promoting Independence initiative, the state's model to transition people from institutional services to community settings. Texas implemented MFPD with sustainability in mind, using its own waiver structure. Over the course of the project, functions such as informed consent and verifying eligibility for the demonstration were transferred through contract changes to the entities performing service coordination or transition planning. The contracts are to be monitored by the specific HHSC division issuing the contract.

The informed consent form was used to obtain permission to be in the national evaluation. During the evaluation, DADS/HHSC monitored those closely each month. The evaluation ended in September 2017. The consent form also identified unique demonstration services. Those services were incorporated into the service array and are now available to anyone who transitions from an institution to STAR+PLUS HCBS or HCS.

Verifying MFPD eligibility continues to be important. For people in HCS, the LIDDAs were required to determine eligibility. For members enrolled in STAR+PLUS HCBS, the MCOs check eligibility, the PSU is required to verify eligibility before entering the MFPS code.

Corrective Action Plan:

To improve internal controls, program staff will:

- Coordinate with the LIDDA, Program Support Unit, Managed Care Contract Compliance and Oversight, and Money Follows the Person Demonstration staff to clarify roles and responsibilities for MFP demonstration enrollment, verification of demonstration qualifications, and monitoring. September 30, 2020*
- Revise the Informed Consent Form (Form 1580) to add signature of MCO and LIDDA service coordinators to sign they verified the person's qualifications and request the form be securely emailed to a program email address to reduce the reliance on a staff member or FAX machine. June 2020*
- Provide training to MCO and LIDDA staff on obtaining informed consent to participate in the MFP demonstration. November 2020*

Implementation Date: November 30, 2020

Responsible Persons: Michelle Erwin, Interim Deputy Associate Commissioner for Medicaid/CHIP Program & Policy

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FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

**Reference No. 2019-018
Allowable Costs/Cost Principles**

TANF Cluster

Award years – October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018

Award numbers – 1901TXTANF, 1901TXTAN3, 1801TXTANF, and 1801TXTAN3

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

According to §200.303 Internal Controls of 2 CFR Part 200, the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Beginning September 1, 2017, HHSC utilizes version 9.2 of PeopleSoft's General Ledger (referred to at HHSC as CAPPs FIN) as a financial management application. HHSC relies on information produced from CAPPs FIN to comply with various aspects of compliance requirements, including Allowable Costs/Cost Principles. Specific to the Department, each voucher is reviewed and approved prior to the payment being made. The item noted below appeared to not have been reviewed appropriately.

Questioned Cost:	\$0
U.S. Department of Health and Human Services	

During our testing, we noted the following:

- 1 out of 9 invoices coded the incorrect department ID, resulting in the expense being drawn off the incorrect grant and, therefore, resulting in an over payment by the federal grant awards involved.

Recommendation:

We recommend the Department implements procedures to ensure compliance with federal Allowable Costs/Cost Principles regulation.

Views of Responsible Officials:

The prosecuting authority's payment voucher was divided between the two programs involved in the beneficiary prosecution case (Medicaid and the Supplemental Nutrition Assistance Program). However, the wrong budget code (the one assigned with TANF) was associated with the Medicaid portion of the invoice allocation.

Corrective Action Plan:

In order to better prevent further recurrence, OIG's Benefits Program Integrity (BPI) division will develop and implement a job aid to supplement the OIG's 'Invoice Processing and Receiving Goods' policy, which will better guide staff and managers who process and verify invoices on what to look for when confirming appropriate billing and payment (including the definitions of each budget code, what they are for, and tips for verifying that the proper budget codes are associated with invoice payment) to ensure compliance with federal Allowable Costs/Cost Principles regulations.

Implementation Dates: April 1, 2020

Responsible Persons: Diane Salisbury, Deputy IG of Benefits Program Integrity

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
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HEALTH AND HUMAN SERVICES COMMISSION**

**Reference No. 2019-019
Eligibility**

TANF Cluster

Award years – October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018

Award numbers – 1901TXTANF, 1901TXTAN3, 1801TXTANF, and 1801TXTAN3

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

Per policy in the Texas Works Handbook, Part A, Section 2110, caretakers, second parents, payees, and disqualified adults are required to sign form H1073, the Personal Responsibility Agreement (PRA), in order to receive TANF benefits. Per Texas Works Handbook, Part A, Section 1600, school attendance by the dependent children is required. Staff must verify school attendance at application, if school is in session, and at each complete review. Staff must document their verification source and the date they verified school attendance.

Questioned Cost:	\$343
U.S. Department of Health and Human Services	

Out of 40 TANF cases sampled:

- One case did not have a Personal Responsibility Agreement (PRA) on file. A signed PRA is required at initial application and at redeterminations.
- One case did not have school verification on file. School attendance must be verified for children receiving TANF benefits at initial application and at redeterminations.

A signed PRA was either not obtained or not retained electronically in TIERS as it should be. School attendance was not verified, or the verification procedures were not documented in TIERS as it should be.

Recommendation:

When a case worker is verifying all components of eligibility are documented to begin issuing benefits or to recertify benefits for another period, they should check to see that a signed PRA and verified school attendance exists in the recipient's case in TIERS.

Views of Responsible Officials:

HHSC agrees with the finding. After a thorough review of both cases, HHSC determined the PRA was likely obtained, but not imaged for document retention. The client demonstrates knowledge of the requirements by complying with all requirements over the past three years. The case missing the school attendance verification was completed while school in the Houston Independent School District was not in session for Spring Break and the eligibility advisor followed policy in place for summer breaks.

Corrective Action Plan:

HHSC will send written reminders to eligibility staff on the importance of document imaging and school attendance verification policy.

Implementation Dates: August 31, 2020

Responsible Persons: Todd Byrnes, Associate Commissioner, Eligibility Operations

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
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HEALTH AND HUMAN SERVICES COMMISSION**

**Reference No. 2019-020
Special Tests and Provisions – Child Support Non-Cooperation**

TANF Cluster

Award years – October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018

Award numbers – 1901TXTANF, 1901TXTAN3, 1801TXTANF, and 1801TXTAN3

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

Per policy in the Texas Works Handbook, Part B, Section 810, households are entitled to restored benefits when HHSC makes an error in the household's amount of benefits and the household was not at fault. Per policy in Texas Works Handbook, Part A, Section 2146 case workers should apply sanctions received from the OAG Child Support Division within five workdays. Per policy in the Texas Works Handbook, Part B, Section 700, staff must file an overpayment referral when a household receives benefits the household is not entitled to receive.

Questioned Cost:	\$156
U.S. Department of Health and Human Services	

Out of 40 TANF cases sampled:

- One case did not receive benefits for a month in which they should have. The case had been sanctioned for non-cooperation, but it was later determined that the sanction was imposed in error. Upon removal of the sanction, the case should have received the benefit amount for the month they were sanctioned. TIERS did not automatically issue this corrective benefit and no manual issuance was processed for the case.
- One case received benefits for a month in which they were not eligible. The case was sanctioned for non-cooperation, but the sanction was not input into TIERS timely, resulting in the case receiving an additional month of benefits. Additionally, recoupment for that benefit amount was not pursued.
- One case received benefits for months in which they were not eligible. The sanction was not worked timely or properly by a case worker, resulting in the case receiving eight months of benefits erroneously. Additionally, recoupment for those benefit amounts was not pursued.

Policy in the Texas Works Handbook was not followed in all three cases by the workers who dealt with the cases.

Recommendation:

Upon removal of an improper sanction, the worker should check to see if benefits need to be issued to the client for missed months, and should begin that process. Sanction requests should be worked timely per policy to ensure clients don't receive benefits for ineligible months. The case worker should check to see if recoupment needs to be pursued for benefit amounts when they are imposing a sanction on a case.

Views of Responsible Officials:

HHSC agrees with the finding.

Corrective Action Plan:

HHSC will conduct an end-to-end review of the sanctions process to identify and implement any needed changes to the business process, training, or system.

Implementation Dates:

Complete Review: August 31, 2020

Implement Process Changes: January 31, 2021

Implement Training: February 28, 2021

Implement System Changes: February 28, 2021

Responsible Persons:

Todd Byrnes, Associate Commissioner, Eligibility Operations

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
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HEALTH AND HUMAN SERVICES COMMISSION**

Reference No. 2019-021

Special Tests and Provisions – Penalty for Refusal to Work

TANF Cluster

Award years – October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018

Award numbers – 1901TXTANF, 1901TXTAN3, 1801TXTANF, and 1801TXTAN3

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

Per policy in the Texas Works Handbook, Part A, Section 2146, case workers should apply sanctions received from Choices within five workdays. Per policy in the Texas Works Handbook, Part B, Section 700, staff must file an overpayment referral when a household receives benefits the household is not entitled to receive.

Questioned Cost:	\$649
U.S. Department of Health and Human Services	

Out of 40 TANF cases sampled, two cases received benefits for a month in which they were not eligible. The cases were sanctioned by Texas Workforce Commission (TWC) Choices program for non-cooperation. The sanction was worked untimely resulting in an additional month of benefits being issued. Additionally, recoupment for the benefit amounts was not pursued. In the first case, the sanction from Choices was transmitted in a bundle with several other items. This bundle was not addressed by a worker for 32 days, at which point the sanction was imposed on the recipient. Due to the sanction not being imposed for over a month, TIERS issued benefits for the month in which the recipient should have begun receiving nothing. In the second case, Choices transmitted a sanction that exceptioned out due to the case being in complete action mode. This exception was not addressed and a second sanction request was sent a month later, which also exceptioned out. These exceptions were not worked until two months from the first sanction request. Due to untimely action, TIERS issued benefits for the month in which the recipient should have begun receiving nothing.

Recommendation:

Bundles received should be reviewed by a case worker timely to check for time-sensitive items that require action, such as sanctions. Those items should then be addressed in a timely manner. Exception reports should be addressed timely by workers to ensure time-sensitive items get addressed appropriately.

Views of Responsible Officials:

HHSC agrees with the finding.

Corrective Action Plan:

HHSC will conduct an end-to-end review of the sanctions process to identify and implement any needed changes to the business process, training, or system.

Implementation Dates:

Complete Review: August 31, 2020

Implement Process Changes: January 31, 2021

Implement Training: February 28, 2021

Implement System Changes: February 28, 2021

Responsible Persons:

Todd Byrnes, Associate Commissioner, Eligibility Operations

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

Reference No. 2019-022

Reporting

Special Tests and Provisions – Penalty for Failure to Comply with Work Verification Plan

TANF Cluster

Award years – October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018

Award numbers – 1901TXTANF, 1901TXTAN3, 1801TXTANF, and 1801TXTAN3

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

Per 2 CFR 265.7, each State's quarterly reports (the TANF Data Report, the TANF Financial Report (or Territorial Financial Report), and the SSP-MOE Data Report) must be complete and accurate and filed by the due date.

Questioned Cost:	\$0
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U.S. Department of Health and Human Services	
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For an aggregated data report, "a complete and accurate report" means that:

- (1) The reported data accurately reflect information available to the State in case records, financial records, and automated data systems;
- (2) The data are free from computational errors and are internally consistent (e.g., items that should add to totals do so);
- (3) The State reports data on all applicable elements; and
- (4) Monthly totals are unduplicated counts for all families (e.g., the number of families and the number of out-of-wedlock births are unduplicated counts).

60 cases from the TANF ACF-199 report were sampled for accuracy. One case in the sample had incorrect birth demographics listed on the report. The altered birth demographics were received by HHSC from TWC in the process of compiling the report. The altered birth demographics were not reviewed by HHSC to ensure accuracy of the information prior to submitting the report.

Recommendation:

HHSC should institute system controls that flag key item changes for worker review. This would allow HHSC an opportunity to correct the disputed data before submission of the report.

Views of Responsible Officials:

HHSC CADS acknowledges the finding that one record had an incorrect birth date and work participation status code.

Corrective Action Plan:

Programming changes have been made to the report syntax to ensure that an individual's reported date of birth is based on HHSC data. The quick reference guide for Work Participation codes has been corrected to match the official ACF-199 coding scheme. Staff have been trained on the updated documents and instructed to review the updated syntax and reference document prior to each report to ensure any necessary programming edits have been made and documented.

Implementation Date: February 28, 2020

Responsible Person: Carlos Garza, Research Specialist, Strategic Decision Support
Kathleen Yeoman, Research Specialist, Strategic Decision Support

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
HOUSING AND COMMUNITY AFFAIRS, DEPARTMENT OF**

**Reference No. 2019-023
Reporting**

CFDA 93.568 – Low-Income Home Energy Assistance
Award year – October 1, 2018 to September 30, 2019
Award number – G-1901TXLIEA
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency and Non-Compliance

Per 2 CFR 200.303, the Texas Department of Housing and Community Affairs (TDHCA) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Questioned Cost:	\$0
U.S. Department of Health and Human Services	

TDHCA must submit the *LIHEAP Performance Data Form (OMB No 0970-0449)* each year regarding the prior Federal fiscal year. Module 1 of the report is the Grantee Survey that covers sources and allocation of funding. Module 2 of the report is regarding performance metrics, mostly related to home energy burden targeting and reduction, as well as the continuity of home energy service.

Audit procedures included tracing and agreeing amounts from the supporting schedules generated from PeopleSoft and the Community Affairs Contract System to the 2019 LIHEAP Performance Data Form. The following line items did not agree to the supporting schedules for amounts reported in Module 2:

- Part V.B Line 4: Average Annual Main Heating Fuel Bill for Propane and Other Fuels
- Part V.B Line 5: Average Annual Electricity Bill for All Households and Electricity
- Part V.C Line 4: Average Annual Main Heating Fuel Bill for High Burden Households for Other Fuels
- Part VI.A Line 2: Fuel Delivered to Home that Ran Out of Fuel for All Occurrences, Propane and Other Fuels
- Part VI.A Line 3: Repair/ Replacement of Inoperable Home Energy Equipment for Propane and Other Fuels
- Part VII.A Line 1: Past Due Notice or Utility Disconnect Notice for All Occurrences and Electricity

Line items that are calculations based on the amounts above were also incorrect as a result of the errors identified.

Incorrect reporting was due to transcription and calculation errors as data is manually transcribed onto the LIHEAP Performance Data Form. Management made all corrections to the report prior to submission.

Recommendation:

TDHCA should enhance review controls over the LIHEAP Performance Data Form. Reviews should include verifying that the data is transcribed completely and accurately from supporting schedules and calculated correctly in accordance with the Performance Data Form Instructions.

Views of Responsible Officials:

Texas Department of Housing and Community Affairs agrees with the finding.

Corrective Action Plan:

Staff will immediately request automation of the query of the data and implement a tiered review prior to the submission of next year LIHEAP Performance Data Report. Final reported figures will be verified by the Team Lead and Manager of Fiscal & Reporting prior to submission.

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
HOUSING AND COMMUNITY AFFAIRS, DEPARTMENT OF**

Implementation Date:

June 1, 2020

Responsible Person:

Cathy Jung, Manager of Fiscal & Reporting

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
OFFICE OF ATTORNEY GENERAL**

**Reference No. 2019-024
Reporting**

Medicaid Cluster

Award years – October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018

Award numbers – 1905TXINCT, 1905TXIMPL, 1905TX5MAP, 1905TX5ADM, 1805TXINCT, 1805TXIMPL, 1805TX5MAP, and 1805TX5ADM

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

Per 2 CFR 200.303, Office of Attorney General (OAG) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Questioned Cost:	\$0
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U.S. Department of Health and Human Services	
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OAG uses Active Directory to grant network access to OAG personnel. OAG also utilizes their mainframe accounting application for recording of daily transactions as well as for general reports to assist with the federal reporting requirements. Based on the OAG's Information Security policy, account access levels will be reviewed, at a minimum, every twelve (12) months for appropriateness. We determined that management has not completed this review for Active Directory as well as for their mainframe accounting application during the single audit period. User access reviews include but are not limited to reviewing users with privilege access, ensuring all active service accounts (non-employee accounts) have a required business purpose, verifying that users are assigned to security groups or roles based on their existing job description, and ensuring that accounts no longer required are adequately removed.

Based on our review of the listing of individuals with administrative rights to the active directory, we identified two domain admin accounts that have not logged-in for over a year. As a domain administrator, an individual is able to add/remove users, modify group policy configuration, and access files on the network. Hence, it is critical to ensure that access is limited to only authorized personnel.

Recommendation:

OAG should resolve this exception by performing a periodic review in accordance with the agency's information security program. As part of this review, OAG should also ensure that privilege access, service accounts, and employee access are restricted to authorized personnel in accordance with their respective job description.

Views of Responsible Officials:

The OAG agrees with the reporting observations and recommendation identified in Attachment A related to user account access reviews. The OAG will implement quality control checks to ensure periodic performance of user account access reviews as specified in established OAG Information Security Policy (ISP). The OAG completed the required 2020 active directory and mainframe accounting system user access reviews. Future reviews will be conducted at least annually per the OAG ISP. User access reviews may be executed more frequently for privileged and system user accounts.

Corrective Action Plan:

The OAG agrees with the reporting observations and recommendation identified in Attachment A related to user account access reviews. The OAG will implement quality control checks to ensure periodic performance of user account access reviews as specified in established OAG Information Security Policy (ISP). The OAG completed the required 2020 active directory and mainframe accounting system user access reviews. Future reviews will be conducted at least annually per the OAG ISP. User access reviews may be executed more frequently for privileged and system user accounts.

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
OFFICE OF ATTORNEY GENERAL**

Implementation Dates: *Continuous Process - Confirmation review complete as of February 19, 2020.*

Responsible Persons: Stephen Paxman

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS EDUCATION AGENCY**

**Reference No. 2019-025
Allowable Costs/Cost Principles**

CFDA 84.048 – Career and Technical Education – Basic Grants to States
Award years – July 1, 2018 to September 30, 2020 and July 1, 2017 to September 30, 2019
Award numbers – V048A180043 – 18A and V048A170043
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency and Non-Compliance

Per 2 CFR 200.303, Texas Education Agency (TEA) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each of its Federal programs. Title 2 Code of Federal Regulations Section 200.430 Compensation – Personal Services sets standards for payroll documentation, which include:

Questioned Cost:	\$0
U.S. Department of Education	

- (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
 - (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
 - (ii) Be incorporated into the official records of the non-Federal entity;
 - (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);
 - (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
 - (v) Comply with established accounting policies and practices of the non-Federal entity and
 - (vi) Reserved]
 - (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
 - (viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:
 - (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;
 - (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and
 - (C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal award based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

TEA's payroll process ensures only allowable salaries are charged to the federal program by reallocating costs on a quarterly basis through the Cost Allocation Feeder System for employees included in its cost allocation method plan. The reallocation reflects differences between budgeted time allocations and actual time allocations reported by employees in the time and effort system. For employees not included in the cost allocation method plan, TEA's payroll process requires that employees' time be certified by their supervisor through a time and effort certification. Time and effort is entered into TEA's time and effort system by the employee and electronically approved by their supervisor.

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS EDUCATION AGENCY**

Of the 40 payroll and payroll-related samples tested, one employee, who was not included in the cost allocation method plan, did not have a time and effort certification approved by their supervisor. The error was a result of an oversight by the supervisor to complete the certification.

Recommendation:

TEA should strengthen controls in place to ensure time and effort certifications are reviewed and approved by each employee's supervisor.

Views of Responsible Officials:

The Texas Education Agency (TEA) agrees with this recommendation. To address the Budget Division's need to strengthen controls, Budget management has met to discuss the need for a delinquent supervisory report to be created and generated from the existing Time & Effort System.

Corrective Action Plan:

The Texas Education Agency is developing a process to identify Time and Effort entries that do not have supervisory certification. Review for delinquent certifications will be performed on a quarterly basis. Supervisors will be notified and required to certify within a respective due date.

Implementation Date: The anticipated date to implement the corrective action is August 31, 2020.

Responsible Person: Patricia Molina

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS HIGHER EDUCATION COORDINATING BOARD**

**Reference No. 2019-026
Subrecipient Monitoring**

CFDA 84.048 – Career and Technical Education – Basic Grants to States
Award years – July 1, 2018 to September 30, 2020 and July 1, 2017 to September 30, 2019
Award numbers – V048A180043 – 18A and V048A170043
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency and Non-Compliance

Per 2 CFR 200.331(a), Texas Higher Education Coordinating Board (THECB) must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and, if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes: (1) Federal Award Identification – (iv) Federal Award Date (see 2 CFR 200.39 Federal award date) of award to the recipient by the Federal agency and (xii) Identification of whether the award is R&D.

Questioned Cost:	\$0
U.S. Department of Education	

THECB issues a Notice of Grant Award (NOGA) to each approved subrecipient prior to expending funds to that subrecipient under each grant. THECB maintains a template NOGA that is used for all agreements with subrecipients under the grant. In accordance with 2 CFR 200.331(a) and per THECB's template NOGA, each NOGA includes the following information: amount of federal funds, federal grant title, CFDA number, federal grant award number, term of grant, date all funds must be expended by, federal grant funding agency, and DUNS number.

THECB's template NOGA does not contain fields for the grant's federal award date or whether the grant is considered research development. For five (5) out of five (5) NOGAs tested, the grant's federal award date or whether the grant was considered research and development was not included. In fiscal year 2019, THECB passed through approximately 97.6% of Career and Technical Education funds to subrecipients. Providing incomplete information to subrecipients may result in inaccurate reporting by the subrecipients and ultimately by THECB.

Recommendation:

THECB should revise its standard NOGA template to include all required information to be communicated to subrecipients per 2 CFR 200.331. Additionally, for existing NOGAs, THECB should communicate required information to subrecipients in an addendum to the NOGA.

Views of Responsible Officials:

THECB agrees with this recommendation.

Corrective Action Plan:

THECB will integrate the federal award date and identification of whether a grant is considered research and development into the Perkins subrecipient NOGA template.

Implementation Date: July 15, 2020

Responsible Person: Melinda Nobles

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS WORKFORCE COMMISSION**

**Reference No. 2019-027
Allowable Costs/Cost Principles**

TANF Cluster

Award years – October 1, 2018 to September 30, 2019 and October 1, 2017 to September 30, 2018
Award numbers – 1901TXTANF, 1901TXTAN3, 1801TXTANF, and 1801TXTAN3

CCDF Cluster

Award years – October 1, 2018 to September 30, 2021, October 1, 2017 to September 30, 2020, October 1, 2016 to September 30, 2019, and October 1, 2015 to September 30, 2018
Award numbers – G1901TXCCDF, G1801TXCCDF, G1701TXCCDF, and G1601TXCCDF
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency

Per 2 CFR 200.303, Texas Workforce Commission (TWC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Questioned Cost:	\$0
U.S. Department of Health and Human Services	

The TWC PeopleSoft (PS) application is a single system comprised of integrated process modules. The financial modules are referred to as WRAPS: Workforce, Reporting, Accounting and Purchasing System. PeopleSoft Financials is used for creating and inquiring on financial journals, payment requests, and requisitions. The Cash Draw and Expenditure Reporting System (CDER) is an automated accounting system used by Local Workforce Development Boards (LWDB) to process and track cash draws to grant recipients. The functions for LWDB users include editing, submitting, making adjustments, and generating reports relating to cash draws.

Based on the TWC's policy, access reviews are to be performed on a periodic basis. We determined that this review of access to WRAPS was conducted in May 2019 by submission of employees' names and access information to the various supervisors. We determined there were several instances of no responses being received; as a result, the review was only partially completed. Access reviews are critical to ensure that TWC personnel only have access in accordance with their respective job description.

As part of management's user access review for WRAPS, we determined that review of service accounts was not documented. Service accounts are non-employee accounts that are required to authenticate to the application to either perform a specific function (for example, backups or transaction processing). Service accounts are required to be reviewed as part of the periodic review process to ensure only accounts with a business purpose are maintained and all other accounts are removed or disabled.

Based on our review of privilege accounts for the WRAPS application, we identified one shared account which is being used by TWC personnel to release code into production. In addition, password changes were not forced on this user account. Shared administrative accounts limit the effectiveness of audit logs in identifying the origination of changes to access or report configurations. Each administrator should have a unique administrative account in order to monitor changes made to the application. Without unique administrative accounts, the risk of unauthorized changes is increased. Password changes are critical to ensure that privilege accounts are not accessed by employees no longer with TWC, as well as for better security.

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS WORKFORCE COMMISSION**

Based on our review of privilege accounts for the CDER application, we identified one instance of an employee having administrative access to the application that was outside of their job description. This individual was a developer with administrative rights to the application, thus causing a segregation of duty conflict. The user's access was removed on September 19, 2019 once it was brought to management's attention. Administrator access gives the rights to the individual to add or remove users, modify configuration, as well as modify reports.

Recommendation:

TWC should ensure that user access reviews are completed for accounts for WRAPS. As part of this review, TWC should also ensure that privilege access, service accounts, and employee access are restricted to authorized personnel in accordance with their respective job description.

Views of Responsible Officials:

Texas Workforce Commission (TWC) agrees with the finding. TWC will strengthen procedures to ensure WRAPS access reviews are completed. Reviews will include privileged and service accounts with employee access restricted to authorized personnel in accordance with their respective job duties.

Corrective Action Plan:

A Standard Operating Procedure (SOP) will be developed to document the process:

- to ensure that access to WRAPS by TWC employees is limited in accordance with their job duties;*
- for reviewing service accounts to ensure only service accounts with a business purpose are maintained; and*
- that privilege access is restricted to authorized personnel in accordance with their respective job duties.*

The WRAPS security group will modify the access to the shared account, PSBATCH, to not allow that user account to migrate code to production. Separate user accounts will be created for each system administrator that will allow them to migrate code to production. That way, TWC will be able to identify which system administrator migrated code. Those accounts will be set up with passwords that expire as per the TWC policy. PSBATCH will continue to be used to schedule and run batch jobs. The system administrators will continue to share that account and access to that account will be limited to the application system administrators.

Implementation Dates: March 31, 2020

Responsible Persons: Jorge Guerra and Pat Gutierrez

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FEDERAL PORTION OF STATEWIDE SINGLE AUDIT REPORT
FOR THE YEAR ENDED AUGUST 31, 2019**

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**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
COMPTROLLER OF PUBLIC ACCOUNTS**

Summary Schedule of Prior Audit Findings - CLA

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511, state, "the auditee is responsible for follow-up and corrective action on all audit findings." As part of this responsibility, the auditee reports the corrective action it has taken for the following:

- Each finding in the 2018 Schedule of Findings and Questioned Costs
- Each finding in the 2018 Summary Schedule of Prior Audit Findings that as not identified as implemented or reissued as a current year finding.

The Summary Schedule of Prior Audit Findings for the year ended August 31, 2019 has been prepared to address these responsibilities.

**Reference No. 2018-001
Allowable Costs/Cost Principles**

CFDA 84.010 – Title I Grants to Local Educational Agencies

Award years – July 1, 2017 to September 30, 2019, July 1, 2016 to September 30, 2018, and July 1, 2015 to September 30, 2017

Award numbers – S010A170043-17B, S010A160043-16B, and S010A150043-15B

CFDA 84.048 – Career and Technical Education – Basic Grants to States (Perkins IV)

Award years – July 1, 2017 to September 30, 2019, July 1, 2016 to September 30, 2018, and July 1, 2015 to September 30, 2017

Award numbers – V048A170043, V048A160043-16A, and V048A150043-15B

CFDA 84.287 – Twenty-First Century Community Learning Centers

Award years – July 1, 2017 to September 30, 2019, July 1, 2016 to September 30, 2018, and July 1, 2015 to September 30, 2017

Award numbers – S287C170044, S287C160044, and S287C150044

Employment Service Cluster

Award years – July 1, 2018 to June 30, 2021, July 1 2017 to June 30, 2020, July 1, 2016 to June 30, 2019, and July 1, 2015 to June 30, 2018

Award numbers – ES-31877-18-55-A-48, ES-31015-17-55-A-48, ES-29440-16-55-A-48, and ES-27519-15-55-A-48

Highway Planning and Construction Cluster

Award years – various

Award numbers –various

TANF Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017 Award numbers – 1801TXTANF, 1801TXTAN3, 1701TXTANF, and 1701TXTAN3

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
COMPTROLLER OF PUBLIC ACCOUNTS**

WIOA Cluster

Award years – July 1, 2018 to June 30, 2021, July 1 2017 to June 30, 2020, July 1, 2016 to June 30, 2019, and July 1, 2015 to June 30, 2018

Award numbers – AA-32205-18-55-A-48, AA-30959-17-55-A-48, AA-28345-16-55-A-48, and AA-26808-15-55-A-48

Non-Major Programs:

- 10.025 – Plant and Animal Disease, Pest Control, and Animal Care
- 11.407 – Interjurisdictional Fisheries Act of 1986
- 11.434 – Cooperative Fishery Statistics
- 11.441 – Regional Fishery Management Councils
- 11.549 – State and Local Implementation Grant Program
- 12.106 – Flood Control Projects
- 12.401 – National Guard Military Operations and Maintenance (O&M) Projects
- 12.404 – National Guard Challenge Program
- 14.000 – U.S. Department of Housing and Urban Development
- 14.228 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
- 14.231 – Emergency Solutions Grant Program
- 14.239 – Home Investment Partnerships Program
- 14.275 – Housing Trust Fund
- 14.326 – Project Rental Assistance Demonstration (PRA Demo) Program of Section 811 Supportive Housing for Persons with Disabilities
- 15.250 – Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining
- 15.252 – Abandoned Mine Land Reclamation (AMLR) 15.634 – State Wildlife Grants
- 15.669 – Cooperative Landscape Conservation
- 16.540 – Juvenile Justice and Delinquency Prevention
- 16.575 – Crime Victim Assistance
- 16.588 – Violence Against Women Formula Grants 16.741 – DNA Backlog Reduction Program
- 16.742 – Paul Coverdell Forensic Science Improvement Grant Program
- 17.005 – Compensation and Working Conditions
- 17.504 – Consultation Agreements
- 20.218 – Motor Carrier Safety Assistance
- 20.700 – Pipeline Safety Program State Base Grant
- 20.703 – Interagency Hazardous Materials Public Sector Training and Planning Grants
- 45.310 – Grants to States
- 64.124 – All-Volunteer Force Educational Assistance
- 66.433 – State Underground Water Source Protection
- 66.817 – State and Tribal Response Program Grants
- 81.41 – State Energy Program
- 81.42 – Weatherization Assistance for Low-Income Persons
- 81.106 – Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions
- 81.214 – Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis
- 84.011 – Migrant Education State Grant Program
- 84.013 – Title I State Agency Program for Neglected and Delinquent Children and Youth
- 84.282 – Charter Schools
- 84.305 – Education Research, Development and Dissemination
- 84.326 – Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities
- 84.334 – Gaining Early Awareness and Readiness for Undergraduate Programs

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
COMPTROLLER OF PUBLIC ACCOUNTS**

- 84.358 – Rural Education
 - English Language Acquisition State Grants
 - Mathematics and Science Partnerships
 - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)
 - Competitive Grants for State Assessments (formerly Grants for Enhanced Assessment Instruments)
- 84.371 – Comprehensive Literacy Development
- 84.372 – Statewide Longitudinal Data Systems
- 84.377 – School Improvement Grants
- 84.424 – Student Support and Academic Enrichment Program 84.938 – Hurricane Education Recovery
- 93.568 – Low-Income Home Energy Assistance
- 93.569 – Community Services Block Grant
- 93.586 – State Court Improvement Program
- 93.630 – Developmental Disabilities Basic Support and Advocacy Grants
- 95.001 – High Intensity Drug Trafficking Areas Program
- 97.012 – Boating Safety Financial Assistance
- 97.036 – Disaster Grants- Public Assistance (Presidentially Declared Disasters)
- 97.039 – Hazard Mitigation Grant
- 97.042 – Emergency Management Performance Grants
- 97.047 – Pre-Disaster Mitigation
- 97.067 – Homeland Security Grant Program
- CCDF Cluster
- Fish and Wildlife Cluster
- Highway Safety Cluster
- Housing Voucher Cluster
- Special Education Cluster (IDEA)
- Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
- Type of finding – Significant Deficiency

Texas utilizes the PeopleSoft’s Human Capital Management (HCM) system (referred to as CAPPS Central HR) as an HR/Payroll application for certain agencies. The application is managed by the Comptroller of Public Accounts (CPA). The CPA has implemented general IT controls, including logical access and change management controls, to help manage the system on behalf of the participating state agencies. More specifically, the Texas Higher Education Coordinating Board (THECB) and Texas Education Agency utilize CAPPs Central HR to process payroll for the Career and Technical Education program which was a major program for the fiscal year 2018 single audit. In addition, the Governor’s Office, Department of Housing and Community Affairs, Military Department, Department of Public Safety, Texas Education Agency, and Texas Parks and Wildlife Department used CAPPs Central HR during fiscal year 2018 for processing payroll expenditures for other federal programs that are included in the August 31, 2018 Schedule of Expenditures of Federal Awards.

Per 2 CFR 200.303, the agencies must establish and maintain effective internal controls over Federal awards that provides reasonable assurance that they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Initial Year Written: 2018
Status: Implemented
U.S. Department of Agriculture
U.S. Department of Commerce
U.S. Department of Defense
U.S. Department of Housing and Urban Development
U.S. Department of Interior
U.S. Department of Justice
U.S. Department of Labor
U.S. Department of Transportation
National Endowment for the Humanities
U.S. Department of Veterans Affairs
Environmental Protection Agency
U.S. Department of Energy
U.S. Department of Education
U.S. Department of Health and Human Services
Executive Office of the President
U.S. Department of Homeland Security

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
COMPTROLLER OF PUBLIC ACCOUNTS**

CPA has a change management workflow in place to confirm changes to CAPPs Central HR are authorized, tested, approved, and documented prior to deploying the change. Out of 14 selected changes implemented before March 2018, four changes lacked documented approval of system and accessibility testing and four changes lacked documented approval of user acceptance testing (UAT). Changes migrated without testing present the risk of changes to application functionality that could hinder performance or cause the application to process data inaccurately or inappropriately. The CPA remediated their process during March 2018 and a selection of changes implemented after March 2018 were found to have the appropriate documentation for authorization, testing and approval.

CPA has a process in place to utilize the Phire tool to migrate changes for CAPPs Central HR. Four developers had access to bypass the Phire tool through access to Application Designer from April 17, 2018 to May 14, 2018. The access was authorized by management but was not temporary in nature and was not monitored. Access to migrate changes to the production environment should be restricted appropriately and based on job function to help ensure adequate internal controls are in place and appropriate segregation of duties exist. Developers should not have access to migrate changes to the production environment as this introduces the risk of unauthorized changes to applications and data. All program changes during the period were found to follow the workflow in Phire.

In addition, four CAPPs Central HR developers had access to system administrator functions within the CAPPs Central HR application. Developers should not have access privileges above read-only in the production environment. This access was removed on May 14, 2018.

Twenty-nine (29) members of the Technical Team also had access to Data Mover outside of their job responsibilities. Data Mover is a PeopleSoft tool granting the ability to modify application data and run SQL statements in the production database. The existence of users with access to Data Mover outside their job responsibilities increases the risk of unauthorized changes to production data. As of August 2, 2018, access to Data Mover was restricted to a limited number of members of the Technical Team through system/service accounts. Access to these system/service accounts is managed via KeePass, a password management tool.

Total payroll and benefits expenditures for the programs noted above and included in the Schedule of Expenditures of Federal Awards for the fiscal year 2019 is noted below by agency.

Texas Agency	Total Payroll and Benefits Expenditures
Comptroller of Public Accounts (State Energy Conservation Office) - CFDA 81.041	\$ 536,217
Comptroller of Public Accounts (State Energy Conservation Office) - CFDA 81.106	41,534
Comptroller of Public Accounts (State Energy Conservation Office) - CFDA 81.214	139,049
Animal Health Commission - CFDA 10.025	1,820,354
Governor's Office - CFDA 17.278 (WIOA Cluster) *	32,105
Governor's Office - CFDA 16.540 *	6,209
Governor's Office - CFDA 16.575 *	85,308
Governor's Office - CFDA 16.588 *	12,257
Governor's Office - CFDA 97.067 *	154,662
Texas Higher Education Coordinating Board - CFDA 84.048	529,440
Texas Higher Education Coordinating Board - CFDA 84.305	90,428
Texas Higher Education Coordinating Board - CFDA 84.367	157,462
Department of Housing and Community Affairs - CFDA 14.000	184,536
Department of Housing and Community Affairs - CFDA 14.228	131,400
Department of Housing and Community Affairs - CFDA 14.231	259,716
Department of Housing and Community Affairs - CFDA 14.239	1,720,411
Department of Housing and Community Affairs - CFDA 14.275	29,225
Department of Housing and Community Affairs - CFDA 14.326	63,751

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
COMPTROLLER OF PUBLIC ACCOUNTS**

Texas Agency	Total Payroll and Benefits Expenditures
Department of Housing and Community Affairs - CFDA 14.871 (Housing Voucher Cluster)	\$ 429,429
Department of Housing and Community Affairs - CFDA 81.042	211,201
Department of Housing and Community Affairs - CFDA 93.568	966,287
Department of Housing and Community Affairs - CFDA 93.569	927,179
Department of Insurance - CFDA 17.005	203,961
Department of Insurance - CFDA 17.504	2,175,344
Juvenile Justice Department - CFDA 84.013	260,681
Juvenile Justice Department - CFDA 84.027 (Special Education IDEA Cluster)	556,009
Juvenile Justice Department - CFDA 84.367	110,038
Library and Archives Commission - CFDA 45.310	1,419,412
Military Department - CFDA 12.401	17,533,980
Military Department - CFDA 12.404	4,626,180
Department of Public Safety - CFDA 11.549	50,163
Department of Public Safety - CFDA 16.575	62,455
Department of Public Safety - CFDA 16.741	353,732
Department of Public Safety - CFDA 16.742	65,197
Department of Public Safety - CFDA 20.218	36,812
Department of Public Safety - CFDA 20.600 (Highway Safety Cluster)	139,634
Department of Public Safety - CFDA 20.616 (Highway Safety Cluster)	181,700
Department of Public Safety - CFDA 20.703	16,615
Department of Public Safety - CFDA 81.106	53,827
Department of Public Safety - CFDA 95.001	3,918
Department of Public Safety - CFDA 97.036	801,539
Department of Public Safety - CFDA 97.039	297,975
Department of Public Safety - CFDA 97.042	2,574,955
Department of Public Safety - CFDA 97.047	137
Department of Public Safety - CFDA 97.067	67,357
Railroad Commission - CFDA 15.250	1,468,929
Railroad Commission - CFDA 15.252	383,149
Railroad Commission - CFDA 20.700	3,086,653
Railroad Commission - CFDA 66.433	64,265
Railroad Commission - CFDA 66.817	48,896
Supreme Court of Texas - CFDA 93.586	563,549
Texas Education Agency - CFDA 84.010	8,470,204
Texas Education Agency - CFDA 84.011	348,523
Texas Education Agency - CFDA 84.013	13,769
Texas Education Agency - CFDA 84.027 (Special Education IDEA Cluster)	10,012,241
Texas Education Agency - CFDA 84.048	135,063
Texas Education Agency - CFDA 84.173 (Special Education IDEA Cluster)	112,847
Texas Education Agency - CFDA 84.282	457,137
Texas Education Agency - CFDA 84.287	1,481,324
Texas Education Agency - CFDA 84.305	21,527
Texas Education Agency - CFDA 84.326	7,240
Texas Education Agency - CFDA 84.334	437,487
Texas Education Agency - CFDA 84.358	266,391
Texas Education Agency - CFDA 84.365	1,948,060
Texas Education Agency - CFDA 84.366	176,666
Texas Education Agency - CFDA 84.367	1,118,852
Texas Education Agency - CFDA 84.368	6,353
Texas Education Agency - CFDA 84.371	(2,147)
Texas Education Agency - CFDA 84.372	95,686

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
COMPTROLLER OF PUBLIC ACCOUNTS**

Texas Agency	Total Payroll and Benefits Expenditures
Texas Education Agency - CFDA 84.377	\$ 134,874
Texas Education Agency - CFDA 84.424	187,846
Texas Education Agency - CFDA 84.938	8,676
Texas Education Agency - CFDA 93.558	204,672
Texas Education Agency - CFDA 93.575 (CCDF Cluster)	127,815
Texas Education Agency - CFDA 93.630	1,262,667
Texas Parks and Wildlife Department - CFDA 11.407 *	11,335
Texas Parks and Wildlife Department - CFDA 11.434 *	27,060
Texas Parks and Wildlife Department - CFDA 11.441 *	4,276
Texas Parks and Wildlife Department - CFDA 12.106 *	22,822
Texas Parks and Wildlife Department - CFDA 15.605 *	255,656
Texas Parks and Wildlife Department - CFDA 15.611 *	1,731,972
Texas Parks and Wildlife Department - CFDA 15.634 *	44,746
Texas Parks and Wildlife Department - CFDA 15.669 *	11,222
Texas Parks and Wildlife Department - CFDA 20.219 (Highway Planning and Construction Cluster) *	3,130
Texas Parks and Wildlife Department - CFDA 97.012 *	680,863
Veterans Commission - CFDA 17.801 (Employment Service Cluster) *	1,002,622
Veterans Commission - CFDA 17.804 (Employment Service Cluster) *	531,179
Veterans Commission - CFDA 64.124 *	178,574
Total	<u>\$ 78,490,024</u>

Corrective Action Plan:

Corrective action plan taken.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES**

Reference No. 2018-002

Allowable Costs/Cost Principles

(Prior Audit Issues – 2017-005 and 2016-008)

Medicaid Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 1805TXINCT, 1805TXIMPL, 1805TX5MAP, 1805TX5ADM, 1705TXINCT, 1705TXIMPL, 1705TX5MAP, and 1705TX5ADM

TANF Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 1801TXTANF, 1801TXTAN3, 1701TXTANF, and 1701TXTAN3

Non-Major Programs:

93.090 – Guardianship Assistance

93.658 – Foster Care – Title IV – E

93.659 – Adoption Assistance

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

Per 2 CFR 200.303, Department of Family and Protective Services (DFPS) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. Per 45 CFR Section 95.507, the State shall submit a cost allocation plan for the State agency as required below to the Director, Division of Cost Allocation (DCA), in the appropriate HHS Regional Office. The plan shall describe the procedures used to identify, measure, and allocate all costs to each of the programs operated by the State agency. The cost allocation plan shall contain the procedures used to identify, measure, and allocate all costs to each benefitting program and activity. Per 45 CFR Section 95.509, the State shall promptly amend the cost allocation plan and submit the amended plan to the Director, DCA, if any of the following events occur, including if other changes occur which make the allocation basis or procedures in the approval cost allocation plan invalid.

Initial Year Written: 2016 Status: Partially Implemented

U.S. Department of Health and Human Services

DFPS's approved Public Assistance Cost Allocation Plan (PACAP) expenditures and revenues are initially allocated based on an estimate of Project ID percentages. After actual base statistical data is available, expenditures are reallocated and adjustments between estimated and actual costs are made. The adjustments result in costs claimed for each period being allocated based on actual base statistics for the same period. Data is updated either monthly or quarterly depending on the Project ID. There are approximately 20 Project IDs. Control procedures are in place to review these reallocation entries.

During fiscal year 2017, all Project IDs were based on static factors and reallocation entries were not performed. Therefore, a contractor was hired to implement a more automated process for reallocating entries. During fiscal year 2018, reallocations were done through December 2017 for recording in the general ledger. Reallocations through March 2018 were recorded in the Schedule of Expenditures of Federal Awards through a top-side entry. DFPS completed the allocations through June 2018 during January 2019. The table below includes the expenditures for fiscal year 2018 that were inappropriately included in the Schedule of Expenditures of Federal Awards (SEFA).

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES**

Federal Programs in 2018 SEFA	2018 SEFA Expenditures	2018 Expenditures Not in SEFA	Percentage of Total SEFA Expenditures
CFDA 93.090	\$ 7,920,528	\$ 84,542	1.07 %
CFDA 93.658	209,346,106	(980,522)	(0.47)
CFDA 93.659	150,262,026	(450,963)	(0.30)
Medicaid Cluster	22,547,702,086	(312,108)	-
Total Adjustment with Offset to General Revenue		\$ 1,659,051	

DFPS has a review process in place for each type of reallocation journal. As noted above, the headcount allocation process was automated during fiscal year 2018. Currently the same person prepares the reallocation percentages and loads the information into the general ledger, thus resulting in no secondary review. In addition, a team member within the DFPS information support group has access to prepare the reallocation journal entry and to upload the journal entry to the general ledger for the reallocation process. A sample of four months of headcount reallocations were reviewed to validate the accuracy of the calculation. For one month (March 2017), the incorrect reallocation percentages were utilized in the calculation. The impact of this error was evaluated by CFDA number, noting the difference between the original reallocation percentages and the corrected percentages was less than \$5,000.

Recommendation:

DFPS should address the lack of segregation of duties within the headcount reallocation process.

Views of Responsible Officials:

The agency acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the agency will work to develop and implement corrective action to further improve the processes

Corrective Action Plan:

The agency has implemented a plan to add additional review steps, enforce segregation of duties, and create a sign off process for each step involved in creating reallocation projects and creating and posting reallocation journals. The segregation of duties and additional review process should prevent errors (such as those that occurred in March 2017) from occurring.

Implementation Date: January 9, 2019

Responsible Person: Kristen Norris

Corrective Action Plan:

This finding was reissued as current year reference number 2019-003.

STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

Reference No. 2018-003

Eligibility

(Prior Audit Issues – 2017-006, 2016-010, and 2015-008)

TANF Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 1801TXTANF, 1801TXTAN3, 1701TXTANF, and 1701TXTAN3

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

Per 2 CFR 200.303, Department of Family and Protective Services (DFPS) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. Per the TANF State Plan, DFPS provides any service the State previously was authorized to use IV-A or IV-F funds under prior law, as in effect on September 30, 1995 and as clarified by the State's 1997 plan amendment. This includes the TANF Emergency Assistance (EA) program.

Initial Year Written: 2015 Status: Partially Implemented

U.S. Department of Health and Human Services

Per the Texas Administrative Code, Title 40, Part 19, Chapter 700, Subchapter Z, Rule §700.2703:

- (a) The Department of Family and Protective Services (DFPS) or its authorized designee determines eligibility of a child and/or his family for Title IV-A Emergency Services if all of the following criteria are met:
 - (1) An emergency exists, as defined in subsection (b) of this section.
 - (2) The family applies for care and services available in emergency situations, or DFPS or its authorized designee applies on behalf of a child whose parents are unavailable or unwilling to apply.
 - (3) The child has lived with a relative at sometime within the six-month period prior to application.
 - (4) The emergency arose for a reason other than an adult family member's refusal to accept employment without good cause.
 - (5) The applicant, child, or family declares annual income of less than \$63,000.
- (b) An emergency exists when DFPS:
 - (1) Determines that a child is at risk;
 - (2) Has removed a child from the child's home and placed the child in its care; or
 - (3) Determines that a child formerly in its care is at risk of being returned to that care.

There are no automated controls to require recertification of EA recipients in Information Management Protecting Adults and Children in Texas (IMPACT), DFPS's eligibility system. The process of gathering information related to EA eligibility is done in conjunction with the case investigation process. Information, including the reason for an emergency and income levels, is determined based on the caseworker's interviews with the family and child. This information is input into IMPACT to determine eligibility. IMPACT's automated controls to determine if the child is EA eligible were found to be effective including the assignment of service codes that determine monthly payment amounts. Only the information that the caseworker considers necessary to support the conclusions regarding eligibility is included in IMPACT as case notes. In April 2018, a quality assurance (QA) review process was implemented to review the IMPACT screens after they are signed off on by the supervisor. The QA review tool currently focuses on the income requirements associated with emergency assistance. However, DFPS has yet to incorporate compliance with all eligibility requirements, not just compliance with annual family income level limit, into the tool. Additionally, a formal policy was not maintained to show how the cases selected for QA were determined. No compliance exceptions were noted with regard to determining EA eligibility.

Additionally, a sample of six kinship care cases were selected through the EA sampling process. Kinship care cases have requirements per the Texas State Plan for Temporary Assistance for Needy Families, Section 2 Part 6 Eligibility. These requirements are attested to in the Kinship Caregiver Agreement. For one case sampled, the Kinship Caregiver Agreement was not on file. No compliance issues were found regarding the eligibility of the child.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES**

Recommendation:

DFPS should continue to enhance their QA process to ensure all significant elements of eligibility are addressed and consistently applied. The QA process should also ensure eligibility determinations are consistently documented and reviewed. The resulting QA policy should be formally documented including the selection of the QA cases. Additionally, DFPS should ensure that appropriate documentation related to cases is maintained.

Views of Responsible Officials:

Work on the Emergency Assistance Eligibility process was needed in order for Texas to be in compliance.

Corrective Action Plan:

Recent updates to the QA guide have been made to ensure significant elements of eligibility are addressed. The guide will be used beginning in the January, 2019 QA review. Training will be provided to the QA specialists prior to their start date to ensure the reviewers are competent and consistent in their documentation and review process.

The agency has updated the Review Guide and the Instruction Guide to reflect all of the elements of Emergency Assistance Eligibility. The updated guide will begin being used in the January 2019 quarterly samples. The QA reading guide (which becomes the agency policy on QA reviews) has been updated to reflect the sample selection process.

Implementation Date: April 1, 2019 (That is the end of the first QA review period)

Responsible Person: Gwen Gray

Corrective Action Plan:

This finding was reissued as current year reference number 2019-004.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
GENERAL LAND OFFICE**

**Reference No. 2018-004
Activities Allowed or Unallowed
Allowable Costs/Cost Principles
Period of Performance**

CFDA 97.048 – Federal Disaster Assistance to Individuals and Households in Presidential Declared Disaster Areas

Award year – August 25, 2017 to February 2020

Award number – DR-4332-TX

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

Per 2 CFR 200.303, the General Land Office (GLO) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. In fiscal year 2018, GLO utilized a third-party software system, Carbon, to help facilitate its Hurricane Harvey recovery efforts. Carbon was used to create and retain work orders, to receive the inbound FEMA file approving work orders, and to retain other applicable supporting documents and approvals.

Initial Year Written: 2018
Status: Implemented
U.S. Department of Homeland Security

During the summer of 2018, GLO management decided to decommission Carbon. All of the data previously retained in Carbon was downloaded and placed in a data file maintained by GLO. As a result of decommissioning Carbon, audit procedures were unable to be performed and therefore no reliance could be placed on general information technology controls or application controls within Carbon. To compensate for the inability to audit IT controls, manual controls were identified and compliance sample sizes were increased to 100 for applicable compliance requirements. As part of the compliance procedures performed, redacted FEMA eligibility files were obtained to verify that selected sample items had been properly approved by FEMA. No compliance exceptions were noted.

Manual controls noted below were found to be operating effectively:

- Review of site inspections, invoices, and certificates of occupancy prior to payment in the DALHR program.
- Review of site inspections, invoices, ready for occupancy, and other required supporting documents prior to payment in the RV and MHU programs.

Corrective Action Plan:

Corrective action plan taken.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

Reference No. 2018-005

Allowable Costs/Cost Principles

(Prior Audit Issues – 2017-009 and 2016-024)

CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children

Award years – October 1, 2017 to September 30, 2018, October 1, 2016 to September 30, 2017, October 1, 2017 to September 30, 2019, January 1, 2017 to September 30, 2018, and January 1, 2016 to September 30, 2018

Award numbers – 6TX700507, 6TX700506 and 6TX700527

CDFA 84.181 – Special Education-Grants for Infants and Families

Award years – July 1, 2018 to September 30, 2019, July 1, 2017 to September 30, 2018, and July 1, 2016 to September 30, 2017

Award numbers – H181A180171, H181A170171, and H181A160171

CFDA 93.958 – Block Grants for Community Mental Health Services

Award years – October 1, 2017 to September 30, 2019, October 1, 2016 to September 30, 2018, and October 1, 2015 to September 30, 2017

Award numbers – 2B09SM010051-18, 3B09SM010051-17S1, 3B09SM010051-16S2, 3B09SM010051-16S1, and 2B09SM010051-16

Aging Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 18AATXNSIP, 18AATXT3SS, 18AATXT3CM, 18AATXT3HD, 17AATXNSIP, 17AATXT3SS, 17AATXT3CM, and 17AATXT3HD

Medicaid Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 1805TXINCT, 1805TXIMPL, 1805TX5MAP, 1805TX5ADM, 1705TXINCT, 1705TXIMPL, 1705TX5MAP, and 1705TX5ADM

SNAP Cluster

Award years – October 1, 2017 to September 30, 2019, October 1, 2017 to September 30, 2018, and October 1, 2016 to September 30, 2018

Award numbers – 6TX430176, 6TX400105, and 6TX430176

TANF Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 1801TXTANF, 1801TXTAN3, 1701TXTANF, and 1701TXTAN3

Non-Major Programs:

10.578 – WIC Grants to States (WGS)

10.579 – Child Nutrition Discretionary Grants Limited Availability

84.126 – Rehabilitation Services Vocational Rehabilitation Grants to States

93.052 – National Family Caregiver Support, Title III, Part E

93.071 – Medicare Enrollment Assistance Program

93.104 – Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)

93.150 – Projects for Assistance in Transition from Homelessness (PATH)

93.235 – Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program

93.243 – Substance Abuse and Mental Health Services Projects of Regional and National Significance

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

- 93.296 – State Partnership Grant Program to Improve Minority Health
- 93.658 – Foster Care Title IV-E
- 93.667 – Social Services Block Grant
- 93.671 – Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services
- 93.752 – Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds
- 93.767 – Children's Health Insurance Program
- 93.788 – Opioid STR
- 93.791 – Money Follows the Person Rebalancing Demonstration
- 93.796 – State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid
- 93.829 – Section 223 Demonstration Programs to Improve Community Mental Health Services
- 93.898 – Cancer Prevention and Control Programs for State, Territorial and Tribal Organization
- 93.959 – Block Grants for Prevention and Treatment of Substance Abuse
- 93.994 – Maternal and Child Health Services Block Grant to the States
- CCDF Cluster
- SSI Cluster
- Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
- Type of finding – Significant Deficiency and Non-Compliance

Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. Per 45 CFR Section 95.507, the State shall submit a cost allocation plan for the State agency as required below to the Director, Division of Cost Allocation (DCA), in the appropriate HHS Regional Office. The plan shall describe the procedures used to identify, measure, and allocate all costs to each of the programs operated by the State agency. The cost allocation plan shall contain the procedures used to identify, measure, and allocate all costs to each benefitting program and activity. Per 45 CFR Section 95.509, the State shall promptly amend the cost allocation plan and submit the amended plan to the Director, DCA if any of the following events occur including if other changes occur which make the allocation basis or procedures in the approval cost allocation plan invalid.

Initial Year Written: 2016
Status: Partially Implemented

U.S. Department of Agriculture
U.S. Department of Education
U. S. Department of Health
and Human Services
Social Security Administration

HHSC's approved Public Assistance Cost Allocation Plan (PACAP) expenditures and revenues are initially allocated based on an estimate of Project ID percentages. After actual base statistical data is available, expenditures are reallocated and adjustments between estimated and actual costs are made. The adjustments will result in costs claimed for each period being allocated based on actual base statistics for the same period. Data is updated either by voucher, monthly, quarterly, semi-annually, or annually depending on the Project ID.

The number of Project IDs included in the PACAP increased significantly during fiscal year 2017 and 2018 as a result of functions of various health and human services agencies in Texas consolidating into HHSC as part of the Health and Human Services (HHS) Transformation. As a result of these additional Project IDs, HHSC has experienced significant delays in updating factors. Expenditure reallocations were completed through various months of fiscal year 2018 with regard to reflection in the Schedule of Expenditures of Federal Awards.

Based on information provided by HHSC as of January 2019, all factors have been updated through August 2018. The table below includes the expenditures of approximately \$13.6 million for fiscal year 2018 that were not included in the Schedule of Expenditures of Federal Awards (SEFA).

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

Federal Programs in 2018 SEFA	2018 SEFA Expenditures	2018 Expenditures Not in SEFA	Percentage of Total SEFA Expenditures
CFDA 10.557	\$ 469,128,374	1214888	0.26 %
CFDA 10.578	-	\$ 29,032	NM*
CFDA 10.579	3,159,207	16,788	0.53 %
CFDA 84.126	249,911,609	44,105	0.02 %
CFDA 84.181	44,460,998	119,237	0.27 %
CFDA 93.052	9,101,121	7,824	0.09 %
CFDA 93.071	996,808	(555)	(0.06)%
CFDA 93.104	2,195,873	4,881	0.22 %
CFDA 93.150	4,474,833	131	0.01 %
CFDA 93.235	3,268,218	15,627	0.48 %
CFDA 93.243	5,622,282	59,880	1.07 %
CFDA 93.296	296,706	6,907	2.33 %
CFDA 93.658	209,346,106	188,895	0.09 %
CFDA 93.667	191,036,842	5,296,572	2.77 %
CFDA 93.671	6,173,348	883	0.01 %
CFDA 93.752	(1,995,315)	2,823	(0.14)%
CFDA 93.767	1,507,508,100	(425,349)	(0.03)%
CFDA 93.788	26,950,611	691,201	2.56 %
CFDA 93.791	26,027,252	17,407	0.07 %
CFDA 93.796	43,431,078	2,749,450	6.33 %
CFDA 93.829	2,994	(2,885)	NM*
CFDA 93.898	7,813,891	61,925	0.79 %
CFDA 93.958	33,621,258	(27,046)	(0.08)%
CFDA 93.959	125,496,685	(708,431)	(0.56)%
CFDA 93.994	31,222,759	163	0.01 %
Aging Cluster	78,386,541	52,284	0.07 %
CCDF Cluster	591,123,571	3,316,088	0.56 %
Medicaid Cluster	22,547,702,086	3,271,657	0.01 %
SNAP Cluster	6,209,324,901	355,880	0.01 %
SSI Cluster	124,499,997	(3,072,706)	(2.47)%
TANF Cluster	511,680,217	328,434	0.06 %
Total Adjustment to General Revenue		<u>\$ (13,615,990)</u>	

*NM – Not meaningful

HHSC has a review process in place to ensure that the various factor allocation calculations are reviewed after preparation to ensure the accuracy of the adjustments. Reports are utilized to capture the allocation basis information. This information is imported into spreadsheets and then manually manipulated to calculate the factors. The reports were found to be complete and accurate. Five factors were reviewed for four periods (20 calculations) through fiscal year 2017 and 2018. For two calculations, incorrect data elements were utilized in the calculation. These calculation sheets had evidence of supervisory review. HHSC corrected these errors so there are no questioned costs.

Recommendation:

HHSC should continue to update all factors to current month/quarter in the general ledger to ensure accurate financial information is available and presented in federal reports. HHSC should consistently perform the review control at the correct precision level to detect data entry errors for all factors.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
HEALTH AND HUMAN SERVICES COMMISSION**

Views of Responsible Officials:

Health and Human Services Commission (HHSC) agrees with the finding. The number of Project IDs included in the PACAP increased significantly, as well as complexity of factors, during fiscal year 2017 and 2018 as a result of consolidating functions of various health and human services agencies in Texas into HHSC as part of the Health and Human Services (HHS) Transformation. As a result of the addition of these Project IDs, HHSC has experienced significant delays in updating factors. FY 2018 reallocations completion date January 23, 2019.

Corrective Action Plan:

For FY 2019, Accounting will use an automated application (AlloCAP) to maintain all monthly, quarterly and annual statistics to create the allocation percentages for each PACAP factor. Accounting added two full-time employees on September 24, 2018, as additional resources to address the complexity and the increased volume of cost allocation factors related to the additional programs and associated funding sources as a result of transformation.

Implementation Date: January 1, 2019

Responsible Person: Scotty Burks and Kathy Hubert

Corrective Action Plan:

This finding was reissued as current year reference number 2019-006.

Reference No. 2018-006

Cash Management

CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children
Award years – October 1, 2017 to September 30, 2018, October 1, 2016 to September 30, 2017, October 1, 2017 to September 30, 2019, January 1, 2017 to September 30, 2018, and January 1, 2016 to September 30, 2018
Award numbers – 6TX700507, 6TX700506 and 6TX700527

Medicaid Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017
Award numbers – 1805TXINCT, 1805TXIMPL, 1805TX5MAP, 1805TX5ADM, 1705TXINCT, 1705TXIMPL, 1705TX5MAP, and 1705TX5ADM

SNAP Cluster

Award years – October 1, 2017 to September 30, 2019, October 1, 2017 to September 30, 2018, and October 1, 2016 to September 30, 2018
Award numbers – 6TX430176, 6TX400105, and 6TX430176

TANF Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017
Award numbers – 1801TXTANF, 1801TXTAN3, 1701TXTANF, and 1701TXTAN3
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency

Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. A Federal assistance program must abide by the rules in Subpart A, interest calculation procedures, if it is listed in the Catalog of Federal Domestic

Initial Year Written: 2018 Status: Implemented U.S. Department of Agriculture U.S. Department of Health and Human Services
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Assistance (CFDA) and falls within the funding threshold set forth by the Federal government. The dollar threshold is calculated using the most recent Single Audit data. Programs not subject to these rules are considered under Subpart B.

The identification of the major programs and their funding techniques, clearance patterns, and interest liability calculation methodologies are documented in the Treasury-State agreement (TSA) made between the Financial Management Service (FMS) of the Department of the Treasury and Texas Comptroller of Public Accounts (CPA). The TSA identifies various acceptable funding techniques, including zero balance accounting (ZBA), average clearance, and pre-issuance. Pre-issuance is the method predominately used by the State of Texas (State). Interest begins to accrue on funds the day the State draws down the funds and ends when they are paid out for program purposes. Using the pre-issuance method, the Federal Agency must transfer the requested amount to the State who will then disburse the funds. Additionally, interest accrues on refunds exceeding \$50,000 beginning the day the funds are credited and ending when they are paid out. HHSC funding technique is pre-issuance, which requires HHSC to develop sample data and calculate clearance days on federal funds from the time of deposit in the State Treasury until warrants are issued on those funds (Period 1).

The Period 1 calculation is reviewed and approved by the HHSC Accounting Director prior to submission to the CPA. The approved calculations incorrectly included interagency amounts in the draw and disbursement data. Interagency amounts are reported in similar Period 1 calculations at the respective receiving agencies. In addition, the SNAP data excluded the EBT expenditures. The calculations were subsequently corrected and resubmitted to the CPA. The reports used to calculate the Period 1 calculation were complete and accurate. No compliance exceptions were noted in the revised calculations.

Corrective Action Plan:

Corrective action plan taken.

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Reference No. 2018-007

Procurement and Suspension and Debarment

(Prior Audit Issues – 2017-023, 2016-026 and 2015-024)

CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children

Award years – October 1, 2017 to September 30, 2018, October 1, 2016 to September 30, 2017, October 1, 2017 to September 30, 2019, January 1, 2017 to September 30, 2018, and January 1, 2016 to September 30, 2018

Award numbers – 6TX700507, 6TX700506 and 6TX700527

TANF Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 1801TXTANF, 1801TXTAN3, 1701TXTANF, and 1701TXTAN3

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Material Weakness and Material Non-Compliance

Per 2 CFR Section 200.317, States and governmental subrecipients of States, will use the same State policies and procedures used for procurements from non-Federal funds. They also must ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. Per 2 CFR 200.303, HHSC must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Initial Year Written: 2015 Status: Partially Implemented

U.S. Department of Agriculture U.S. Department of Health and Human Services

An open market solicitation is used to purchase a good or service by soliciting from any available source. The open market solicitation procedure is authorized by Texas Government Code §§2155.062(a)(3) and 2156.061. Open market informal solicitations can be used for procurements of commodities or services greater than \$5,000 but not greater than \$25,000. Open Market Formal Solicitation is used for agency-administered open market purchases of services greater than \$25,000 and for commodities if delegated by Texas Comptroller or through statutory authority specific to an agency. Per the Health and Human Services (HHSC) Procurement Manual, for small purchases (\$5,000 or less excluding IT purchases) competition is not required; however, HHSC's Procurement and Contracting Services (PCS) Division does require contact with at least one Historically Underutilized Business (HUB) vendor to provide them with an opportunity to quote.

HHSC Procurement Contracting Services (PCS) conducts procurement activities for all HHS agencies, resulting in a purchase order, contract, or other agreement for the requesting agency. Following the procurement process, HHS agency staff are responsible for subsequent contract management and monitoring activities. Audit procedures included a review of procurement files related to 40 TANF Cluster (TANF) purchases and 40 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) purchases. Results of test work are as follows:

TANF:

- For one sample, the file did not contain the required TCI waiver form per the Prison Made Goods Act. Purchase order (PO) amounts were approximately \$119.
- For three samples, the files did not contain evidence that a TCI search was performed. PO amounts were approximately \$7,130.
- For four samples, the files noted that the HUB search was performed by vendor name rather than by item code or evidence of the HUB search was not included in the file. PO amounts were approximately \$6,453.
- For one sample, there was no evidence in the file to support that there was only one qualified vendor for proprietary subscription services. PO amount was approximately \$79,249.
- For two samples, there was no clear evidence to document that the purchase was the best value. Also, there was no evidence that a search was performed to ensure that the items were not available through TIBH, TCI, or TxSmartBuy contracts prior to purchasing from TXMAS. PO amounts were approximately \$657.

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- For one sample, PCS was unable to locate and provide any documentation. PO amount was approximately \$1,250.
- For one sample, the NIGP code charged per the voucher was not included as allowable under the contract. PO amount was approximately \$13,864,267. No questioned costs as documentation error only.
- For one sample, the contract was coded to the wrong PCC code. PO amount was approximately \$561. No questioned costs as documentation error only.

WIC:

- For 15 samples, the contract was coded to the wrong PCC code. PO amounts were approximately \$16,910,689. No questioned costs as documentation error only.
- For two samples, there was no evidence that a HUB search was performed for contracts under \$5,000. PO amounts were approximately \$2,308.
- For two samples, PCS was unable to associate a purchase order with the expenditure and therefore the procurement file could not be reviewed. Sample amounts were approximately \$5,422.

PCS has put a quality control (QC) process in place to review a sampling of procurement files for each buyer. Results of QC activities are submitted to each manager to review and take corrective actions. The QC control appears to be adequately designed to meet process requirements; however, HHSC did not execute the QC process during fiscal year 2018.

Recommendation:

HHSC PCS should implement effective controls that include a QC process to address the significant elements of procurement. HHSC PCS should review their current checklists and tools to determine if revision is necessary to further facilitate compliance with State and Federal regulations. Automated controls should be considered to ensure segregation of duties between initiation of procurement activities and buying activities.

Views of Responsible Officials:

Health and Human Services Commission (HHSC) agrees with the finding. HHSC management concurs with the recommendation that effective quality controls are needed, including a QC process that addresses the significant procurement processes. HHSC has implemented several improvements since summer of 2018, including the drafting of operating procedures, checklists and templates to ensure compliance with the law and to move HHSC closer to the required level of quality control. In addition, the agency has adopted a comprehensive Procurement and Contracting Improvement Plan (PCIP) that will complete a full review and redesign, as necessary, of the procurement and contracting processes and focuses on reevaluating and strengthening compliance efforts. The PCIP has been implemented, and HHSC has begun the review and redesign process.

Corrective Action Plan:

PCS will continue to fully implement and strengthen the quality control efforts put in place over the last six months and finalize all operating procedures, forms, checklists and templates to ensure compliance with required laws and regulations. The PCIP effort will establish concrete metrics and milestones to meet the goals reflected in the recommendation.

Significant efforts to enhance quality control have taken place in the last six months and more will be implemented through the remainder of the upcoming fiscal year and beyond. The specific findings addressed in the report will be addressed by May 31, 2019, with further refinements continuing after that date.

Implementation Date: May 31, 2019

Responsible Person: Bart Broz

Corrective Action Plan:

This finding was reissued in the current year as reference number 2019-009.

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**Reference No. 2018-008
Subrecipient Monitoring**

CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children
Award years – October 1, 2017 to September 30, 2018, October 1, 2016 to September 30, 2017, October 1, 2017 to September 30, 2019, January 1, 2017 to September 30, 2018, and January 1, 2016 to September 30, 2018
Award numbers – 6TX700507, 6TX700506 and 6TX700527
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency

Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Initial Year Written: 20185
Status: Implemented
U.S. Department of Agriculture

HHSC is required by 2 CFR Part 200.330-332 to monitor the activities of the subrecipients as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward. Per 2 CFR Section 200.331 (b), HHSC must evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraph (e) of this section.

HHSC Women, Infants, Children (WIC) Program Services policy states that HHSC must evaluate contracts for the level of risk they present to the State using a Risk Assessment Instrument for all contracts that have a monetary value.

HHSC is required to use the HHS Baseline Risk Assessment Tool. The Baseline Risk Assessment Tool identifies "point in time" data related to a Contractor as well as a specific contract. Key risk categories include the number of active contracts, total expenditures from all HHSC contracts, the number of adverse actions taken against the subrecipient within the previous three years, the contractual relationship, the dollar amount of the contract, the risk to health and safety, the length of time since last monitoring, and personnel changes. These risk categories are all scored based on a risk weighting system and the total scores fall into one of three final score ranges: low, medium, and high. For all subrecipients with active monetary contracts, the risk assessment tool is prepared by the WIC Program Services Contract Manager and reviewed and approved by the WIC Program Services Branch Manager. However, no formal documentation of the review and approval is maintained. There were no compliance exceptions noted.

Corrective Action Plan:
Corrective action plan taken.

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Reference No. 2018-009

Special Tests and Provisions – Compliance Investigations of High-Risk Vendors

CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children

Award years – October 1, 2017 to September 30, 2018, October 1, 2016 to September 30, 2017, October 1, 2017 to September 30, 2019, January 1, 2017 to September 30, 2018, and January 1, 2016 to September 30, 2018

Award numbers – 6TX700507, 6TX700506 and 6TX700527

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

A State agency operating a retail food delivery system must conduct compliance investigations. These investigations consist of inventory audits and/or compliance buys, on a minimum of 5 percent of the vendors authorized as of October 1 of each year. Farmers are not included in this requirement. A State agency must conduct compliance investigations on its high-risk vendors up to the 5 percent minimum. High-risk vendors are identified at least once annually, using criteria developed by FNS and/or other statistically based criteria developed by the State agency and approved by FNS. If the number of high-risk vendors exceeds 5 percent of the total, then the State agency must prioritize vendors for investigative purposes based on their potential for noncompliance and/or loss. If the number of high-risk vendors falls short of 5 percent of the total, the State agency must randomly select enough additional vendors to meet the 5 percent requirement. When a compliance investigation discloses vendor violations, the State agency must take appropriate action against the vendor. Such action includes delaying payment or establishing a claim if a violation affects payment to the vendor; imposing sanctions mandated by program regulations for certain stated violations; and imposing other, less severe sanctions prescribed by the State agency's sanction schedule for lesser violations (7 CFR sections 246.2 (definitions of "compliance buy," "high-risk vendor," and "inventory audit"), 246.12(j)(4)(i) through (iii), 246.12(k)(2) through (4), and 246.12(l)(1) and (2)). Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Initial Year Written: 2018 Status: Partially Implemented U.S. Department of Agriculture

HHSC performs compliance buys and invoice audits in each given fiscal year for high risk vendors selected from the risk assessment. The inspector performing the audit summarizes the results provided to the WIC Vendor Monitoring Manager for review. The summary results are reviewed in detail by the Women, Infants, and Children (WIC) Vendor Monitoring Manager for consistency with the supporting data prior to the vendor being notified. During the fiscal year, there was no formal evidence of the review being performed by the WIC Vendor Monitoring Manager. No compliance exceptions were noted.

Recommendation:

HHSC should formally document the review process for both the compliance buys and invoice audits results.

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Views of Responsible Officials:

Health and Human Services Commission (HHSC) agrees with the finding. HHSC/WIC vendor monitoring team concurs that there is no formal evidence of the review being performed by the WIC vendor monitoring manager.

Corrective Action Plan:

HHSC/WIC vendor monitoring team will revise its current standardized process to include documentation of compliance buy and invoice audit results review by program.

Implementation Date: February 1, 2019

Responsible Person: LaDon Woodson

Corrective Action Plan:

This finding was reissued as current year reference number 2019-010.

Reference No. 2018-010

Special Tests and Provisions – Food Instrument and Cash-Value Voucher Disposition

CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children

Award years – October 1, 2017 to September 30, 2018, October 1, 2016 to September 30, 2017, October 1, 2017 to September 30, 2019, January 1, 2017 to September 30, 2018, and January 1, 2016 to September 30, 2018

Award numbers – 6TX700507, 6TX700506 and 6TX700527

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

A State agency must account for all Food Instruments (FIs) issued within 120 days of the FI's first valid date for participant use. This requirement also applies to Cash-Value Voucher (CVVs). The State agency must identify all FIs and CVVs as either issued or voided and identify issued FIs and CVVs as either redeemed or unredeemed. Redeemed FIs and CVVs must be identified as one of the following: (1) validly issued, (2) lost or stolen, (3) expired, (4) duplicate, or (5) not matching valid enrollment and issuance records. State agencies generally do this by analyzing computer reports that provide detailed issuance and redemption information on each FI and CVV. However, in an EBT system this requirement may be met by linking the Primary Account Number (PAN) or Benefit Issuance ID number associated with the electronic transaction to valid enrollment and issuance records. EBT systems aggregate benefits for all participants in a family or household. Therefore, the benefits issued shall match benefits redeemed only at the aggregate (household or family) level. The State agency's management information system shall account for individual participant benefits aggregated for any family or household (7 CFR section 246.12(q)). Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Initial Year Written: 2018
Status: Implemented
U.S. Department of Agriculture

HHSC Cost Containment Team personnel perform a monthly one-to-one food instrument reconciliation to verify participants do not redeem incorrect food or formula benefits per what was available on their EBT card. Per HHSC policy, the reconciliation is performed by a Program Specialist and reviewed by a Team Lead. Due to departmental turnover in fiscal year 2018, the reconciliations were performed by the Team Lead with no independent review, creating a segregation of duties conflict. System controls were found to be effective with regard to PAN identification and issuance discrepancies. In addition, no compliance exceptions were noted.

Corrective Action Plan:

Corrective action plan taken.

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**Reference No. 2018-011
Matching, Level of Effort, Earmarking**

CFDA 93.958 – Block Grants for Community Mental Health Services
Award years – October 1, 2017 to September 30, 2019, October 1, 2016 to September 30, 2018, and October 1, 2015 to September 30, 2017
Award numbers – 2B09SM010051-18, 3B09SM010051-17S1, 3B09SM010051-16S2, 3B09SM010051-16S1, and 2B09SM010051-16
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency

Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. Per 42 USC 300x-4(b), HHSC shall for each fiscal year maintain aggregate State expenditures for community mental health services at a level that is not less than the average level of expenditures maintained by the State for the two State fiscal years preceding the fiscal year of the grant. Additionally, HHSC shall for each fiscal year expend an amount not less than an amount equal to the amount expended in fiscal year 1994 for systems of integrated services for children with serious emotional disturbance (42 USC 300x-2(a)(1)(C)).

Initial Year Written: 2018 Status: Implemented U.S. Department of Health and Human Services
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HHSC calculates the community mental health services and systems of integrated services for children with serious emotional disturbance expenditures for compliance with the above standards. These calculations are reviewed by two separate members of the Budget Analysis and Control team. There is currently no documentation maintained to substantiate the occurrence of these two reviews. The reports used in the calculations were determined to be complete and accurate. No compliance exceptions noted.

Corrective Action Plan:
Corrective action plan taken.

**Reference No. 2018-012
Subrecipient Monitoring**
(Prior Audit Issues – 2017-020 and 2016-023)

CFDA 93.958 – Block Grants for Community Mental Health Services
Award years – October 1, 2017 to September 30, 2019, October 1, 2016 to September 30, 2018, and October 1, 2015 to September 30, 2017
Award numbers – 2B09SM010051-18, 3B09SM010051-17S1, 3B09SM010051-16S2, 3B09SM010051-16S1, and 2B09SM010051-16
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency and Non-Compliance

Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. Per 2 CFR Section 200.343, the Federal awarding agency or pass-through entity will close-out the Federal award when it determines that all applicable administrative actions and all required work of the Federal award have been completed by the non-Federal entity. The Federal awarding agency or

Initial Year Written: 2016 Status: Partially Implemented U.S. Department of Health and Human Services
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pass-through entity should complete all closeout actions for Federal awards no later than one year after receipt and acceptance of all required final reports. HHSC is required by 2 CFR Part 200.330-332 to monitor the activities of the subrecipients as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward. Additionally, all pass-through entities must identify the dollar amount made available under each Federal award and the CFDA number at the time of disbursement per 2 CFR Part 200.331(1)(xi).

The Behavioral Health Services Section team coordinates the subrecipient monitoring process for the Mental Health Program (MH) at HHSC. Nine subrecipients were sampled for compliance with the requirements. The total amount provided to MH subrecipients by HHSC for the fiscal year ended August 31, 2018 was approximately \$30 million. The following items were noted with regard to the monitoring process:

- The contracts contained the required elements, except the indirect cost rate and Federal agency name were not incorporated in the fiscal year 2018 contracts.
- Subrecipients were not informed of the CFDA number at the time of disbursement.
- A bi-annual performance summary report based on performance measures is submitted by the subrecipient and reviewed by the Unit Manager. No evidence of review was maintained as it relates to the reports.
- Due to staffing constraints, fiscal year 2015 through fiscal year 2017 contracts have not been closed out.
- When an issue is identified and an enforcement action (sanction) is put on the subrecipient, the Unit Manager will review the associated documentation prior to approval of the sanction. One of nine subrecipients sampled had a sanction in fiscal year 2018. No evidence of review of the documentation was maintained for this subrecipient.

In addition to the above items, MH approved contracts with budget schedules during the contracting process, approved risk assessment, and conducted fiscal and program site visits. Beginning in 2018, MH has a five-year fiscal site visit policy. For the past seven years (including 2018), all 41 subrecipients obtained a fiscal review. Based on the fiscal and contract reviews performed, sufficient monitoring coverage was obtained over the last seven years.

Recommendation:

HHSC should ensure that controls that are in place are adequately documented and that the documentation is retained. More specifically, HHSC should include the indirect cost rate and Federal agency name in the MH contracts, notify subrecipients of the CFDA number at time of disbursement, and close out grants in accordance with regulations.

Views of Responsible Officials – 2018:

Health and Human Services Commission (HHSC) agrees with the finding. HHSC uses the statewide Centralized Accounting and Payroll/Personnel System (CAPPS) Financials as its financial system of record. CAPPS Financials does not capture CFDA at the voucher level which results in CFDA not appearing on each disbursement (warrant or direct deposit) to a subrecipient. KPMG agreed that due to the current limitations within CAPPS Financials, HHSC may provide subrecipients with annual expenditure reports by CFDA number after the end of each grantees' fiscal year end, as opposed to at time of disbursement. HHSC IDD-BH also accepts other subrecipient monitoring findings.

Corrective Action Plan – 2018:

HHSC IDD-BH is coordinating with HHS PCS to develop and deploy an HHS System process for negotiating/accepting subrecipient indirect cost rates. HHSC IDD-BH will include language regarding indirect cost rate negotiation as well as the Federal agency name into contracts and amendments. HHSC IDD-BH will develop unit policies and procedures supporting documentation of Unit Manager review and approval of the bi-annual performance report based on performance measures, and of closeout on grants. HHSC IDD-BH has developed and will comply with the unit policy and procedures supporting documentation of Unit Manager review and approval of contract enforcement actions (i.e., sanctions). PCS Contract Oversight and Support will provide subrecipients with annual expenditure reports by CFDA number after each grantees' fiscal year end. HHSC CFO Operations Support will assist in development of a CAPPS Financials report to facilitate this new process.

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2019 Update

Based upon inquiry and review of the new template for contracts, the indirect cost rate process is in place, however not completed throughout 2019.

Views of Responsible Officials - 2019:

Health and Human Services Commission (HHSC) agrees with the 2019 update; reflecting partial implementation compared to last year.

The HHS Federal Funds Indirect Cost Rate (ICR) Group developed the basic infrastructure for accepting, negotiating, and acknowledging rates for the Health and Human Services Commission and the Department of State Health Services (DSHS). The approved indirect cost rate is applicable across all cost reimbursement contracts.

The HHS System Indirect Cost Rate Group is currently coordinating with program contracting areas to educate subrecipients regarding the new process and bring the subawards into compliance with federal, state, and agency requirements. Subrecipients using an unapproved method to recover indirect costs are required to obtain an approved indirect cost rate using one of the following methods:

- *Federal Negotiated ICR,*
- *Other State Agency Negotiated ICR,*
- *10% De Minimis, or*
- *Negotiate an ICR with HHS COS*

Subrecipients are being outreached using a phased approach to complete an online ICR Questionnaire via the Grantee Landing Page over the next fiscal year. Once a rate is issued, the letter is sent to all associated Texas HHS program contract managers and the signed letter is sent to SCOR for uploading to the "Contractors" library. The program contracting areas are required to update contracts once a rate is established.

The following activities have been completed:

- *Updated Grantee Uniform Term and Conditions*
- *Update Signature Document to include guidelines for indirect costs*
- *Established an Indirect Cost Rate Questionnaire to identify the grantees intentions regarding indirect costs*
- *Developed External training to notify subrecipients of the new requirements*
- *Developed Internal training regarding indirect cost rates*
- *Held RoundTable to discuss changes related to the indirect cost rate process*
- *Held internal stakeholder meeting to discuss impacts of changes*
- *Developed procedures for negotiating indirect cost rates*

This is an ongoing project that is in the process of implementation.

HHSC IDD-Behavioral Health Services (IDD-BHS) updated and implemented policies and procedures addressing documentation of Unit Director review and approval.

Additionally, HHS fully implemented the solution approved by KPMG to address the finding related to notifying subrecipients of the CFDA number at disbursement. Effective March 2019, HHS PCS Contract Oversight and Support implemented the process for sending HHSC subrecipients an annual expenditure report by CFDA number after the grantee's fiscal year end. Annual Expenditure reports were sent to subrecipients in accordance with the Annual Expenditure Report to Grantees Business Procedure. PCS COS continues to send annual expenditure notifications.

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Corrective Action Plan - 2019:

HHS Federal Funds System Indirect Cost Rate Group will complete the Indirect Cost Rate Process of accepting, negotiating and acknowledging indirect cost rates for IDD-BHS cost reimbursement contracts. HHSC IDD-BHS will incorporate approved indirect cost rates into contracts. Additionally, IDD-BHS will complete contract closeouts for 2015, 2016, 2017 and 2018.

Implementation Dates: September 30, 2022

*Responsible Persons: Christina Lundy, Manager, HHSC Indirect Cost Rate Group
Roderick Swan, Associate Commissioner, HHSC IDD-BH Contract Operations
Sonja Gaines, Deputy Executive Commissioner, HHSC IDD-BHS*

Reference No. 2018-013

Special Tests and Provisions – Independent Peer Reviews

CFDA 93.958 – Block Grants for Community Mental Health Services

Award years – October 1, 2017 to September 30, 2019, October 1, 2016 to September 30, 2018, and October 1, 2015 to September 30, 2017

Award numbers – 2B09SM010051-18, 3B09SM010051-17S1, 3B09SM010051-16S2, 3B09SM010051-16S1, and 2B09SM010051-16

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. Per 42 USC 300x-53(a), HHSC must:

- Provide for independent peer review to assess the quality, appropriateness, and efficacy of treatment services provided in the State to individuals under the program involved; and
- Ensure that, in the conduct of such peer review, not fewer than 5 percent of the entities providing services in the State under such program are reviewed (which 5 percent is representative of the total population of such entities).

Initial Year Written: 2018 Status: Implemented U.S. Department of Health and Human Services
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While HHSC had a peer review process in place for fiscal year 2018, the peer reviewers did not sign conflict of interest forms that certify the independence of the reviewer from the entity that they are reviewing. Additionally, the Quality Management Unit Manager reviewed the entities selected for peer review to ensure they were representative of the entities providing services. However, this review was not appropriately documented for fiscal year 2018. No compliance exceptions with regard to number of required reviews.

Corrective Action Plan:

Corrective action plan taken.

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Reference No. 2018-014

Matching, Level of Effort, Earmarking Subrecipient Monitoring

Aging Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 18AATXNSIP, 18AATXT3SS, 18AATXT3CM, 18AATXT3HD, 17AATXNSIP, 17AATXT3SS, 17AATXT3CM, and 17AATXT3HD

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. HHSC is required by 2 CFR Part 200.330-332 to monitor the activities of the subrecipients as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward. Additionally, all pass-through entities must identify the dollar amount made available under each Federal award and the CFDA number at the time of disbursement per 2 CFR Part 200.331(1)(xi).

Initial Year Written: 2018 Status: Partially Implemented

U.S. Department of Health and Human Services

Beginning in spring 2018, HHSC Finance and Contract Operations (FCO – formerly BOS) and the Office of Area Agencies on Aging (OAAA) coordinated the subrecipient monitoring process for the Aging Cluster (Aging) at HHSC. Prior to transition, OAAA was solely responsible for all contracting, program and fiscal reviews, and closeout processes. Nine subrecipients were sampled for compliance with the requirements. The total amount provided to subrecipients by HHSC for Aging for the fiscal year ended August 31, 2018 was approximately \$72 million.

The following items were noted with regard to the monitoring process:

- Contracts were reviewed for required content prior to be issued. However, the contract review process was unable to be validated due to the retirement of the contract reviewer. The contracts contained the required elements except the indirect cost rate was not incorporated in the fiscal year 2018 contracts.
- The Program Monitoring team reviews a quarterly performance report (QPR) for the subrecipient to ensure that costs incurred are within the budgeted line items and that the matching and earmarking requirements are being met. This control was implemented in the third quarter of 2018. In addition, there is currently no formal documentation maintained of the review of the QPRs by the OAAA manager.
- Beginning with the transition, a process is in place for both FCO and OAAA to review the request for reimbursement (RFRs) prior to the subrecipient being reimbursed to ensure that they are allowable and within the correct period of performance. This dual review process began in April 2018. For the months of April 2018 and May 2018, FCO approved certain RFRs without OAAA approval. In addition, OAAA approval was not consistently documented through fiscal year 2018. No compliance exceptions were noted with regard to allowability of period of performance.
- Subrecipients were not informed of the CFDA number at the time of disbursement.
- A risk assessment was performed during fiscal year 2018, however there was no formal documentation retained to support the review and approval.
- Due to transition of fiscal monitoring from OAAA to FCO during fiscal year 2018, the risk assessment that was completed was not executed as designed. Under FCO, lead contract managers perform a review of the monitoring output prior to issuing a letter to the subrecipient. One review was performed in August 2018 but was not completed as of December 2018.
- The monitoring tool used by FCO did not include: validation of provider eligibility, cash maintenance of effort procedures, verifying use of program income, allowability of matching and maintenance of effort expenditures, validating the 10% administrative allowance requirements, ensuring expenditures were paid prior to the subrecipient requesting reimbursement, and tie out of reports to the general ledger.

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In addition to the above items, OAAA approved budget schedules during the contracting process, performed close-out reconciliations for the prior year contracts, and executed program site visits, which included a review of program income and in-kind match allowability during fiscal year 2018. Prior to the transition noted above, OAAA had a policy to visit all subrecipients within a four-year cycle with the most current cycle beginning in 2017. During 2017, 13 fiscal reviews of the 28 subrecipients were performed. Based on the closeout reconciliations for the prior year contracts, the 2017 fiscal reviews performed, and the approvals of the 2018 budget schedules, sufficient monitoring coverage was obtained over the two-year period 2017-2018.

Recommendation:

HHSC should ensure the controls in place are adequately documented and that the documentation is retained. More specifically, HHSC should include the indirect cost rate in the Aging contracts, notify subrecipients of the CFDA number at time of disbursement, and ensure that all key Aging compliance provisions are incorporated into the review tool. Due to the transition of fiscal monitoring to FCO, HHSC should revise and formalize their monitoring selection criteria based on their risk assessment and develop a roadmap to execute the monitoring plan with sufficient coverage.

Views of Responsible Officials - 2018:

Health and Human Services Commission (HHSC) agrees with the finding and recommendation. A number of functions and duties transitioned from the Office of Area Agencies on Aging (OAAA) to Finance and Contract Operations (FCO), necessitating the review and development of processes under the new structure. Current FCO processes include developing the annual monitoring plan, which is primarily based on risk assessment outcomes. Additionally, FCO allocates staff resources to ensure all contracts are monitored within a four-year cycle.

Corrective Action Plan - 2018:

Documentation of quarterly performance report (QPR) Review

Documentation of the QPR review implemented in the third quarter of 2018 will be completed by September 1, 2019. This documentation will address the review to ensure:

- *Reported costs incurred are within the budgeted line items; and*
- *Matching and earmarking requirements are being met.*

Validation of these requirements against source data is a component of FCO's fiscal monitoring. This QPR includes monitoring and validation against source data.

FCO Monitoring

Regarding the monitoring process of subrecipient contracts, FCO will develop and strengthen processes and will ensure adequate controls are in place. Overall, the FCO Monitoring Team will:

- *Develop new processes as needed and maintain documentation of established processes related to subrecipient monitoring; and*
- *Verify that the monitoring tools incorporate all Aging compliance provisions.*

FCO Monitoring is currently revising the fiscal monitoring tool. All tools will be fully implemented by September 1, 2019.

Contracts & Required Payment Information

FCO will coordinate with Procurement and Contracting Services' (PCS) Contract Oversight and Support unit and HHSC Fiscal Management to include indirect cost rates in the Aging contracts. The HHS system is rectifying findings related to the notification to subrecipients of the CFDA number at time of disbursement, and FCO will incorporate any solutions identified.

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Addressing this recommendation includes:

- *PCS Contract Oversight and Support is currently calculating or acknowledging indirect cost rates for Area Agencies on Aging for Fiscal Year (FY) 2019. FCO will ensure that rates are incorporated in the upcoming contract amendments FY 2020, as appropriate. This will be completed before October 1, 2019.*
- *FCO Finance Operations is collaborating with HHSC Fiscal Management to identify a solution to the CFDA notification.*

Update for 2019

Documentation of quarterly performance report (QPR) Review

Per inquiry of HHSC personnel there is currently no formal documentation maintained of the review of the QPRs by the OAAA manager.

FCO Monitoring

Based upon review of the RFP voucher packets, verified that OAAA and FCO reviewed and approved the RFR Voucher packet before making the payment.

We reviewed and noted the signed Final Monitoring Report (FMR), by the Director of the Business Operation and Support and Contract Monitoring prior to the Final FMR report.

We reviewed and noted the Live Template and Fiscal Tools utilized by FCO in Fiscal Year 2019,

Contracts & Required Payment Information

Per inquiry the HHSC Federal Funds Indirect Cost Rate Group (formerly Contract Oversight and Support team) is responsible for acknowledging or approving the use of indirect cost for HHSC contracts. This process is being rolled out in phases. They are now requesting completion of the online ICR Questionnaire for FY19 indirect cost rates. Once a rate is approved, the HHSC contract managers and grantees are sent a formal letter approving the use of the rate. However the rates have not been incorporated into all contracts.

Views of Responsible Officials - 2019:

Health and Human Services Commission (HHSC) agrees with the finding.

Corrective Action Plan - 2019:

FCO coordinated with HHSC Fiscal Management to include indirect cost rates in the Aging contracts. HHSC is working to approve rates and amend contracts to incorporate rate approval letters. The first set of contracts are scheduled to be executed by April 30, 2020. This was initially scheduled to be completed before October 1, 2019. However, due to the timing of the approved rates, the information was incorporated into the amendments slated for execution by April 30, 2020.

Implementation Dates: April 30, 2020

Responsible Persons: Julie Beisert-Smith, Associate Commissioner

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Reference No. 2018-015

Cash Management Reporting

Special Tests and Provisions – EBT Reconciliation Special Tests and Provisions – EBT Card Security

SNAP Cluster

Award years – October 1, 2017 to September 30, 2019, October 1, 2017 to September 30, 2018, and October 1, 2016 to September 30, 2018

Award numbers – 6TX430176, 6TX400105, and 6TX430176

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Material Weakness and Material Non-Compliance

EBT SOC 1 Report

Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Initial Year Written: 2018 Status: Partially Implemented U.S. Department Agriculture
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The SNAP Cluster is an entitlement program with standard eligibility and benefits. The benefits each household receives are used to purchase food at authorized retail stores. States issue benefits in the form of debit cards, which recipients can use to purchase food. This is known as electronic benefits transfer (EBT). The State's EBT contractor is responsible for settlement, or payment, to retailers that have accepted EBT cards for food purchases. The contractor's "concentrator bank" makes the payment through the National Automated Clearing House (ACH) system. The concentrator bank is reimbursed for the payments by a draw made on the State's EBT benefit account with the U.S. Treasury. The State is responsible for reconciling the payments made to retailers by its EBT contractor with the amounts drawn from its EBT account with the U.S. Treasury. Per the Compliance Supplement, Texas must obtain a system and organization controls for service organization examination report (SOC 1) by an independent auditor of the State EBT service providers (service organization) regarding the issuance, redemption, and settlement of benefits under SNAP. States must have systems in place to reconcile all of the funds entering into, exiting from, and remaining in the system each day with the State's benefit account with Treasury and EBT contractor records (7 CFR sections 274.3(a)(1) and 274.4(a)). Also, the State is required to maintain adequate security over, and documentation/records for, EBT cards, to prevent their theft, embezzlement, loss, damage, destruction, unauthorized transfer, negotiation, or use (7 CFR section 274.8(b)(3)).

Fidelity National Information Services, Inc. (FIS) is the service organization for the EBT central processing, retailer management functions, and EBT card security providing service to Texas. FIS has multi-user SOC 1 reports over application processing and the information technology infrastructure. In addition, FIS has a system and organization controls for service organizations report to the security and processing integrity trust services principle (SOC 2) over card personalization and issuance. The SOC1 and SOC 2 reports (SOC reports) are part of HHSC's control structure for the following compliance areas for SNAP:

- HHSC performs daily reconciliations of EBT activity to cash settled which incorporates the daily data from the EBT system.
- The processing of EBT cards and transactions is the responsibility of the EBT vendor, including the scheduling of processing, data transmissions, the distribution of data, the receipt of data from authorized sources, the authorization and recording of transactions, and the transaction processing related to EBT Card Security requirements.
- Various EBT reports are utilized for the FNS-46 report.
- SNAP is subject to Cash Management Improvement Act (CMIA) Type A and thus all draws are required to be included in the potential interest calculation. EBT reports are utilized for this calculation.
- The EBT reports are the source for benefits recorded in the Schedule of Expenditures of Federal Awards.

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In order for HHSC to obtain assurance that the EBT services provided by FIS are functioning effectively, HHSC's oversight of FIS should include a timely analysis of the SOC reports, which HHSC has not performed on 2017 or 2018 reports. HHSC obtained the SOC reports related to the 2018 fiscal year in January 2019 upon request by the KPMG. Per review of the SOC reports, the auditor determined that the key elements of EBT reconciliation and EBT card security and management were appropriately included and the opinion was unqualified. Key elements to be considered in the SOC reports analysis include:

- Mapping the outsourced elements of compliance to the associated control objectives to validate all key areas are being addressed by the respective report. This would include consideration of statements in the report(s) that note Texas has options to elect certain services.
- Determining how FIS reports utilized by HHSC are complete and accurate and any potential exposure HHSC has for reports that are not addressed in the SOC reports procedures.
- Determining which data centers and solutions discussed are being utilized by HHSC.
- Concluding if there is any significant impact to HHSC processes for opinion carve outs and/or exceptions noted.
- Addressing the user control considerations to validate HHSC has adequate controls in place to address the integrity of information exchanged and received.
- Considering the need to overlap FIS reports to obtain coverage for the entire state fiscal year such that the above analysis would need to be completed on two sets of SOC reports for a given state fiscal year.

HHSC is responsible for determining eligibility of the SNAP recipients and validating amounts paid to the retailers by performing daily reconciliations between the EBT system and the Automated Standard Application for Payments (ASAP) and Account Management Agent (AMA) maintained by the US Treasury. No compliance exceptions were noted with regard to eligibility or the daily EBT reconciliations to cash.

EBT Reconciliations to Eligible Recipients

HHSC must have systems in place to reconcile all of the funds entering into, exiting from, and remaining in the system each day with the State's Treasury benefit account and EBT contractor records. This includes a reconciliation of the State's issuance files of posting to recipient accounts with the EBT contract. HHSC must also have systems in place to reconcile retailer credit activity as reported into the banking system to client transactions maintained by the processor and to the funds drawn down from the EBT benefit account with Treasury (7 CFR section 274.4(a)).

HHSC utilizes the Texas Integrated Eligibility Reporting System (TIERS) for determining eligibility for SNAP. However, there were no reconciliations from the EBT system to TIERS performed during fiscal year 2018 to fulfill the requirement to reconcile to client transactions maintained by the processor (i.e. eligible recipients utilized the EBT card benefits). No compliance exceptions were noted with regard to eligibility.

EBT Card Security

HHSC is required to maintain adequate security over, and documentation/records for EBT cards to prevent their theft, embezzlement, loss, damage, destruction, unauthorized transfer, negotiation, or use (7 CFR section 274.8(b)(3)).

Monitoring of security over issuance documents is done by the HHSC EBT Regional Coordinator in field offices located in each region and is required to be completed every three years, but currently is being performed annually. The HHSC Access and Eligibility Services Operations Officer tracks the status of annual EBT office reviews on a quarterly basis to ensure timely completion. There is currently no control in place to verify the accuracy of the reviews being performed. No compliance exceptions were noted with regard to the performance of the annual review controls.

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Recommendation:

HHSC should develop a process to formally review the SOC reports from FIS in order for HHSC management to assert the control structure including the service organization services is operating effectively. In addition, HHSC should ensure that reconciliations from the EBT system to TIERS are performed and are adequately reviewed. HHSC should also implement a monitoring control to ensure the accuracy of the EBT card security reviews being performed.

Views of Responsible Officials:

Health and Human Services Commission (HHSC) agrees with the finding. HHSC has processes in place to review FIS SOC reports. To address the audit finding, HHSC will conduct a thorough review and update these processes as necessary to ensure the control structure is operating effectively.

During FY 2018, as a result of a miscommunication, AES believed the reconciliation was completed through another process. Once AES discovered the error, staff completed the reconciliation process for FY 2018 in October 2018. Effective October 2018, AES staff are once again completing the reconciliation on a monthly basis, using the appropriate process.

Corrective Action Plan:

FIS SOC Report: HHSC will conduct a thorough review and update these processes as necessary to ensure the control structure is operating effectively. This includes mapping federal requirements to FIS SOC reports to ensure necessary areas are addressed.

EBT/TIERS Reconciliation: Fully Implemented

Accuracy of EBT Reviews: AES developed a process to complete a desk review of a sample of EBT onsite reviews on a quarterly basis to ensure accuracy. This process was distributed on January 24, 2019. To address the finding for the full FY 2019, AES will conduct the accuracy review going back to September 2018 and will complete ongoing reviews no later than 30 days after the end of the quarter.

*Implementation Dates: FIS SOC 1 Report by June 30, 2019
EBT/TIERS Reconciliation: Not Applicable
Accuracy of EBT Reviews – Complete FY2019 Q1 by February 28, 2019 and
Q2 by March 31, 2019*

Responsible Persons: Julie Beisert-Smith (FIS SOC1) and Todd Byrnes (Accuracy of EBT Reviews)

Corrective Action Plan:

This finding was reissued as current year reference number 2019-012.

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**Reference No. 2018-016
Reporting**

SNAP Cluster

Award years – October 1, 2017 to September 30, 2019, October 1, 2017 to September 30, 2018, and October 1, 2016 to September 30, 2018

Award numbers – 6TX430176, 6TX400105, and 6TX430176

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. Per the Compliance Supplement, HHSC is required to submit a Federal Financial Report (SF-425) for the SNAP Cluster.

Initial Year Written: 2018
Status: Implemented
U.S. Department Agriculture

The SF-425 report relies on the completeness and accuracy of the data in the FNS-778 report as the SF-425 report is a summary of the FNS-778 report. Review procedures were in place at HHSC to ensure that the totals in the SF-425 report agree to the totals in the FNS-778 report. However, there is no documented control to ensure that the break out of the funds in the FNS-778 report is complete and accurate. The FNS-778 information is therefore the source documentation for the SF-425. The FNS-778 query was found to be operating effectively. No compliance exceptions were noted.

Corrective Action Plan:

Corrective action plan taken.

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Reference No. 2018-017

Allowable Costs/Cost Principles

Medicaid Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 1805TXINCT, 1805TXIMPL, 1805TX5MAP, 1805TX5ADM, 1705TXINCT, 1705TXIMPL, 1705TX5MAP, and 1705TX5ADM

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Initial Year Written: 2018 Status: Implemented U.S. Department of Health and Human Services
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HHSC operates State Supported Living Centers (SSLCs) that are funded through the Medicaid Cluster. The living centers provide campus-based direct services and support to people with intellectual and developmental disabilities. These SSLCs had been previously operated by the Texas Department of Aging and Disability Services (DADS) prior to the consolidation into HHSC as part of the Health and Human Services (HHS) Transformation. The expenditures for these SSLCs are not included in the general ledger and are booked to the Schedule of Expenditures of Federal Awards (SEFA) through a top-side entry. These expenditures are maintained in a separate database. As such, these expenditures are not subject to the automated controls over recording or approval in the HHSC general ledger system. Also, these expenditures have to be manually included in any type of general ledger report or query used to produce HHSC financial information. SSLCs represent approximately \$541 million of the \$22.5 billion in expenditures for FY 2018 reported on the SEFA (2.4%).

Corrective Action Plan:

Correction action plan taken.

Reference No. 2018-018

Matching, Level of Effort, Earmarking

Medicaid Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 1805TXINCT, 1805TXIMPL, 1805TX5MAP, 1805TX5ADM, 1705TXINCT, 1705TXIMPL, 1705TX5MAP, and 1705TX5ADM

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

HHSC is required to pay part of the costs of providing health care to the poor and part of the costs of administering the program. Different State participation rates apply to medical assistance payments. There are also different Federal financial participation rates for the different types of costs incurred in administering the Medicaid program (42 CFR section 433.10 and 433.15).

Initial Year Written: 2018 Status: Implemented U.S. Department of Health and Human Services
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The Federal Medical Assistance Percentage (FMAP) is input into CAPPs FIN, the book of record, on a yearly basis as the rate is updated annually based on the Federal Register Circular. For fiscal year 2018, the HHSC General Ledger Manager input the percentage and there was no secondary review of this data entry. No compliance exceptions were noted that would indicate that the rate in CAPPs FIN was incorrect.

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In addition, a state waiver may contain level of effort or earmarking requirements. A sample of four waivers were selected for testwork over the required reporting of the level of effort or earmarking requirements. The Community First Choice (TX-25) 1915 B4 waiver was selected for testwork, which includes an annual level of effort requirement (42 CFR 441.510). During fiscal year 2018, the required report related to the Community First Choice waiver was not submitted.

Corrective Action Plan:

Corrective action plan taken.

Reference No. 2018-019

Program Income

(Prior Audit Issues – 2017-012, 2016-017, 2015-015, and 2014-011)

Medicaid Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 1805TXINCT, 1805TXIMPL, 1805TX5MAP, 1805TX5ADM, 1705TXINCT, 1705TXIMPL, 1705TX5MAP, and 1705TX5ADM

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

Title XIX, Section 1927 of the Social Security Act, allows states to receive the same rebates for drug purchases as other payers. Drug manufacturers are required to provide a listing to Centers for Medicare and Medicaid Services (CMS) of all covered outpatient drugs, and, on a quarterly basis, are required to provide their average manufacturer's price and their best prices for each covered outpatient drug. Based on this data, CMS calculates a unit rebate amount for each drug, which it then provides to states. No later than 60 days after the end of the quarter, the State Medicaid agency must provide drug utilization data to manufacturers. Within 37 days of receipt of the utilization data from the state, the manufacturers are required to pay the rebate or provide the state with written notice of disputed items not paid because of discrepancies found. Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Initial Year Written: 2014 Status: Implemented U.S. Department of Health and Human Services
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HHSC contracts with Conduent, as the Pharmacy Claims and Rebate Administrator (PCRA), to administer the Vendor Drug Rebate Program for the Medicaid Cluster. In order to identify potential drug rebates for drugs that were administered in a clinician's office and billed on a medical claim, Conduent has an electronic interface with the Texas Medicaid & Healthcare Partnership (TMHP). Conduent receives processed fee-for-service medical claims and processed managed care medical encounter data in order to administer rebates for clinician-administered drugs. HHSC utilizes the Conduent DRAMS application to validate and bill drug manufacturers for rebates and the OS+ application to construct drug coverage rules related to payment for pharmacy services. The weekly medical claims/encounters interface from TMHP to Conduent generates exceptions that are not uploaded to DRAMS and therefore not invoiced to rebate. The exceptions are sent to TMHP each week; however, these exceptions are not investigated or resolved. This results in claims with potential drug rebates not being processed by Conduent. HHSC and TMHP implemented an automated process to resolve these errors in April 2018.

Corrective Action Plan:

Corrective action plan taken.

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Reference No. 2018-020

Special Tests and Provisions – Provider Health and Safety Standards

(Prior Audit Issues – 2017-016, 2016-021, 2015-026, 2014-015, and 2013-017)

Medicaid Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 1805TXINCT, 1805TXIMPL, 1805TX5MAP, 1805TX5ADM, 1705TXINCT, 1705TXIMPL, 1705TX5MAP, and 1705TX5ADM

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Material Weakness and Material Non-Compliance

Per 42 CFR part 442, providers must meet the prescribed health and safety standards for hospitals, nursing facilities, and ICF/MR. The standards may be modified in the State plan. Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. HHSC has approximately 5,000 providers for long-term care and 500 hospitals for acute care. During fiscal year 2018, long-term care provider claims were approximately \$4 billion and acute care hospital claims were approximately \$1.2 billion.

Initial Year Written: 2013 Status: Partially Implemented

U.S. Department of Health and Human Services

Acute Care

An out-of-state (OOS) provider may come into the program based on several different circumstances, including: (1) the client being sent out of state for services that are not readily available in Texas; and (2) border states where it is the norm for clients to receive a service in that border state. Under current HHSC procedures, HHSC requires OOS providers to fill out the same application as an in-state provider. OOS providers are to receive a letter that tells them that their enrollment is limited and informing them of the amount of time that has been granted. Of a sample of 65 providers receiving Medicaid payments during fiscal year 2018, 25 were OOS providers. Controls were not in place to ensure current health and safety information was obtained for these OOS providers, which is a process HHSC outsources to a service organization. Although the service organization utilizes Medicare enrollment as a prerequisite for the provider adhering to standards, there is no annual check on the providers Medicare numbers to ensure that they are current and up to date. Payments to OOS providers during fiscal year 2018 were less than \$0.5 million. No exceptions were noted with in-state providers, which constitute the majority of the HHSC providers.

Long-Term Care

Requirements for meeting prescribed health and safety standards for Long-Term Care Facilities are dictated by the State Plan. Effective September 1, 2017, the long-term care division of Medicaid Department of Aging and Disability Services (DADS) consolidated into HHSC as part of the Health and Human Services (HHS) Transformation. A sample of 65 Long-Term Care providers was selected to ensure compliance with these requirements. Of the 65 providers, HHSC was unable to provide documentation of compliance with the required health and safety standards for 20 providers.

The Compliance and Oversight Unit performs monthly quality control reviews over surveys conducted in each region. Surveys are onsite inspections of the facilities conducted by a regional reviewer. The quality control reviews only cover nursing facilities, intermediate care, and certain home health and hospice long-term care providers, which is approximately 25% of the providers. Other Long-Term Care Facility types do not currently have a quality control process. With regard to the accuracy portion of the quality control process, the current methodology only has high-risk surveys being reviewed. Surveys that did not result in findings do not meet the high-risk threshold and are not eligible for review. As a result, the quality control process is not effectively designed to address all provider types and survey outcomes.

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For controls over completeness, health inspections and life safety code inspections are required to occur within a 9 to 15 month window from the time the last inspection was performed. The Compliance and Oversight Unit manager reviews a schedule of health and safety inspections that will be due within the fiscal year on an ongoing basis to ensure all inspections are conducted in a timely manner. There is currently no documentation being maintained to evidence this review. As noted above, only nursing facilities, intermediate care, and certain home health and hospice long-term care providers, approximately 25% of the providers, are included in this process.

Recommendation:

Acute Care

HHSC should implement controls to ensure Federal and State plan requirements regarding health and safety standards are achieved for OOS providers. In addition, HHSC needs to implement monitoring controls over the services provided by the service organization to ensure State plan and policy requirements are being met.

Long-Term Care

HHSC should identify the business owners for the various provider types. These business owners should collaborate to ensure all provider types are being monitored for health and safety requirements and that appropriate controls have been implemented. The controls should focus on the completeness of the reviews along with the accuracy based on a risk profile. Documentation should be retained to evidence the performance of controls and compliance procedures. In addition, the various provider types have unique requirements that should be considered in documenting the above processes.

Views of Responsible Officials:

Health and Human Services Commission (HHSC) agrees with the finding.

Corrective Action Plan – Acute Care:

Effective June 18, 2018, the Termination Notification Database (CMS Medicaid Termination File and the CMS Medicare for Cause Revocations File) was combined into one file titled the Adverse Action File.

As directed by HHSC, TMHP implemented a project (deploying end of January 2019) to perform monthly post-enrollment data matches against the Adverse Actions file in order to identify TMHP-enrolled providers, including their owners and managing employees, who Texas is required to take termination action against, to include out of state providers.

The Office of Inspector General is now responsible for any necessary termination action. A monitoring protocol will be finalized when the system changes are complete.

Implementation Date: March 31, 2019

Responsible Person: Dana L. Collins

Corrective Action Plan – Long Term Care Compliance and Oversight Unit:

For the 75% of the providers not covered by Long-term Care Regulatory (LTCR) Survey Operations, HHSC will identify business owners who will ensure Long Term Care provider types are being monitored for health and safety requirements and that appropriate controls have been implemented. HHSC will ensure documentation is thorough and accurate based on risk profile, and documentation of these processes will be appropriately retained.

Long-term Care Regulatory (LTCR) Survey Operations will enhance the current quality controls in place by:

- *Continuing to perform monthly quality control reviews of surveys conducted in each region*
 - *Note that the surveys subject to this quality control review are limited to those surveys under the oversight of the Compliance and Oversight Unit (approximately 25% of LTC providers)*
- *Expanding quality control review to include review of surveys resulting in a “low risk” determination*
 - *Quality control reports will include lower level deficiencies for review, along with the higher-level deficiencies that have historically been reviewed. Feedback will continue to be presented to the regional management staff.*

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- *Ensure completeness controls by:*
 - *Continuing to provide monthly reports to regional management indicating providers with health inspections and life safety code inspections with upcoming due dates*
 - *Documenting the LTCR Survey Operations, Compliance and Oversight Unit management review of the monthly report prior to distribution to regional management*
 - *Expanding quality control review to include review of surveys identified as low risk surveys, as noted above*

Implementation Date: *May 1, 2019*

Responsible Persons: *Nancy K. Taylor and Dana Collins*

Corrective Action Plan:

This finding was reissued as current year reference number 2019-015.

Reference No. 2018-021

Special Tests and Provisions – Inpatient Hospital and Long-Term Care Facility Audits

(Prior Audit Issues – 2017-013, 2016-018, and 2015-019)

Medicaid Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 1805TXINCT, 1805TXIMPL, 1805TX5MAP, 1805TX5ADM, 1705TXINCT, 1705TXIMPL, 1705TX5MAP, and 1705TX5ADM

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

The State Medicaid agency pays for inpatient hospital services and long-term care facility services through the use of rates that are reasonable and adequate to meet the costs that must be incurred by efficiently and economically operated providers. The State Medicaid agency must provide for the filing of uniform cost reports for each participating provider. These cost reports are used to establish payment rates. The State Medicaid agency must provide for the periodic audits of financial and statistical records of participating providers. The specific audit requirements will be established by the State Plan (42 CFR section 447.253). Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Initial Year Written: 2015 Status: Implemented U.S. Department of Health and Human Services

HHSC contracts with a service organization, Texas Medicaid and Healthcare Partnership (TMHP), to conduct hospital cost report audits on its behalf. These audits are primarily used to set hospital reimbursement rates. The service organization has an annual plan in place that is submitted to and reviewed by HHSC. TMHP provides HHSC monthly reports so that HHSC can ensure the audits are being completed within the specified timeframes. However, HHSC does not have adequate monitoring controls in place to ensure that the service organization audits are conducted in accordance with HHSC policy. HHSC does review and approve the TMHP planned audit approach. Forty hospital audits, including both field and desk audits, were selected for testwork to ascertain if they were in compliance with HHSC's policies and no compliance exceptions were noted. No control or compliance exceptions were noted with regard to long-term care facility audits.

Corrective Action Plan:

Corrective action plan taken.

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Reference No. 2018-022

Special Tests and Provisions – Utilization Control and Program Integrity

(Prior Audit Issues – 2017-014, 2016-019, and 2015-020)

Medicaid Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 1805TXINCT, 1805TXIMPL, 1805TX5MAP, 1805TX5ADM, 1705TXINCT, 1705TXIMPL, 1705TX5MAP, and 1705TX5ADM

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

The State plan must provide methods and procedures to safeguard against unnecessary utilization of care and services, including long-term care institutions. In addition, the State must have: (1) methods or criteria for identifying suspected fraud cases; (2) methods for investigating these cases; and (3) procedures developed in cooperation with legal authorities for referring suspected fraud cases to law enforcement officials (42 CFR parts 455, 456, and 1002). Suspected fraud should be referred to the State Medicaid Fraud Control Units (42 CFR part 1007). The State Medicaid agency must establish and use written criteria for evaluating the appropriateness and quality of Medicaid services. The agency must have procedures for the ongoing post-payment review, on a sample basis, of the need for and the quality and timeliness of Medicaid services. The State Medicaid agency may conduct this review directly or may contract with a Quality Improvement Organization (QIO). Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes,

Initial Year Written: 2015 Status: Implemented

U.S. Department of Health and Human Services

regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Nursing Facilities

HHSC Office of the Inspector General (HHSC-IG) Quality Review Unit (Unit) is required by policy to perform utilization reviews of all nursing homes at least every 15 months. The Unit is currently unable to meet this 15-month rule for 100% of the nursing homes requiring reviews so a risk-based approach has been put in place in order to leverage its efforts on the higher risk facilities. This is not in accordance with state policy. During fiscal year 2018, 31 of a total 40 nursing home reviews selected for testwork were performed after the 15-month policy.

Managed Care Organizations (MCOs)

MCOs that contract with HHSC to provide insurance to Medicaid beneficiaries are required by contract to perform utilization reviews over claims they process. HHSC monitors these MCOs by reviewing provider and consumer complaints. Monthly, the two team leads will select a random sample of cases for review. At a minimum, six secondary reviews per employee per month are completed. HHSC management reassigned one team to other duties resulting in no reviews being completed after April 2018 for their assigned complaint cases. No compliance exceptions noted.

Corrective Action Plan:

Corrective action plan taken.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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Reference No. 2018-023

Special Tests and Provisions – ADP Risk Analysis and System Security Review

(Prior Audit Issues – 2017-015, 2016-020, and 2015-021)

Medicaid Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 1805TXINCT, 1805TXIMPL, 1805TX5MAP, 1805TX5ADM, 1705TXINCT, 1705TXIMPL, 1705TX5MAP, and 1705TX5ADM

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

State agencies must establish and maintain a program for conducting periodic risk analyses to ensure that appropriate, cost effective safeguards are incorporated into new and existing systems. State agencies must perform risk analyses whenever significant system changes occur. State agencies shall review the ADP system security installations involved in the administration of Health and Human Services (HHS) programs on a biennial basis. At a minimum, the reviews shall include an evaluation of physical and data security operating procedures and personnel practices. The State agency shall maintain reports on its biennial ADP system security reviews, together with pertinent supporting documentation, for HHS on-site reviews (45 CFR section 95.621). Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Initial Year Written: 2015 Status: Partially Implemented

U.S. Department of Health and Human Services

SysCat, HHSC's enterprise-wide repository for approved HHS systems, is HHSC's book of record of all information technology (IT) systems including both in-house and third party systems. During 2018, HHSC worked to consolidate the list by linking subsystems to the parent system resulting in 83 Medicaid related systems. HHSC refreshed the Information Security Controls Guide and completed standardizing security assessment templates for both in-house and third party systems. Additional templates were developed to track potential deficiencies and resolution. Currently the deficiencies and resolutions are tracked in a centralized database and a review is conducted to close any open recommendations. Further, during fiscal year 2018, 19 risk assessments were executed based on internal methodology or third party assessments. Noncompliance is due to HHSC not performing risk assessments over all 83 systems in a two-year period.

Recommendation:

HHSC should execute the revised methodology and ensure all systems are reviewed in a two year period. HHSC should consider oversight controls in order to ensure progress toward the plan is executed during the two year period, including resolution of remediation items.

Views of Responsible Officials:

Texas Health and Human Services (HHS) concurs with the audit finding that risk assessments should be performed on HHS systems in compliance with Texas and federal regulations.

Corrective Action Plan:

For all Medicaid Management Information System (MMIS) subsystems, Information Security and IT Applications will:

- a) Conduct risk assessments in compliance with Texas and federal regulations.*
- b) Request each third party system owner to submit, on a regular schedule, a security assessment report attesting to their compliance with HHS security requirements.*

More specifics regarding the confidential nature of this Corrective Action Plan will be provided to the auditor.

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Implementation Date: a) December 31, 2019 and (b) December 31, 2020

Responsible Persons: Steven Pryor and P.J. Fritsche

Corrective Action Plan:

This finding was reissued in the current year reference number 2019-014.

Reference No. 2018-024

Special Tests and Provisions – Provider Eligibility

(Prior Audit Issues – 2017-017, 2017-001, 2016-001, and 2015-002)

Medicaid Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 1805TXINCT, 1805TXIMPL, 1805TX5MAP, 1805TX5ADM, 1705TXINCT, 1705TXIMPL, 1705TX5MAP, and 1705TX5ADM

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

Per 42 CFR Section 455.412, in order to receive Medicaid payments, providers of medical services must be licensed in accordance with federal, state, and local laws and regulations to participate in the Medicaid program. Per 42 CFR Section 455.106(a), before the Medicaid agency enters into or renews a provider agreement, the provider must disclose to the Medicaid agency the identity of any person who: (1) has ownership or control interest in the provider, or is an agent or managing employee of the provider, and (2) has been convicted of a criminal offense related to that person's involvement in any program under Medicare, Medicaid, or the Title XX services program since the inception of those programs. Additionally, per 42 CFR Section 455.103, a State plan must provide that the requirements of 455.106 are met. Per review of the State plan, a search should be conducted to ensure that the provider is not included on the Medicaid exclusion list. Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Initial Year Written: 2015 Status: Implemented U.S. Department of Health and Human Services
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Acute Care

HHSC contracts with a service organization, Texas Medicaid and Healthcare Partnership (TMHP) to enroll and determine provider eligibility. Currently, HHSC has a monthly quality control process in place where certain providers are selected for review and certain elements of enrollment are reviewed to verify compliance with contractual requirements. However, the control is not designed to ensure that the service organization is obtaining the information necessary to comply with the Federal requirements and State policy including the requirements of 42 CFR Section 455.106 discussed above. For example, the current quality checklist does not consider Medicaid exclusion, disclosure and control interest statements, and validating that signed agreements have been obtained. A sample of 65 providers receiving Medicaid payments during fiscal year 2018 were selected for review. No compliance exceptions were noted.

Long-Term Care

HHSC Regulatory Services Division or a regional office enrolls providers that request to participate in Medicaid programs for long-term care facilities. Effective September 1, 2017, the long-term care division of Medicaid Department of Aging and Disability Services (DADS) consolidated into HHSC as part of the Health and Human Services (HHS) Transformation. A sample of 65 providers were selected for review. Of the 65 files reviewed, there were six instances where certain elements of the required documentation could not be provided. This includes two missing approval letters from the Center for Medicare and Medicaid Services for hospice providers, two missing signed ownership disclosures, and two missing compliance review summaries for consumer directed services (CDS) participants.

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The Long-Term Care Licensing and Credentialing Unit (Unit) is responsible for ensuring current licensure information is obtained and retained. The unit performs quality control reviews on a quarterly and annual basis over Long-Term Care providers. The quarterly quality control was implemented in March 2018, covering all Long-Term Care provider types by selecting 10% of applications for validation. The review checklist used to document the quality control review included appropriate elements but did not have any signoffs to evidence the performance of the review.

Annual reviews are performed over the caseworkers who enroll providers related to home health, nursing facilities, intermediate care facilities, and hospice facilities. The annual review control was implemented in March 2018 and focused on evaluating each caseworker as part of their annual performance review. There are four managers responsible for these reviews, but only two managers retained some type of documentation evidencing their reviews. The documentation for one of the two managers was informal (i.e. notes) and the standard checklist was not completed. Manager three had retired and the documentation could not be located. Manager four did not complete any reviews due to the timing of annual evaluations. Consistency of documentation for all four managers was lacking.

Corrective Action Plan:

Corrective action plan taken.

**Reference No. 2018-025
Allowable Costs/Cost Principles**

Medicaid Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 1805TXINCT, 1805TXIMPL, 1805TX5MAP, 1805TX5ADM, 1705TXINCT, 1705TXIMPL, 1705TX5MAP, and 1705TX5ADM

Non-Major Programs:

93.767 – Children’s Health Insurance Program

93.959 – Block Grants for Prevention and Treatment of Substance Abuse

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

Per Section 1115 of the Social Security Act, a State may obtain a waiver of statutory requirements in order to develop a system that more effectively addresses the health care needs of its population. A waiver may involve the use of a program of managed care for selected elements of the client population, or allow the use of program funds to serve specified populations that would otherwise be ineligible. Managed care providers must be eligible to participate in the program at the time services are rendered, payments to managed care plans should only be for eligible clients for the proper period, and the capitation payment should be properly calculated. Medicaid service payments (e.g., hospital and doctor charges) should not be made for services that are covered by managed care. States should ensure that capitated payments to providers are discontinued when a beneficiary is no longer enrolled for services. Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Initial Year Written: 2018 Status: Implemented U.S. Department of Health and Human Services
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HHSC has a managed care program through a Section 1115 waiver. HHSC's Premiums Payable System (PPS) maintains participant risk groups, capitated rates for risk groups, and Managed Care Organizations (MCO) to which individuals are assigned. Eligibility of individuals is received via interface files primarily from Texas Integrated Eligibility Reporting System (TIERS). Each month, TIERS exports a flat file of all clients with Medicaid eligibility to PPS so that PPS may calculate payments to the MCOs. The file includes eligibility data for the 22 previous months, the current month, and one month in the future. When the file is received, PPS runs validation checks for each client and month of eligibility to identify cases that do not follow the business rules in PPS. These errors are generally due to data errors in TIERS that need to be corrected. The April 2018 interface was selected for testing and out of the 1,680 clients that errored out on the interface, 1,270 were unresolved as of September 2018. Unresolved errors represent the risk of incorrect payments being sent to the MCOs as the individuals could be classified in the incorrect risk group. Sixty-five sample items for MCO allowable costs were selected and no compliance exceptions were noted.

Corrective Action Plan:

Corrective action plan taken.

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Health and Human Services Commission / Department of Family and Protective Services / Department of State Health Services

Reference No. 2018-026

Allowable Costs/Cost Principles

Cash Management

Matching, Level of Effort, Earmarking

Period of Performance

Reporting

(Prior Audit Issue – 2017-025)

CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children

Award years – October 1, 2017 to September 30, 2018, October 1, 2016 to September 30, 2017, October 1, 2017 to September 30, 2019, January 1, 2017 to September 30, 2018, and January 1, 2016 to September 30, 2018

Award numbers – 6TX700507, 6TX700506 and 6TX700527

CDFA 84.181 – Special Education-Grants for Infants and Families

Award years – July 1, 2018 to September 30, 2019, July 1, 2017 to September 30, 2018, and July 1, 2016 to September 30, 2017

Award numbers – H181A180171, H181A170171, and H181A160171

CFDA 93.917 – HIV Care Formula Grants

Award years – April 1, 2018 to March 31, 2019 and April 1, 2017 to March 31, 2018

Award numbers – X07HA00054-28 and X07HA00054-27

CFDA 93.958 – Block Grants for Community Mental Health Services

Award years – October 1, 2017 to September 30, 2019, October 1, 2016 to September 30, 2018, and October 1, 2015 to September 30, 2017

Award numbers – 2B09SM010051-18, 3B09SM010051-17S1, 3B09SM010051-16S2, 3B09SM010051-16S1, and 2B09SM010051-16

CFDA 97.050 – Presidential Declared Disaster Assistance to Individuals and Households - Other Needs

Award years – May 29, 2015, November 25, 2015, March 19, 2016, April 25, 2016, June 11, 2016, August 25, 2017, and July 6, 2018

Award numbers – FEMA-4223-DR-TX, FEMA-4245-DR-TX, FEMA-4266-DR-TX, FEMA-4269-DR-TX, FEMA-4272- DR-TX, FEMA-4332-DR-TX, and FEMA-4377-DR-TX

Aging Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 18AATXNSIP, 18AATXT3SS, 18AATXT3CM, 18AATXT3HD, 17AATXNSIP, 17AATXT3SS, 17AATXT3CM, and 17AATXT3HD

Medicaid Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 1805TXINCT, 1805TXIMPL, 1805TX5MAP, 1805TX5ADM, 1705TXINCT, 1705TXIMPL, 1705TX5MAP, and 1705TX5ADM

SNAP Cluster

Award years – October 1, 2017 to September 30, 2019, October 1, 2017 to September 30, 2018, and October 1, 2016 to September 30, 2018

Award numbers – 6TX430176, 6TX400105, and 6TX430176

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TANF Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017 Award numbers – 1801TXTANF, 1801TXTAN3, 1701TXTANF, and 1701TXTAN3

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

Per 2 CFR 200.303, the Health and Human Services Commission, Department of State Health Services, and Department of Family and Protective Services (collectively HHSC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. HHSC utilized PeopleSoft's General Ledger version 8.8 (referred to at HHSC as HHSAS) as a financial management application prior to September 1, 2017, and currently maintains the application for reporting purposes. Beginning September 1, 2017, HHSC utilizes version 9.2 of PeopleSoft's General Ledger (referred to at HHSC as CAPPS FIN) as a financial management application. In addition, HHSC utilizes PeopleSoft's Human Capital Management (HCM) system (referred to at HHSC as CAPPS HR) as an HR/Payroll application. HHSC relies on information produced from HHSAS, CAPPSS FIN and CAPPSS HCM to comply with various aspects of compliance requirements, including Allowable Costs/Cost Principles, Activities Allowed or Unallowed, Cash Management, Matching, Level of Effort and Earmarking, Period of Performance, and Reporting. No compliance exceptions were noted with regard to the use of HHSAS, CAPPSS FIN, or CAPPSS HCM data in the analysis related to the applicable compliance requirements.

Initial Year Written: 2017
Status: Partially Implemented

U.S. Department of Agriculture
U.S. Department of Education
U.S. Department of Health
and Human Services
U.S. Department of Homeland
Security

Application Designer

HHSC has a process in place to utilize the STAT tool to perform program changes for HHSAS, CAPPSS FIN and CAPPSS HR. STAT workflow requires a financial user to perform the approval for migration and to confirm that the developer and migrator is different.

Developers with Access

Nine HHSAS developers, eight CAPPSS FIN, and two CAPPSS HR developers have access to bypass the STAT tool through access to Application Designer. Access to migrate changes to the production environment should be restricted appropriately and based on job function to help ensure adequate internal controls are in place and appropriate segregation of duties exist. Developers with access to migrate changes to production systems introduce the risk of unauthorized changes to applications and data. Developers should not have access to migrate changes to the production environment. Application Designer access was removed on August 31, 2018 for the CAPPSS FIN developers.

Inappropriate Access

Application Designer access is also granted to individuals whose job responsibilities do not require access to the PeopleSoft development tool. Three System Administrators and five Identity Access Management (IAM) team members have access to the CAPPSS HCM application. Two System Analysts and five IAM team members have access to the CAPPSS FIN application. Four IAM team members, five System Analysts, one Financial Analyst, and two DBAs have access to the HHSAS applications. Application Designer access was removed on August 31, 2018 for the CAPPSS FIN users.

All program changes during the period were found to follow the workflow in STAT.

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DataMover

Developers with Access

Five HHSAS, nine CAPPs FIN, and two CAPPs HR developers also have access to Data Mover. Access for the two CAPPs HR developers is partially restricted as the access is granted every week for an eight-hour window. DataMover is a PeopleSoft tool granting the ability to modify application data and run SQL statements in the production database. The existence of developer with access to Data Mover introduces the risk of unauthorized changes to production data. Also, one CAPPs HCM developer has access to system administrator functions within the application including the ability to provision new users and roles, and has administrative access to the database. Developers should not have access privileges above read-only in the production database or application. The Data Mover permissions were removed for the CAPPs FIN developers on August 31, 2018 and for the HHSAS developers on November 1, 2018.

Application and Database Segregation of Duties

Eight CAPPs HR users (three System Administrators and five IAM team members), five CAPPs FIN users (IAM team members), and four HHSAS users (IAM team members) have administrative access on the application and have access to Data Mover. The three CAPPs HCM System Administrators also have administrative accounts on the CAPPs HCM database. Users with administrative access to both the application and database layers within a system introduces the risk of unauthorized changes to production data.

Inappropriate Access to Database

In addition, four system analysts and two database administrators have CAPPs FIN Data Mover access. Data Mover permissions should be removed from access rights for all CAPPs FIN users and should only be used when necessary for data migrations.

Recommendation:

HHSC should properly segregate duties so that developers do not have Application Designer and Data Mover access to the production environment. If developers are determined to need access to production, adequate approval for temporary access and monitoring controls should be in place. In addition, Data Mover and Application Designer permissions should be removed from all roles for all users and should only be used when necessary for special projects.

Views of Responsible Officials:

Health and Human Services Commission (HHSC) agrees with the recommendation.

Corrective Action Plan # 1:

HHSC Administrative Applications team will:

- 1. Develop a report and implement a process to review production code change migrations by comparing production changes to the change management system of record.*
- 2. Remove production Data Mover and Application Designer access from all team members that currently have this access. Access will be provided only on an as-needed temporary basis and subjected to the above production change review process to achieve required monitoring controls.*
- 3. HHSC Administrative Applications team will work with the HHSC Identity and Access Management (IAM) team to remove access from team members as required per the above procedure changes.*

Implementation Date: June 30, 2019

Responsible Person: Scott Rawls

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Corrective Action Plan # 2:

Access to Application Designer and Data Mover are not required for HHSC Identity and Access Management (IAM) personnel to provision access to these modules. IAM will:

1. *Remove access for IAM individuals that currently have it.*
2. *Assist with removing access that is not required as determined by the HHSC Administrative Applications team.*

*Implementation Date: July 31, 2019
Responsible Person: Michele Hermes*

Corrective Action Plan:

This finding was reissued in the current year as reference number 2019-005.

Reference No. 2018-027

Subrecipient Monitoring

(Prior Audit Issues – 2017-026, 2016-025, 2015-025, and 2014-013)

CFDA 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children

Award years – October 1, 2017 to September 30, 2018, October 1, 2016 to September 30, 2017, October 1, 2017 to September 30, 2019, January 1, 2017 to September 30, 2018, and January 1, 2016 to September 30, 2018

Award numbers – 6TX700507, 6TX700506 and 6TX700527

CDFA 84.181 – Special Education-Grants for Infants and Families

Award years – July 1, 2018 to September 30, 2019, July 1, 2017 to September 30, 2018, and July 1, 2016 to September 30, 2017

Award numbers – H181A180171, H181A170171, and H181A160171

CFDA 93.917 – HIV Care Formula Grants

Award years – April 1, 2018 to March 31, 2019 and April 1, 2017 to March 31, 2018

Award numbers – X07HA00054-28 and X07HA00054-27

CFDA 93.958 – Block Grants for Community Mental Health Services

Award years – October 1, 2017 to September 30, 2019, October 1, 2016 to September 30, 2018, and October 1, 2015 to September 30, 2017

Award numbers – 2B09SM010051-18, 3B09SM010051-17S1, 3B09SM010051-16S2, 3B09SM010051-16S1, and 2B09SM010051-16

Aging Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 18AATXNSIP, 18AATXT3SS, 18AATXT3CM, 18AATXT3HD, 17AATXNSIP, 17AATXT3SS, 17AATXT3CM, and 17AATXT3HD

Medicaid Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 1805TXINCT, 1805TXIMPL, 1805TX5MAP, 1805TX5ADM, 1705TXINCT, 1705TXIMPL, 1705TX5MAP, and 1705TX5ADM

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SNAP Cluster

Award years – October 1, 2017 to September 30, 2019, October 1, 2017 to September 30, 2018, and October 1, 2016 to September 30, 2018

Award numbers – 6TX430176, 6TX400105, and 6TX430176

TANF Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 1801TXTANF, 1801TXTAN3, 1701TXTANF, and 1701TXTAN3

Non-Major Programs:

10.559 – Summer Food Service Program for Children

10.579 – Child Nutrition Discretionary Grants Limited Availability

14.241 – Housing Opportunities for Persons with AIDS

84.027 – Special Education Grants to States

84.126 – Rehabilitation Services Vocational Rehabilitation Grants to States

93.41 – Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploration

93.42 – Special Programs for the Aging, Title VII, Chapter 2, Long-Term Care Ombudsman Services for Older Individuals

93.43 – Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services

93.048 – Special Programs for the Aging, Title IV, and Title II, Discretionary Projects

93.51 – Alzheimer's Disease Demonstration Grants to States

93.52 – National Family Caregiver Support, Title III, Part E

93.069 – Public Health Emergency Preparedness

93.71 – Medicare Enrollment Assistance Program

93.72 – Lifespan Respite Care Program

93.73 – Birth Defects and Developmental Disabilities - Prevention and Surveillance

93.74 – Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements

93.103 – Food and Drug Administration Research

93.104 – Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)

93.116 – Project Grants and Cooperative Agreements for Tuberculosis Control Programs

93.150 – Projects for Assistance in Transition from Homelessness (PATH)

93.235 – Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program

93.243 – Substance Abuse and Mental Health Services Projects of Regional and National Significance

93.251 – Universal Newborn Hearing Screening

93.268 – Immunization Cooperative Agreements

93.296 – State Partnership Grant Program to Improve Minority Health

93.323 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

93.324 – State Health Insurance Assistance Program

93.369 – ACL Independent Living State Grants

93.505 – Affordable Care (ACA) Maternal, Infant, and Early Childhood Home Visiting Program

93.539 – PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds

93.556 – Promoting Safe and Stable Families

93.590 – Community-Based Child Abuse Prevention Grants 93.643 – Children's Justice Grants to States

93.658 – Foster Care Title IV-E 93.667 – Social Services Block Grant

93.669 – Child Abuse and Neglect State Grants

93.671 – Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services 93.674 – John H. Chafee Foster Care Program for Successful Transition to Adulthood

93.752 – Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds

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- 93.757 – State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)
 - 93.758 – Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)
 - 93.788 – Opioid STR
 - 93.791 – Money Follows the Person Rebalancing Demonstration
 - 93.815 – Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
 - 93.817 – Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities
 - 93.870 – Maternal, Infant and Early Childhood Home Visiting Grant Program
 - 93.898 – Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations 93.940 – HIV Prevention Activities Health Department Based
 - 93.944 – Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance
 - 93.945 – Assistance Programs for Chronic Disease Prevention and Control
 - 93.959 – Block Grants for Prevention and Treatment of Substance Abuse 93.966 – The Zika Health Care Services Program
 - 93.977 – Sexually Transmitted Diseases (STD) Prevention and Control Grants 93.982 – Mental Health Disaster Assistance and Emergency Mental Health 93.994 – Maternal and Child Health Services Block Grant to the States
 - 94.011 – Foster Grandparent Program
 - 97.032 – Crisis Counseling
 - 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
- Type of finding – Significant Deficiency and Non-Compliance

Per 2 CFR 200.303, Health and Human Services Commission (HHSC) – Procurement and Contracting Services Single Audit Unit (PCS SAU) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

According to the 2 CFR Part 200, Appendix XI Compliance Supplement (the Compliance Supplement), a pass-through entity must assure that subrecipients requiring a Single Audit based on expenditures of Federal funds have a Single Audit performed and provide a copy of the auditor's report to the pass-through entity within nine months of the subrecipient's fiscal year end. The pass-through entity is to review the report and issue a management decision within six months, if applicable. The pass-through entity shall be responsible for making the management decision for audit findings that relate to Federal awards it makes to subrecipients. Per 2 CFR Section 200.521, the management decision shall clearly state whether or not the audit finding is sustained, the reasons for the decision, and the expected auditee action. The expected auditee action may include repaying disallowed costs, making financial adjustments, or taking other action. The management decision should describe any appeal process available to the auditee. If the auditee has not completed corrective action, a timetable for follow-up should be given. The entity responsible for making the management decision shall do so within six months of receipt of the audit report. Corrective action should be initiated within six months after receipt of the audit report and proceed as rapidly as possible.

Initial Year Written: 2014
Status: Implemented
U.S. Department of Agriculture
U.S. Department of Education
U.S. Department of Health and Human Services
U.S. Department of Housing and Urban Development
U.S. Department of Homeland Security
Corporation for National and Community Service

PCS SAU is responsible for collecting Single Audits performed over subrecipients of the three agencies in the Health and Human Services (HHS) enterprise: HHSC, Department of State Health Services (DSHS), and Department of Family and Protective Services (DFPS). Prior to October/November 2017, HHSC – Inspector General (HHSC-IG) was responsible for this process.

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Quarterly, PCS SAU generates an email requesting an updated list of subrecipients for which a Single Audit was required in the most recent fiscal year from the three agencies. The listing is compared to expenditures for completeness. Once the list is updated by each agency, PCS SAU issues a Single Audit Request Letter to each subrecipient on the list instructing them to complete the online Single Audit Status Form within 30 days of receiving the letter. On this form, the subrecipient indicates if they require a Single Audit and if a Single Audit has been completed. If the subrecipient indicates that they do not require a Single Audit, they are required to submit their financial statements to PCS SAU. PCS SAU uses the information in the form to track the due date for a subrecipient's Single Audit report. The report is due to PCS SAU nine months after the subrecipient's fiscal year end or 30 days after report issuance, whichever is earlier. If a Single Audit report is overdue for a subrecipient,

PCS SAU issues a delinquency letter as part of its due diligence. Processes are in place to ensure timely issuance of delinquency letters. PCS-SAU tracks the above information in a report produced from their single audit database, which is reviewed monthly. However, this control was not implemented until December 2017, after the transition from HHSC-IG to PCS SAU. In addition, there is currently no quality control process over the information in the report (i.e. date audit received, priority codes, etc.).

When a Single Audit report is received by PCS SAU, a preliminary review is performed to determine a risk score. The risk score is utilized to assign priority to reports that contain potential issues and may require a management decision letter to be issued within the six-month timeframe. If required, PCS SAU coordinates with the program personnel to ensure that a management decision letter is issued within six months of receipt of the Single Audit report. The six-month deadline is entered into a database to assist with monitoring deadlines. PCS SAU review a weekly report to assist with timely issuance of management decision letters and follow-up on corrective action plans (CAPs). Weekly one-on-one meetings are held with PCS SAU staff to discuss the status of management decision letters and CAPs noted on the report with a focus on the reports and CAPs that are approaching the six-month deadlines. These meetings were implemented and documented beginning in June 2018.

A sample of 40 subrecipients were selected among DSHS, HHSC, and DFPS as subrecipient monitoring was in scope for these three agencies. Of the subrecipients tested, eight subrecipients' Single Audit reports were received late and adequate follow up was not performed with the subrecipient. The responsibility of following up on these Single Audit reports fell under the responsibility of HHSC-IG. Counts by program are as follows:

- HHSC 93.958 Block Grants for Community Mental Health Services – two
- HHSC 84.181 Special Education – Grants for Infants and Families – two
- HHSC Aging Cluster – two
- DSHS 93.917 HIV Care Formula Grants – two

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Below is a list of all amounts within the schedule of federal awards that were passed through to subrecipients for HHSC, DSHS, and DPFS during fiscal year 2018.

CFDA Number	Program Name	Non-State Entities Amount
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	\$ 177,678,814
10.559	Summer Food Service Program for Children	73,611
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	9,855,381
10.579	Child Nutrition Discretionary Grants Limited Availability	5,610
14.241	Housing Opportunities for Persons with AIDS	3,102,020
84.027	Special Education Grants to States	5,344,386
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	8,572,438
84.181	Special Education - Grants for Infants and Families	40,938,146
93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	281,604
93.420	Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	1,110,746
93.430	Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	1,377,307
93.440	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	23,149,379
93.450	Special Programs for the Aging - Title III, Part C - Nutrition Services	38,723,083
93.048	Special Programs for the Aging - Title IV and Title II - Discretionary Projects	272,829
93.051	Alzheimer's Disease Demonstration Grants to State	190,798
93.052	National Family Caregiver Support, Title III, Part E	8,607,025
93.053	Nutrition Services Incentive Program	9,726,215
93.069	Public Health Emergency Preparedness	2,418,787

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CFDA Number	Program Name	Non-State Entities Amount
93.071	Medicare Enrollment Assistance Program	\$ 897,304
93.072	Lifespan Respite Care Program	152,749
93.073	Birth Defects and Developmental Disabilities - Prevention and Surveillance	34,512
93.074	Hospital Preparedness Program (HPR) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	35,647,475
93.103	Food and Drug Administration Research	50,270
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	1,978,686
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Program	4,279,076
93.150	Projects for Assistance in Transition from Homelessness (PATH)	4,395,973
93.235	Affordable Care Act (ACA) Abstinence Education Program	2,438,727
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	1,877,165
93.251	Universal Newborn Hearing Screening	58,223
93.268	Immunization Cooperative Agreements (Nonmonetary)	2,555,698
93.296	State Partnership Grant Program to Improve Minority Health	97,545
93.323	Epidemiology and Laboratory Capacity for Infections Diseases (ELC)	2,987,190
93.324	State Health Insurance Assistance Program	2,734,280
93.369	ACL Independent Living State Grants	1,103,327
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	1,238,915
93.539	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance Financed in Part by Prevention and Public Health Funds	4,767,372
93.556	Promoting Safe and Stable Families	6,934,541
93.558	Temporary Assistance for Needy Families	16,224,871
93.590	Community-Based Child Abuse Prevention Grants	1,610,230
93.643	Children's Justice Grants to States	39,607
93.658	Foster Care Title IV-E	4,361,203
93.667	Social Services Block Grant	31,580,922
93.669	Child Abuse and Neglect State Grants	12,802
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	6,173,348
93.752	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations Finance in Part by Prevention and Public Health Funds (PPHF)	(914,125)
93.757	State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease, and Stroke (PPHF)	17,127
93.758	Preventive Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds	4,353,738
93.778	Medical Assistance Program	8,889,825
93.788	Opioid STR	13,655,526
93.791	Money Follows the Person Rebalancing Demonstration	6,094,938
93.815	Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	53,441
93.817	Hospital Preparedness Program (HP) Ebola Preparedness and Response Activities	409,912
93.870	Maternal, Infant, and Early Childhood Home Visiting Grant Program	7,960,906
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	4,500,282
93.917	HIV Care Formula Grants	21,799,095
93.940	HIV Prevention Activities - Health Department Board	11,413,742
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	709,902
93.945	Assistance Programs for Chronic Disease Prevention and Control	6,513
93.958	Block Grants for Community Mental Health Services	32,005,486
93.959	Block Grants for Prevention and Treatment of Substance Abuse	111,536,303
93.966	The Zika Health Care Services Program	144,461

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CFDA Number	Program Name	Non-State Entities Amount
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	\$ 3,129,694
93.982	Mental Health Disaster Assistance and Emergency Mental Health	5,307,365
93.994	Maternal and Child Health Services Block Grant to the States	13,569,942
94.011	Foster Grandparent Program	25,004
97.032	Crisis Counseling	1,233,087
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	8,845,296
	Total	<u>\$ 720,407,650</u>

Corrective Action Plan:

Corrective action plan taken.

**Reference No. 2017-021
Subrecipient Monitoring**

CFDA 93.959 – Block Grants for Prevention and Treatment of Substance Abuse
Award years – October 1, 2016 to September 30, 2018 and October 1, 2015 to September 30, 2017
Award numbers – 2B08TI010051-17 and 2B08TI010051-16
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency and Non-Compliance

The Behavioral Health Services Section coordinates the subrecipient monitoring process for the Block Grants for Prevention and Treatment of Substance Abuse (SABG) at the Health and Human Services Commission (HHSC). Per 2 CFR 200.303, Health and Human Services Commission (HHSC) must establish and maintain effective internal controls over Federal awards that provides reasonable assurance that they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Initial Year Written: 2017
Status: Partially Implemented

U.S. Department of Health and Human Services

Per 2 CFR Section 200.331, all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the certain information at the time of the subaward and if any of these data elements change, include the changes in the subsequent award modification. Required information includes the indirect cost rate for the Federal award (including if the de minimis rate is charged). In addition, the approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government should be used, or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a de minimis indirect cost rate.

HHSC is not applying the correct indirect cost rates for Federal awards per the regulations when the subrecipient has an existing federally recognized indirect cost rate. When the subrecipient does not have a federally recognized indirect cost rate, HHSC is negotiating methodologies for applying indirect costs rather than rates. These methodologies are only being validated through periodic onsite reviews.

Recommendation:

HHSC should apply federally negotiated indirect cost rates to subrecipient contracts who have a federally negotiated rate. For subrecipients who do not have a federally negotiated indirect cost rate, HHSC should work with the subrecipient to obtain an indirect cost rate or determine if the subrecipient is eligible for the de minimis 10% rate.

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Views of Responsible Officials – 2017:

Accepted. HHSC will research methodology for indirect cost rate as appropriate to comply with Uniform Grant Guidance; this includes determining an appropriate approach for pass-through funding to treatment providers.

Corrective Action Plan – 2017:

HHSC will update procedures for subrecipient contracts to apply federally negotiated indirect cost rate or determine eligibility for use of the de minimis indirect cost rate in the absence of a federally negotiated indirect cost rate. HHSC will research methodologies in determining an appropriate approach and instrument to provide pass-through funding to treatment providers.

2018 Update

Based on review of subrecipient contracts, federally negotiated indirect cost rates have not been incorporated into the current year contracts.

Views of Responsible Officials – 2018:

HHSC IDD-BH accepts finding that federally negotiated indirect cost rates have not been incorporated into the current year contracts.

Corrective Action Plan – 2018:

HHSC IDD-BH is coordinating with HHS PCS to develop and deploy an HHS System process for negotiating/accepting subrecipient indirect cost rates. HHSC IDD-BH will include language regarding indirect cost rate negotiation into procurements, contracts, and amendments.

2019 Update

Per inquiry noted the indirect cost rate process is in place but not completed throughout 2019.

Views of Responsible Officials - 2019:

Health and Human Services Commission (HHSC) agrees with the 2019 update.

The HHS Federal Funds Indirect Cost Rate Group developed the basic infrastructure for accepting, negotiating, and acknowledging rates for the Health and Human Services Commission and the Department of State Health Services (DSHS). The approved indirect cost rate is applicable across all cost reimbursement contracts.

The HHS System Indirect Cost Rate (ICR) Group is currently coordinating with program contracting areas to educate subrecipients regarding the new process and bring the subawards into compliance with federal, state, and agency requirements. Subrecipients using an unapproved method to recover indirect costs are required to obtain an approved indirect cost rate using one of the following methods:

- *Federal Negotiated ICR,*
- *Other State Agency Negotiated ICR,*
- *10% De Minimis, or*
- *Negotiate an ICR with HHS COS*

Subrecipients are being outreached using a phased approach to complete an online ICR Questionnaire via the Grantee Landing Page over the next fiscal year. Once a rate is issued, the letter is sent to all associated Texas HHS program contract managers and the signed letter is sent to SCOR for uploading to the “Contractors” library. The program contracting areas are required to update contracts once a rate is established.

The following activities have been completed:

- *Updated Grantee Uniform Term and Conditions*
- *Update Signature Document to include guidelines for indirect costs*
- *Established an Indirect Cost Rate Questionnaire to identify the grantees intentions regarding indirect costs*

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- *Developed External training to notify subrecipients of the new requirements*
- *Developed Internal training regarding indirect cost rates*
- *Held RoundTable to discuss changes related to the indirect cost rate process*
- *Held internal stakeholder meeting to discuss impacts of changes*
- *Developed procedures for negotiating indirect cost rates*

This is an ongoing project that is in the process of implementation.

HHSC IDD-Behavioral Health Services (IDD-BHS) Substance Use Disorder (SUD) contracts reprocedured effective 9/1/2019 and contain language regarding the indirect cost rate process. Draft documents for other SUD procurements, pending or active, contain similar language.

In January 2019, HHS consulted with KPMG regarding the practice of monitoring fee for service contracts as cost reimbursement contracts. KPMG advised that HHS assess the requirements of the program, the monitoring practices for services, and how the costs were considered when setting the rates. The discussion reiterated that by utilizing an appropriate costing method (e.g., cost reports) to set rates, it is not necessary to conduct a review of costs through the type of review where fee for service payments are treated as a billing rate and actual costs of the program are reconciled. To mitigate risk, KPMG advised that HHS can document the methods of programmatic oversight used and the work of Rate Analysis Department (RAD) to demonstrate that HHS has appropriate monitoring procedures to comply with state and federal requirements. IDD-BH Contract Operations Quality Management Unit conducts onsite and desk reviews to determine compliance with contracts, grants, laws, regulations, policies and procedures.

Corrective Action Plan - 2019:

HHS Federal Funds System Indirect Cost Rate Group will complete the Indirect Cost Rate Process of accepting, negotiating and acknowledging indirect cost rates for IDD-BHS cost reimbursement contracts. HHSC IDD-BHS will incorporate approved indirect cost rates into contracts.

Implementation Dates: September 30, 2022

*Responsible Persons: Christina Lundy, Manager, HHSC Indirect Cost Rate Group
Roderick Swan, Associate Commissioner, HHSC IDD-BH Contract Operations
Sonja Gaines, Deputy Executive Commissioner, HHSC IDD-BH*

**Reference No. 02-23
Auto-Eligibility Approval by FEMA**

CFDA 83.543 - Individual Family Grants (FEMA)
Type of Finding – Compliance

In an effort to expedite assistance, FEMA automated the awarding process for selected individuals affected by Tropical Storm Allison. When caseworkers (both Federal and DHS employees) visit sites and perform inspections, their case files are loaded into NEMIS, FEMA's computer system. If the case file passed established threshold checks, approval was automatic and the award was transferred by DHS' computer system into the nightly batch of warrants requested from the State Treasury. For the files that were not auto approved, DHS personnel worked the files and when approval was given, they too were transferred into the nightly batch of warrant requests.

Initial Year Written:	2001
Status:	Partially Implemented
Federal Emergency Management Agency	

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FEMA has quality control procedures in place to monitor disasters. During the performance of these procedures, FEMA discovered that over payments were made to the auto approved (i.e., no DHS involvement) eligible recipients. The recipients were eligible for grant funds but the calculation of the amount was incorrect. FEMA has established an IFG Recoupment Process which includes reviewing 3,029 auto-approved files. Per their review, FEMA noted 814 over awards or a 27% error rate due to a FEMA programming error. The estimated dollars with those 814 files is \$1,835,207. These files were considered to be high-risk by FEMA (i.e., based on the nature of the programming error). DHS estimates that about 36,715 files were auto approved and the average claim per file is \$5,014.

IFG personnel worked with FEMA personnel throughout fiscal year 2002 to identify cases and recoup Federal and State funds from Tropical Storm Allison. The State and FEMA are currently discussing the management and monitoring of recoupment cases.

IFG is manually testing as many cases as possible related to Disaster 1425 that are auto-approved by NEMIS. As amounts that should be recouped are identified, the cases are placed in the NEMIS recoupment queue.

Recommendation:

DHS is currently involved with FEMA assisting with the resolution of these over awards. The weekly Situation Reports published by FEMA include the current status of the Recoupment Process. DHS should continue to monitor FEMA's process.

Views of Responsible Officials and Corrective Action Plan – 2003:

IFG personnel worked with FEMA personnel throughout fiscal year 2002 to identify cases and recoup Federal and State funds from Tropical Storm Allison. The State and FEMA are currently discussing the management and monitoring of recoupment cases. IFG is manually testing as many cases as possible related to Disaster 1425 that are auto-approved by NEMIS. As amounts that should be recouped are identified, the case is placed in the NEMIS recoupment queue. At present, there are about 700 cases representing \$1,624,000 in debt collection at FEMA's disaster finance center, of which approximately \$44,000 has been collected as of August 2003. Discussion is being held with U.S. Department of Treasury (IRS) regarding collection of these outstanding amounts.

Views of Responsible Officials and Corrective Action Plan – 2004:

There are about 700 cases with overpayments of approximately \$1,617,000 being pursued by FEMA and the U.S. Department of Treasury. As of February 2005, approximately \$78,000 total has been returned. The U.S. Department of Treasury has begun turning cases over to private collection agencies.

Views of Responsible Officials and Corrective Action Plan – 2005:

FEMA and HHSC staff continues to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of November 2005, a total of \$473,662 has been recouped, consisting of \$152,229 in interest and \$321,433 in principal.

Views of Responsible Officials and Corrective Action Plan – 2006:

FEMA and HHSC staffs continue to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of January 19, 2007, a total of \$363,779 in principal has been collected.

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Views of Responsible Officials and Corrective Action Plan – 2007:

FEMA and HHSC staffs continue to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of January 31, 2008, a total of \$425,878 in principal has been collected.

Views of Responsible Officials and Corrective Action Plan – 2008:

FEMA and HHSC staffs continue to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of December 31, 2008, a total of \$483,535 in principal has been collected.

Views of Responsible Officials and Corrective Action Plan – 2009:

FEMA and HHSC staffs continue to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of December 31, 2009, a total of \$514,141 in principal has been collected.

Views of Responsible Officials and Corrective Action Plan – 2010:

FEMA and HHSC staff continues to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of December 31, 2010, a total of \$591,587 in principal has been collected.

Views of Responsible Officials and Corrective Action Plan – 2011:

FEMA and HHSC staff continues to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of December 31, 2011, a total of \$584,131 in principal has been collected.

Views of Responsible Officials and Corrective Action Plan – 2012:

FEMA and HHSC staff continues to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of December 5, 2012, a total of \$469,032 in principal has been collected. The reduced amount is a result of a refund returned back to the state in the amount of \$147,896.

Views of Responsible Officials and Corrective Action Plan – 2013:

FEMA and HHSC staff continues to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of January 21, 2014, a total of \$639,017 in principal has been collected.

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Views of Responsible Officials and Corrective Action Plan – 2014:

FEMA and HHSC staff continues to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of January 15, 2015, a total of \$668,753 in principal has been collected.

Views of Responsible Officials and Corrective Action Plan – 2015:

FEMA and HHSC staff continues to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of October 31, 2015, a total of \$670,873 in principal has been collected.

Views of Responsible Officials and Corrective Action Plan – 2016:

Accepted. FEMA and HHSC staff continues to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of January 5, 2017, a total of \$668,753 in principal has been collected. The AR activity amount is the same as the year for \$668,753.04 but, the refund amount has changed from \$204,034.73 to \$208,085.76 for a difference of \$4,051.03. Last year the refund amount was added to AR activity amount in error 2015 total should have been \$668,753.04.

Views of Responsible Officials and Corrective Action Plan – 2017:

FEMA and HHSC staff continues to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of November 15, 2017, a total of \$724,790.99 in principal has been collected. The remaining balance is \$408,610.87.

Views of Responsible Officials and Corrective Action Plan – 2018:

FEMA and HHSC staff continues to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of November 15, 2018, a total of \$729,771.28 in principal has been collected. The remaining balance is \$398,208.57.

Views of Responsible Officials – 2019:

FEMA and HHSC staff continues to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed a collection process.

Corrective Action Plan – 2019:

FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of November 21, 2019, a total of \$736,242.45 in principal has been collected. The remaining balance is \$393,075.40.

Implementation Dates: Ongoing

Responsible Persons: Valerie Cunningham, Operations Manager, Emergency Management
Russell Cook, Director, Emergency and Risk Management

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
DEPARTMENT OF PUBLIC SAFETY**

Reference No. 2017-027

Subrecipient Monitoring

(Prior Audit Issues – 2016-029 and 2015-031)

CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters) Award years – See below

Award numbers – See below

Statistically valid sample – No and Not Intended to be a Statistically

Valid Sample Type of finding – Significant Deficiency and Non-Compliance

The Department of Public Safety (DPS) is required by 2 CFR Part 200, Subpart F to monitor subrecipients to ensure compliance with Federal rules and regulations, as well as the provisions of the contracts or grant agreements. This monitoring includes but is not limited to: award identification, during-the-award monitoring, and close out and sanctions activities. Additionally per 2 CFR Part 200.331, all pass-through entities must identify the dollar amount made available under each Federal award as well as other required information such as CFDA number at the time of each disbursement and indirect cost rate for the Federal award (including if the de minimis rate is charged). Per 2 CFR 200.303, DPS must also establish and maintain effective internal controls over Federal awards that provides reasonable assurance that they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Initial Year Written:	2015
Status:	Implemented
U.S. Department of Homeland Security	

The procedures performed over subrecipient monitoring noted the following:

- For fiscal year 2017, notification of the 10% de minimis indirect cost rate was not offered to subrecipients as required. However, it was noted that DPS did include this as part of the Grant Terms and Conditions for fiscal year 2018 subawards.
- CFDA notification in the payment description for subrecipient payments was added to accounts payable procedures effective November 1, 2016, with no exceptions noted in our sample selections after this date. However, no control was in place to ensure the completeness and accuracy of this process as it is done manually by one individual at the time the payment is entered.
- The risk assessment process for subrecipients was also delegated to third party affiliates with little to no oversight or review performed by DPS to ensure these risk assessments were appropriately completed and subrecipients were monitored accordingly.
- Lastly, large projects under Public Assistance are required by Federal Emergency Management Agency (FEMA) to have quarterly reports submitted; however, no process was in place by DPS' Department of Emergency Management (TDEM) for fiscal year 2017 to monitor the receipt and review of these quarterly reports from subrecipients. Of the 16 large project samples selected for testing, four were missing one or more required FEMA quarterly reports.

Per 44 CFR 206.205 (a), for small projects under Public Assistance, the final payment of the Federal share of these projects will be made to the Grantee upon approval of the Project Worksheet. DPS will make payment of the Federal share to the subrecipient as soon as practicable after Federal approval of funding. Before the closeout of the disaster contract, DPS must certify that all such projects were completed in accordance with Federal Emergency Management Agency (FEMA) approvals and that the State contribution to the non-Federal share, as specified in the FEMA-State Agreement, has been paid and met. The Public Assistance Policy indicates that in order to complete this certification, the State may decide to review some, or all, of an applicant's small projects.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
DEPARTMENT OF PUBLIC SAFETY**

Based on the above, DPS' TDEM put a new policy in place in the middle of fiscal year 2017 to verify the completion of 20% of small projects to support certification of small projects. There were approximately 774 small projects selected for site inspections in late 2017 to make up the 20% selection, of which 112 of these projects closed in fiscal year 2017. Of the 112 of these projects, 17 were sampled. Three of the project worksheets sampled did not have a site inspection. It was determined that one of these should not have been included in the population as it was 100% complete when the selection process was performed. The other two samples had closed out before the 20% selection process was completed, and although selected, was not designated as needing a site inspection at the time the project worksheet was closed due to a gap in the timing of the selection process and when the project closed. DPS noted that completion of the site inspection is also reviewed at account closeout, however, these accounts had not yet been closed, only the projects selected. Furthermore, DPS reviews the projects at closeout to determine if a site inspection was required and completed; however, there is no current process to monitor the overall progress of the completion of the 20% selected for the year, thereby ensuring compliance with the 20% policy. There is also no review of the selection process itself of the 20% of small projects up front, as this process was done by one individual in fiscal year 2017.

Open disasters during fiscal year 2017 were:

<u>Disaster Number</u>	<u>Award Number</u>	<u>Disaster Declaration Date</u>
1606	1606DRTXP00000001	September 24, 2005
1709	1709DRTXP00000001	June 29, 2007
1780	1780DRTXP00000001	July 24, 2008
1791	1791DRTXP00000001	September 13, 2008
1931	1931DRTXP00000001	August 3, 2010
1999	1999DRTXP00000001	July 1, 2011
4029	4029DRTXP00000001	September 9, 2011
4136	4136DRTXP00000001	August 2, 2013
4159	4159DRTXP00000001	December 20, 2013
4223	4223DRTXP00000001	May 29, 2015
4245	4245DRTXP00000001	November 25, 2015
4255	4255DRTXP00000001	February 9, 2016
4266	4266DRTXP00000001	March 19, 2016
4269	4269DRTXP00000001	April 25, 2016
4272	4272DRTXP00000001	June 11, 2016
4332	4332DRTXP00000001	August 25, 2017

Corrective Action Plan:
Corrective action plan taken.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
DEPARTMENT OF PUBLIC SAFETY**

**Reference No. 2017-028
Subrecipient Monitoring**

CFDA 97.039 – Hazard Mitigation Grant (HMGP) Award years – See below

Award numbers – See below

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

The Department of Public Safety (DPS) is required by 2 CFR Part 200, Subpart F to monitor subrecipients to ensure compliance with Federal rules and regulations, as well as the provisions of the contracts or grant agreements. This monitoring includes but is not limited to: award identification, during-the-award monitoring, and close out and sanctions activities. Additionally per 2 CFR Part 200.331, all pass-through entities must identify the dollar amount made available under each Federal award as well as other required information such as CFDA number at the time of each disbursement and indirect cost rate for the Federal award (including if the de minimis rate is charged). Per 2 CFR 200.303, DPS must also establish and maintain effective internal controls over Federal awards that provides reasonable assurance that they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

The procedures performed over subrecipient monitoring noted the following:

- For fiscal year 2017, notification of the 10% de minimis indirect cost rate was not offered to subrecipients as required. However, it was noted that DPS did include the notification as part of the Grant Terms and Conditions for fiscal year 2018 subawards.
- CFDA notification in the payment description for subrecipient payments was added to accounts payable procedures effective November 1, 2016, with no exceptions noted in our sample selections after this date. However, no control was in place to ensure the completeness and accuracy of this process as it is done manually by one individual at the time the payment is entered.
- DPS prepares a risk assessment as a formality; however, there is no review process by DPS' Department of Emergency Management (TDEM) to ensure the risk assessment was appropriately completed and the subrecipient was monitored accordingly. Out of 14 subrecipient files reviewed:
 - Five did not have a risk assessment on file.
 - Two subrecipient files did not have a contract eligibility checklist on file, although no eligibility exceptions were noted.
 - No process was in place by DPS' TDEM for fiscal year 2017 to monitor the receipt and review of quarterly reports from subrecipients required by Federal Emergency Management Agency (FEMA). Of the 14 project samples selected for testing, four were missing one or more required FEMA quarterly reports.
 - Lastly, for one out of 14 project payments a Quality Assurance Testing Worksheet (QATW) was not on file, which is evidence of review by DPS to ensure payment was properly reviewed.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
DEPARTMENT OF PUBLIC SAFETY**

Open disasters during fiscal year 2017 were:

<u>Disaster Number</u>	<u>Award Number</u>	<u>Disaster Declaration Date</u>
1606	1606DRTXP00000001	September 24, 2005
1709	1709DRTXP00000001	June 29, 2007
1780	1780DRTXP00000001	July 24, 2008
1791	1791DRTXP00000001	September 13, 2008
1931	1931DRTXP00000001	August 3, 2010
1999	1999DRTXP00000001	July 1, 2011
4029	4029DRTXP00000001	September 9, 2011
4136	4136DRTXP00000001	August 2, 2013
4159	4159DRTXP00000001	December 20, 2013
4223	4223DRTXP00000001	May 29, 2015
4245	4245DRTXP00000001	November 25, 2015
4255	4255DRTXP00000001	February 9, 2016
4266	4266DRTXP00000001	March 19, 2016
4269	4269DRTXP00000001	April 25, 2016
4272	4272DRTXP00000001	June 11, 2016
4332	4332DRTXP00000001	August 25, 2017

Corrective Action Plan:
Corrective action plan taken.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
DEPARTMENT OF STATE HEALTH SERVICES**

**Reference No. 2018-028
Cash Management**

CFDA 93.917 – HIV Care Formula Grants

Award years – April 1, 2018 to March 31, 2019 and April 1, 2017 to March 31, 2018

Award numbers – X07HA00054-28 and X07HA00054-27

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

Per 2 CFR 200.303, Department of State Health Services (DSHS) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

Initial Year Written: 2018 Status: Implemented

U.S. Department of Health and Human Services

In September 2016, DSHS was placed on draw restrictions by the Human Resources and Services Administration (HRSA) for failure to certify individuals receiving services in the HIV Care Program. DSHS is required to submit requests for reimbursement by the 20th day of the following month. The Accounting Department obtains all of the vouchers from program personnel and completes Form 270 – Request for Advance or Reimbursement. Once compiled, this form is uploaded and certified by DSHS Accounting into HRSA's Electronic Handbook (EHB) system for review. HRSA personnel review the completed form and supporting invoices to determine if the costs are reimbursable. Upon HRSA's approval, DSHS can draw the related funds.

During fiscal year 2018, the above process was performed entirely by the Funds Reporting Manager. No additional review was performed to ensure the reimbursement request was complete and accurate prior to submission to HRSA. Thus, the control currently in place is not designed appropriately and there is a lack of segregation of duties. The controls were found to be effective for the cash draw reports utilized by the Fund Reporting Manager to prepare the draw request. In addition, no compliance exceptions were noted.

Corrective Action Plan:

Corrective action plan taken.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
DEPARTMENT OF STATE HEALTH SERVICES**

Reference No. 2018-029

Eligibility

(Prior Audit Issues – 2017-029, 2016-030, and 2015-036)

CFDA 93.917 – HIV Care Formula Grants

Award years – April 1, 2018 to March 31, 2019 and April 1, 2017 to March 31, 2018

Award numbers – X07HA00054-28 and X07HA00054-27

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

Per 2 CFR 200.303, Department of State Health Services (DSHS) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs. To be eligible to receive assistance in the form of therapeutics, an individual must have a medical diagnosis of HIV/AIDS and be a low-income individual, be a resident of the State and also be uninsured or underinsured, as defined by the State (42 USC 300ff-26(b)).

Initial Year Written: 2015 Status: Partially Implemented

U.S. Department of Health and Human Services

Department of State Health Services' (DSHS) Prevention and Care Branch Texas HIV Medication Program (THMP) has a process in place to process all completed applications for individuals to receive grant funded medications under the HIV Care Program. Eligibility is determined based on review of the completed application and verification of medical diagnosis of HIV/AIDS, income, residency, and insurance status. Once a participant is deemed eligible and becomes active in the program, they will be automatically dropped if there has been no activity for this participant in the last six months. Additionally, all active participants are to be recertified every 12 months in order to determine continued eligibility in the program. DSHS' policy is to have an eligibility worker review each incoming application and determine eligibility.

DSHS has a quarterly quality assurance review process where management selects 20 client records from new applications and re-certifications to validate the eligibility documentation and determination. Additionally, a monthly check of all active participants is run against Health Management System (HMS) to make sure applicants have no insurance and the State of Texas is a last resort for payments. The results of this report are reviewed and letters are sent to applicants to drop them from the program if no longer deemed eligible based on insurance status. No exceptions were noted for these control processes in fiscal year 2018.

Effective June 2017, DSHS began a formal recertification process whereby at the beginning of each month, a recertification mailing is compiled from the HIV Database for recipients who are to recertify within 60 days. If a recertification application is not received after 45 days or the information provided is incomplete, the recipient is dropped from THMP through an automated process. If a recertification application is received, it is processed and an eligibility worker will determine whether to continue or terminate eligibility based on the information in the application. Those who do not submit complete information to the program are administratively dropped by the THMP data manager. This prevents ineligible persons from continuing to be served through THMP.

Out of a sample of 40 active client files that had been certified or recertified in fiscal year 2018, four were not recertified within 12 months of the prior certification date. DSHS noted all four recipients had incomplete data in the HIV Database, which excluded them from the recertification mailing report. Additionally, DSHS provided a list of HIV participants from the HIV Database that was utilized to select our 40 active client files. To conclude on the completeness of the list, the 40 active files were validated against documentation and an additional 25 client files were selected to validate inclusion in the list. Four of the 25 client files selected were not included in the list. Exclusion from the list was due to incomplete data in the HIV Database.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
DEPARTMENT OF STATE HEALTH SERVICES**

Recommendation:

DSHS should analyze the HIV Database and determine current program recipients whom do not have a valid recertification date so that the information can be corrected. This will allow the recipients to be included in the recertification mailing report.

Views of Responsible Officials - 2018:

While DSHS accepts the finding, there was significant improvement from the previous year. The issue is the four cases that were not recertified in time were due to the program's database (HIV2000), which is antiquated and has certain functionalities that at times fail. The program recently completed an assessment for replacing the database and has plans to initiate an implementation project this year. However, a replacement system will take several years to complete. In the interim, we are diligently working to determine alternative methods to identify these database issues.

Corrective Action Plan - 2018:

The program will run additional outlier reports to identify individuals that the due date for recertifications may be missing. This report will identify the cases that will require additional manual review to determine appropriate timing for recertifications.

2019 Update

Per inquiry department is working on a code lift to capture recertifications timely.

Views of Responsible Officials - 2019:

DSHS accepts that the finding needs to be carried forward from 2018. Four cases in 2018 were not recertified in a timely manner due to the program's HIV2000 database. The program currently is receiving a code uplift of HIV2000. This uplift will be completed by the end of April 2020. This code uplift is expected to resolve the issues with HIV2000. However, we will need to run quality assurance reports to ensure that the database is functioning properly.

Corrective Action Plan - 2019:

In 2018, the program plan was to run additional outlier reports to identify individuals that the due date for recertifications may be missing. This report would identify the cases that will require additional manual review to determine appropriate timing for recertifications. The creation of this report has proven to be more time-intensive than originally expected. The TB/HIV/STD Program Informatics and Evaluation Group is working to create a Tableau report that will allow program staff to review outliers on a monthly basis. This report will be used with the existing database and will continue to be used after the code uplift for quality assurance purposes.

Implementation Date: April 30, 2020

Responsible Person: Rachel Sanor, Texas HIV Medication Program Manager

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS EDUCATION AGENCY**

Reference No. 2018-030

**Allowable Costs/Cost Principles Cash Management
Matching, Level of Effort, Earmarking
Period of Performance**

(Prior Audit Issues – 2017-032, 2016-035, 2015-041, 2014-021, and 2013-031)

CFDA 84.010 – Title I Grants to Local Educational Agencies

Award years – July 1, 2017 to September 30, 2019, July 1, 2016 to September 30, 2018, and July 1, 2015 to September 30, 2017

Award numbers – S010A170043-17B, S010A160043-16B, and S010A150043-15B

CFDA 84.048 – Career and Technical Education – Basic Grants to States (Perkins IV)

Award years – July 1, 2017 to September 30, 2019, July 1, 2016 to September 30, 2018, and July 1, 2015 to September 30, 2017

Award numbers – V048A170043, V048A160043-16A, and V048A150043-15B

CFDA 84.287 – Twenty-First Century Community Learning Centers

Award years – July 1, 2017 to September 30, 2019, July 1, 2016 to September 30, 2018, and July 1, 2015 to September 30, 2017

Award numbers – S287C170044, S287C160044, and S287C150044

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

Per 2 CFR 200.303, Texas Education Agency (TEA) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. TEA utilizes PeopleSoft's General Ledger as a financial management application. TEA's implementation of the application is known as TCAPPS. TEA uses information produced from TCAPPS to adhere to applicable compliance requirements under various components of Cash Management, Matching, Level of Effort, Earmarking, Period of Performance, Reporting, Subrecipient Monitoring, and Special Tests and Provisions – Access to Federal Funds for New or Significantly Expanded Charter Schools. No compliance exceptions were noted with regard to the use of TCAPPS data in the analysis related to the applicable compliance requirements.

Initial Year Written: 2013
Status: Implemented
U.S. Department of Education

Developers with Access: Application Designer and DataMover

TEA has a formal policy to develop, test, and approve program changes for TCAPPS. TEA utilizes the STAT tool to perform program changes for TCAPPS, which follows a workflow. This workflow requires testing and approval for each change. However, four developers also had access to Application Designer, a PeopleSoft development tool which can be utilized to make program changes to TCAPPS bypassing the workflow in STAT. Access to migrate changes to the production environment should be restricted appropriately and based on job function to help ensure adequate internal controls are in place and appropriate segregation of duties exist. Developers with access to migrate changes to production systems introduce the risk of unauthorized changes to applications and data. Developers should not have access to migrate changes to the production environment. Audit procedures performed noted that the program changes implemented during the fiscal period followed the workflow in STAT.

The four developers also had access to Data Mover, a PeopleSoft tool with the ability to modify application data and run SQL statements in the production database. Developers with access to Data Mover introduce the risk of unauthorized changes to production data. In addition, the four developers had access to security administrator functions within the application that would allow them to grant themselves system privileges, including access to Application Designer and Data Mover. Developers should not have access privileges above read-only in the production database or application.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS EDUCATION AGENCY**

The access rights to Application Designer, Data Mover, and security administration for the four developers were corrected on November 21, 2017. However, during an upgrade of TCAPPS in May 2018, four developers were granted access to Application Designer and two of those four developers were granted access to Data Mover. Developer access to Application Designer and Data Mover was removed on October 22, 2018.

Inappropriate Access:

Six users were granted administrative accounts to both the TCAPPS application and database. Users with administrative access to the application and database layers within a system introduce the risk of unauthorized changes to production data. Access was corrected for one individual on October 22, 2018 and two additional individuals on January 10, 2019, so these three users did not have administrative accounts on both the application and database layers.

Corrective Action Plan:

Corrective action plan taken.

Reference No. 2018-031

Matching, Level of Effort, Earmarking

CFDA 84.048 – Career and Technical Education – Basic Grants to States (Perkins IV)

Award years – July 1, 2017 to September 30, 2019, July 1, 2016 to September 30, 2018, and July 1, 2015 to September 30, 2017

Award numbers – V048A170043, V048A160043-16A, and V048A150043-15B

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

Per 2 CFR 200.303, Texas Education Agency (TEA) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Initial Year Written: 2018
Status: Implemented
U.S. Department of Education

TEA may not reserve more than 10 percent for state leadership activities. Within the state leadership activities, not more than one percent of the allocated to each State in Section 111 of Perkins IV (20 USC 232) shall be allotted to activities that serve individuals in State institutions. Also, not less than \$60,000 and not more than \$150,000 of the amount allocated to each State in Section 111 of Perkins IV shall be made available for services that prepare individuals for nontraditional fields (Section 112(a)(2) of Perkins IV (20 USC 2322(a)(2))). TEA must also not spend more than 5 percent or \$250,000, whichever is greater, for administration of the State plan (Section 112 (a)(3) of Perkins IV (20 USC 2322 (a)(3))). The inverse populations related to state leadership and administrative activities include State funded allowable payroll and administrative expenses. In auditing the inverse populations of payroll, TEA did not obtain the certifications for the period of September 2017 to February 2018 as required under 2 CFR 200.430 for compensation expenditures. The certifications were not obtained due to department turnover. Prior to fiscal year end, TEA sent out and received back all of the required certifications signed by the employee and supervisor. Therefore, there are no associated questioned costs.

Corrective Action Plan:

Corrective action plan taken.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS EDUCATION AGENCY**

**Reference No. 2018-032
Procurement and Suspension and Debarment**

CFDA 84.048 – Career and Technical Education – Basic Grants to States (Perkins IV)
Award years – July 1, 2017 to September 30, 2019, July 1, 2016 to September 30, 2018, and July 1, 2015 to September 30, 2017

Award numbers – V048A170043, V048A160043-16A, and V048A150043-15B
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Material Weakness

Per 2 CFR Section 200.317, States and governmental subrecipients of States, will use the same State policies and procedures used for procurements from non-Federal funds. They also must ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. Per 2 CFR 200.303, Texas Education Agency (TEA) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Initial Year Written: 2018
Status: Implemented
U.S. Department of Education

Beginning in November 2017, procurement activities at TEA were centralized through the Contracts and Purchasing Division (CPD), who is responsible for reviewing all procurement activities before they are finalized. Procurement activities are initiated and conducted by program personnel. In January 2018, the division implemented a compliance review process for service purchases, which included use of a compliance checklist. Currently there is not a review process over commodity or technology purchases. No compliance exceptions were noted.

Corrective Action Plan:
Corrective action plan taken.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS HIGHER EDUCATION COORDINATING BOARD**

Reference No. 2018-033

Special Tests and Provisions – Timely Claims Filings by Lenders or Servicers

CFDA 84.032L – Federal Family Education Loans - Lenders Award year – July 1, 2017 to June 30, 2018

Award number – N/A

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

Per 2 CFR 200.303, Texas Higher Education Coordinating Board (THECB) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. Lenders are required to timely file claims with the guaranty agency for payment of death, disability, closed schools, false certification, bankruptcy, and default claims. Each type of claim has a separate timely filing requirement (34 CFR 682.402).

Initial Year Written: 2018
Status: Implemented
U.S. Department of Education

THECB Account Services obtains documentation of all death, disability, and bankruptcy claims that have not been filed and adds them to a tracker to ensure that the claims are being worked and filed timely. There were no claims listed in the tracker during fiscal year 2018. A query was run on the Laserfisch system that houses these incoming claims as a method of validation of completeness and accuracy. The query yielded two death claims and one bankruptcy claim for the fiscal year. The two death claims were appropriately excluded from the tracker. The bankruptcy claim was first filed by THECB on September 21, 2017. Per the bankruptcy notice received, it stated that creditors should not file a Proof of Claim as there appeared to be no property available to creditors. This claim was then discharged on January 18, 2018 allowing THECB to pursue payment. The bankruptcy claim should have been included in the tracker until the discharge date to ensure that it was being worked and filed timely. No questioned costs were noted as the claim was appropriately excluded from being filed based on the bankruptcy notice received.

Corrective Action Plan:

Corrective action plan taken.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS HIGHER EDUCATION COORDINATING BOARD**

**Reference No. 2018-034
Allowable Costs/Cost Principles**

CFDA 84.048 – Career and Technical Education – Basic Grants to States
Award years – September 25, 2017 to September 30, 2018 and August 8, 2016 to September 30, 2017
Award numbers – 184202067120001, 184202077110001, 184202087110001, 18420209711000,
174202067120001, 174202077110001, 174202087110001, and 74202097110001
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency

Per 2 CFR 200.303, Texas Higher Education Coordinating Board (THECB) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. Title 2 Code of Federal Regulations Section 200.430 Compensation – Personal Services sets standards for payroll documentation, which include:

Initial Year Written: 2018 Status: Implemented U.S. Department of Education

1. Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
 - i. Be supported by a system of internal control that provides reasonable assurance the charges are accurate, allowable, and properly allocated;
 - ii. Be incorporated into the official records of the non-Federal entity;
 - iii. Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);
 - iv. Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
 - v. Comply with the established accounting policies and practices of the non-Federal entity and
 - vi. [Reserved]
 - vii. Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
 - viii. Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:
 - A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;
 - B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and
 - C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

THECB requires its employees to complete monthly time and leave reporting for employees that work on federal programs. After employees have certified their time, the employees' timesheets are routed to their supervisors for approval via a workflow. The Human Resources Department (HR) will run two lists each month, one list for timesheets with missing employee certification and one list for supervisors who have not yet reviewed their

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TEXAS HIGHER EDUCATION COORDINATING BOARD**

employees' timesheets. HR will then follow up with the employee or supervisor to ensure that this is completed. The reports utilized were found to be complete and accurate. Four months were selected for test work to review the reports and evidence of follow up. For certain months, there was no evidence of the reports or follow up done with employees and supervisors. In addition, there is currently no formal tracking system to ensure that the late employees or supervisors complete the task prior to when accounting runs payroll allocation entries. No compliance exceptions were noted.

Corrective Action Plan:
Corrective action plan taken.

**Reference No. 2018-035
Matching, Level of Effort, Earmarking**

CFDA 84.048 – Career and Technical Education – Basic Grants to States
Award year – August 8, 2016 to September 30, 2017
Award numbers – 174202067120001, 174202077110001, 174202087110001, and 174202097110001
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency

Per 2 CFR 200.303, Texas Higher Education Coordinating Board (THECB) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. Per 20 USC 2391(b), no payments shall be made for any fiscal year to a State for career and technical education programs or tech prep programs unless the Secretary determines that the fiscal effort per student or the aggregate expenditures of such State for career and technical education programs for the fiscal year preceding the fiscal year for which the determination is made, equaled or exceeded such effort or expenditures for career and technical education programs for the second fiscal year preceding the fiscal year for which the determination is made.

Initial Year Written: 2018
Status: Implemented
U.S. Department of Education

The state maintenance of effort (MOE) requirements are monitored by the Texas Education Agency (TEA), who is responsible for submitting required information to the U.S. Department of Education. THECB receives a MOE request form from TEA on a yearly basis to fill out with self-reported information certified and received by each higher education institution. A report of fundable operating expenses (RFOE) is pulled from the PERKINS application and summarized to populate the information to provide to TEA. The IT reports were found to be complete and accurate. Certain data elements from the RFOE tables within PERKINS were not completely and accurately included in the MOE report submitted to TEA due to manual error. An estimated \$37.8 million was underreported to TEA. The underreporting did not have an impact on the MOE requirement. Therefore, there are no questioned costs.

Corrective Action Plan:
Corrective action plan taken.

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TEXAS WORKFORCE COMMISSION**

Reference No. 2018-036

Special Tests and Provisions – UI Benefit Payments

CFDA 17.225 – Unemployment Insurance

Award years – October 1, 2014 to September 30, 2017, October 1, 2015 to September 30, 2018, October 1, 2016 to September 30, 2019, and October 1, 2017 to September 30, 2020

Award numbers – UI-26563-15-55-A48, UI-28005-16-55-A-48, UI-29870-17-55-A-48, and UI-31320-18-55-A-48

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

The Improper Payments Elimination and Recovery Act (IPERA) of 2010 codified the requirement for valid statistical estimates of improper payments. State Workforce Agencies (SWAs) are required by 20 CFR section 602.11(d) to operate and maintain a quality control system. The Benefits Accuracy Measurement (BAM) program is the Department of Labor's (DOL) quality control system designed to assess the accuracy of UI benefit payments and denied claims, unless the SWA is exempt from such requirement (20 CFR section 602.22). The program estimates error rates, that is, numbers of claims improperly paid or denied and dollar amounts of benefits improperly paid or denied, by projecting the results from investigations of small random samples to the universe of all claims paid and denied in a State. Specifically, the SWA's BAM unit is required to draw a weekly sample of payments and denied claims and complete prompt and in-depth investigations to determine the degree of accuracy in the administration of the State UC and Federal law (20 CFR section 602.21(d)). DOL has promulgated investigational requirements and instructions in ET Handbook No. 395 (see below), pursuant to 20 CFR section 602.30(a). As presented in the handbook, the investigation involves a review of the records. The investigation also involves contacting the claimant, employers, and third parties (either in-person, by telephone, or by fax) to complete standard questionnaires and conduct new and original fact-finding to assess all of the information pertinent to the paid or denied claim that was sampled. BAM investigators review cases for adherence to State law as well as Federal law and official policy. For claims that were overpaid, underpaid, or erroneously denied, the BAM investigator determines the amount of payment error or, for erroneously denied claims, the potential eligibility of the claimant. The BAM investigator will also research the cause of and the responsibility for any payment error, the point in the UI claims process at which the error was detected, and actions taken by the agency and employer prior to the payment or denial decision that is in error. BAM covers State UC, UCFE, and UCX. Per 2 CFR 200.303, the Texas Workforce Commission (TWC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Initial Year Written: 2018
Status: Implemented
U.S. Department of Labor

The case files are assembled by the BAM Unit's case auditors using standardized forms in order to meet the DOL requirements for a completed case. The TWC BAM Unit Supervisor completes the BAM Audit Review Form when reviewing completed case files to ensure completeness and accuracy of the files prior to keying the information into the federal database. The preparation and review process is the same for both paid and denied cases. During fiscal year 2018, review of BAM files was not consistently executed throughout the year.

- For September 2017 through mid-January 2018, TWC's policy was to review 100% of paid and denied cases. Five of 40 samples related to September to December 2017 did not include a signed BAM Audit Review Form or any other evidence of review. Seven files were reviewed during this time period.
- For the months of mid-January through July 2018, there were no reviews performed due to resource constraints. Twenty-seven of the 40 sample items related to this time period.
- In August 2018, additional resources were hired and a new informal process was developed for case reviews where only new auditor files would be reviewed. TWC should formalize their review process and address procedures to review all auditors, both new and experienced. One of the 40 files related to this time period.

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The ET Handbook No. 395 states that for paid cases, a minimum of (1) 70% of cases must be completed within 60 days of the week-ending date of the batch, (2) 95% of cases must be completed within 90 days of the week-ending date of the batch, and (3) 98% of cases for the calendar year must be completed within 120 days of the ending date of the calendar year. For fiscal year 2018, TWC's paid case results were:

- (1) 67.7% of cases were completed within 60 days,
- (2) 81.3% of cases were completed within 90 days, and
- (3) 91.6% of cases were completed within 120 days.

Thus, TWC did not achieve the required percentage of case reviews within the required timeframe. TWC did inform DOL that the reviews were not going to be completed by the deadlines as required by the ET Handbook No. 395. Additionally, the BAM Unit developed a corrective action plan to address the issue going forward and submitted it to the DOL. No compliance exceptions were noted.

Corrective Action Plan:

Corrective action plan taken.

Reference No. 2018-037

Reporting

Special Tests and Provisions – Penalty for Failure to Comply with Work Verification Plan

(Prior Audit Issue – 2017-037)

TANF Cluster

Award years – October 1, 2017 to September 30, 2018 and October 1, 2016 to September 30, 2017

Award numbers – 1801TXTANF, 1801TXTAN3, 1701TXTANF, and 1701TXTAN3

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

State agencies must maintain adequate documentation, verification, and internal control procedures to ensure the accuracy of the data used in calculating work participation rates. In so doing, it must have in place procedures to (a) determine whether its work activities may count for participation rate purposes; (b) determine how to count and verify reported hours of work; (c) identify who is a work-eligible individual; and (d) control internal data transmission and accuracy.

Each State agency must comply with its HHS-approved Work Verification Plan in effect for the period that is audited. HHS may penalize the State by an amount not less than one percent and not more than five percent of the SFAG for violation of this provision (42 USC 601, 602, 607, and 609) 45 CFR sections 261.60, 261.61, 261.62, 261.63, 261.64, and 261.65). Per 2 CFR 200.303, the Health and Human Services Commission (HHSC) and the Texas Workforce Commission (TWC) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Initial Year Written: 2017 Status: Implemented

U.S. Department of Health and Human Services

HHSC determines TANF eligibility. HHSC provides TWC with information on clients who are receiving TANF and are eligible for Choices (employment and training) services. TWC administers the Choices program, which is operated by 28 Local Workforce Development Boards (Boards). The Boards contract with providers (contractors) to provide Choices services through the Texas Workforce System. The contractors' schedule, monitor, and verify Choices participation, and submit sanction requests for noncompliance with Choices' work requirements to HHSC.

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The Workforce Information System of Texas (TWIST) is TWC's case management and reporting application. Information on families receiving TANF is transmitted from HHSC to TWIST. The interface between TWIST and the HHSC Texas Integrated Eligibility Redesign System (TIERS) links HHSC eligibility information related to TANF recipients with TWC's corresponding work-related information for the same recipients.

TWC provides quarterly work verification dates to HHSC to include on the ACF-199 report filed for TANF. Under the current process, data can be updated until the time the data files lock (20 days after the quarter ends). Of the 40 cases reviewed, two cases had differences in the calculation of average work hours reported to the Federal Government on the ACF-199 report. These errors were the result of revisions made by TWC after information was provided to HHSC as the information was sent to HHSC before the data was locked at 20 days. The total net result of these differences is an understatement of one work hour on the ACF-199 report. There does not appear to be an adequate process in place at TWC to ensure that final information is submitted to HHSC.

Corrective Action Plan:

Corrective action plan taken.

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Reference No. 2018-038

Allowable Costs/Cost Principles

Cash Management

Matching, Level of Effort, Earmarking

Period of Performance

Reporting

Special Tests and Provisions – Wage Rate Requirements

Special Tests and Provisions – Utilities

Special Tests and Provisions – Project Approvals

Special Tests and Provisions – Value Engineering

Special Tests and Provisions – Quality Assurance

CFDA 20.106 – Airport Improvement Program

Award years – various

Award numbers – various

Highway Planning and Construction Cluster

Award years – various

Award numbers – various

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

Per 2 CFR 200.303, Texas Department of Transportation (TxDOT) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. TxDOT utilizes the following applications in managing activities in its Highway Planning and Construction Cluster and Airport Improvement Program, all of which were in scope for the fiscal year 2018 single audit:

Initial Year Written: 2018
Status: Partially Implemented

U.S. Department of
Transportation – Federal
Highway Administration

U.S. Department of
Transportation – Federal
Aviation Administration

- PeopleSoft's General Ledger (ERP) - financial management application for all programs.
- Site Manager - highway construction management application.
- Right of Way Information System (ROWIS) – application to facilitate right of way management, mapping and tracking for highway projects.
- LCPtracker (LCP) – application to facilitate contractor wage rate reporting for highway projects.
- Design and Construction Information System (DCIS) – application for planning, programming, and developing highway construction projects.
- EGrants AIP – application to facilitate funding and assist with managing state and federal grant funding for airport maintenance and improvement projects.

TxDOT has an Informational Technology (IT) Security Manual, which establishes policies/procedures for areas such as information security roles and responsibilities, change management, access criteria for provisioning new hires and terminations, password security, etc. In managing and maintaining the various IT applications, TxDOT utilizes third parties to assist with managing their IT infrastructure. In addition, several applications are managed by the respective software vendors. During the performance of the 2018 single audit, the following matters were noted with regard to infrastructure, third party management, and access. There were no significant observations for change management.

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IT Infrastructure and Third Party Risk Management

TxDOT outsources the maintenance and management of their IT infrastructure and certain applications to third parties. In addition, some of the third parties have further outsourced to additional parties. However, the risks associated with these applications remains the responsibility of TxDOT. TxDOT does not consistently monitor the third parties for compliance with laws and regulations and mitigations of the outsourced/third party risks. As part of monitoring third parties, TxDOT should evaluate information technology policies utilized as compared to TxDOT policies and/or the contracts. If appropriate, policy exceptions should be documented and approved in the event the third party is not able to comply with TxDOT policies. In addition, TxDOT should retain a right of audit related to these third parties and their subcontractors.

For certain applications, TxDOT was unable to readily identify the servers in use and/or the process owners with responsibility for maintaining the applications. TxDOT should maintain a current inventory of all applications, primary point of contact, related infrastructure and if applicable, the related third parties.

Access

There were areas of access noncompliance with TxDOT policies across all applications noted. These include:

- *Passwords* – TxDOT has policies and procedures in place regarding passwords including password length, complexity, and/or expirations. For all of the above applications, passwords are not configured in accordance with policy for at least one of the requirements.
- *User Access Reviews* – TxDOT did not perform periodic full user access reviews for ERP, Site Manager, LCP, DCIS and EGrants AIP. TxDOT policy requires an annual user access reviews to validate application and access levels.
- *Terminations* – TxDOT did not remove access for terminated employees to the various applications or access was not removed in three business days. For some applications, last log in dates were able to be provided to mitigate the risk of inappropriate access. For the ERP application, authentication is linked to active directory; however, last login dates were not provided. For the DCIS application, none of the terminated employees had administrative access to DCIS. Also, TxDOT policy does not specify a timeframe to disable application user access for terminated employees or contractors after their termination date. Provisioning of new hires was found to comply with policy.
- *Administrative Access* – Inappropriate or excessive administrative functions on any production applications results in the risk of unauthorized changes to applications and data. Inappropriate administrative access was noted as follows:
 - ERP – Five administrators with server access.
 - EGrants AIP – Seven administrators with application access.

Recommendation:

TxDOT should develop a third party management program to properly oversee and manage the risks associated with outsourcing large portions of their IT environment. TxDOT should identify where third party policies are not in alignment with TxDOT policy to better understand potential compliance risks. In addition, TxDOT should maintain a current inventory of all applications, primary point of contact, related infrastructure and if applicable, the related third parties.

Views of Responsible Officials - 2018:

The Department concurs with the Audit recommendation.

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Corrective Action Plan - 2018:

Information Management Division (IMD) will work with TxDOT application business owners, on-site contractors and third-party contractors to ensure that processes and procedures are aligned to the recommendation of the audit. A documented plan to ensure alignment of processes and procedures will be developed to include the following considerations:

- *document applications to identify:*
 - *infrastructure of application (access model, servers associated with environment (e.g. – development, user testing, production)*
 - *application owners – showing owning organization and point(s) of contact; application management point(s) of contact*
 - *third-party vendor(s), if applicable – showing vendor information and involvement with the system*
 - *users and rights associated with:*
 - *infrastructure access (e.g. – server access)*
 - *database access*
 - *evidence that access criteria and user reviews are completed and documented, or exceptions have been noted and escalated appropriately*
- *ensure coordination on application risk(s) by:*
 - *working with the business owner and IMD Security to:*
 - *document potential risk(s) in the risk register*
 - *identify potential resolution(s) through mitigation(s) or remediation(s) per the risk register process*
 - *identify resolution date(s)*
- *receive sign off from business owner and IMD security on any risk or risk mitigation / remediation*
- *coordinate with HR regarding the off-boardings and transfers of TxDOT employees by:*
 - *seeking agreement from HR to establish reporting to notify managers / supervisors on actions that occur after the fact*
 - *continuing to utilize reports from HR showing future terminations to ensure that we are performing termination actions in a timely manner*
- *define documents that are required for mission critical applications*
 - *identify documents that are required for these applications to be approved through our Change Advisory Board (CAB)*
 - *identify review cycles for these application to ensure application information remains accurate*
- *ensure that documentation and associated artifacts are stored in a location that is accessible by appropriate, authorized personnel*

IMD will begin with the identified applications in this document and extend these processes and procedures to other mission critical applications. This effort will ensure that applications maintain proper controls and accesses through iterative reviews. Processes and procedures will provide for appropriate escalations to prevent tasks from going on without completion. All decisions and reviews will have documented sign offs to provide evidence of review. As part of this effort, IMD will assess opportunities to automate processes when appropriate.

2019 Update

Per inquiry the documentation of the six applications noted in the finding is ongoing. The initial data collected has been focused on the assets the systems reside on and exchange data with. An inventory of vendors that access TxDOT's data within these applications and an assessment of the risk the vendors pose to TxDOT data is underway.

Views of Responsible Officials - 2019:

The Department concurs with the Audit recommendations.

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Corrective Action Plan - 2019:

Action Item 1: Document application details to include owners, infrastructure, vendors, user rights, and user reviews of the applications noted in the finding.

Status: In Progress – Estimated completion June 15, 2020.

Summary: Documentation of the six applications noted in the finding is ongoing. The initial data collected has been focused on the assets the systems reside on and exchange data with. An inventory of vendors that access TxDOT's data within these applications and an assessment of the risk the vendors pose to TxDOT data is underway.

The identification and assessment of the risk is dependent on the Categorization effort being led by AT&T as part of a project currently underway.

Implementation Dates: Estimated completion June 15, 2020

Responsible Person: Steven Pryor, Information Security Officer, Information Technology Division

Action Item 2: Document risks to the in-scope applications, the risk mitigation or remediation plans, and business owner acceptance of residual risks.

Status: In Progress – Estimated completion October 30, 2020.

Summary: A NIST-based risk management program is in development to include updating the TxDOT security requirements that the systems must comply with, to include access control requirements. Additionally, TxDOT is refining its risk register and developing a process for tracking findings, plans of action and milestones, and owner acceptance of residual risk. The in-scope applications are being assessed against the new requirements and the identified risks are being documented in the new risk register.

This will be addressed as a separate risk assessment project and is contingent on the Categorization effort currently being led by AT&T as part of a project currently underway. A project to complete risk assessments has been identified and funded.

Implementation Dates: Estimated completion October 30, 2020

Responsible Person: Steven Pryor, Information Security Officer, Information Technology Division

Action Item 3: Develop a process for removing/changing access during employee off-boarding and transfers.

Status: Implemented – January 16, 2020.

Summary: There is a process in place to ensure that all off-boarding and transfers are being processed appropriately. Any areas of non-compliance will be documented and tracked in the risk register until remediated.

Implementation Dates: January 16, 2020

Responsible Person: George Higginbotham, IT Operations Section Manager, Information Technology Division

Action Item 4: Identify required change documents for critical applications, to include periodic reviews of application documentation to ensure it is accurate.

Status: In Progress – Estimated completion October 30, 2020.

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Summary: Application changes are approved by a standing change board that includes a voting member from Information Security. The process is being evaluated to ensure that security documentation for critical applications is included. The change process has not been formalized; however, the process has been identified and is currently undergoing further evaluation and refinement.

Implementation Dates: *Estimated completion October 30, 2020*

Responsible Person: *George Higginbotham, IT Operations Section Manager, Information Technology Division*

Action Item 5: Store all documents and artifacts in a repository that is accessible by appropriate authorized personnel.

Status: In Progress – Estimated completion March 31, 2021.

Summary: Documents that are associated with the security of the application are stored in the TxDOT ServiceNow instance as part of the change ticket which are associated with the application. Future state will have the system inventory in ServiceNow that will include a document repository for current system documentation. Completion is based on the contract review cycle for ServiceNow. The required module is currently not active, and we are in the process of negotiating/evaluating this tool. Security is currently building out the inventory. Until TxDOTNow is complete, Security is looking at the mechanisms to use SharePoint in the interim.

Implementation Dates: *Estimated completion March 31, 2021*

Responsible person: *Steven Pryor, Information Security Officer, Information Technology Division*

Reference No. 2018-039
Allowable Costs/Cost Principles Cash Management
Matching, Level of Effort, Earmarking Period of Performance
Reporting
(Prior Audit Issue – 2017-038)

CFDA 20.106 – Airport Improvement Program Award years – various
Award numbers – various

Highway Planning and Construction Cluster
Award years – various
Award numbers – various
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency

Per 2 CFR 200.303, Texas Department of Transportation (TxDOT) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. TxDOT utilizes PeopleSoft’s General Ledger as a financial management application. TxDOT’s application is known as ERP. TxDOT has implemented general IT controls, including logical access and change management controls, to help manage their system. However, control issues in both areas have been noted.

Initial Year Written: 2017
Status: Implemented
U.S. Department of Transportation – Federal Highway Administration
U.S. Department of Transportation – Federal Aviation Administration

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Fifteen accounts had inappropriate access to Data Mover, a PeopleSoft tool granting the ability to modify application data and run SQL statements in the production database. Four of the 15 accounts were accessible by developers. Inappropriate access to Data Mover introduces the risk of unauthorized changes to production data. Access to Data Mover was corrected on December 13, 2017.

In addition, developers have administrative access to the ERP application through access to three system accounts. Administrative access includes ability to delete roles, delete users, change passwords, and approve and post vouchers. Developers with administrative access introduces risk of unauthorized changes to application, user access, and data. Developers should not have access privileges above read-only in the production application. TxDOT implemented a control in March 2018 to review the activity of the developers regarding role changes.

No compliance exceptions were noted during 2018 with regard to the use of ERP data in the analysis related to the applicable compliance requirements.

Corrective Action Plan:

Corrective action plan taken.

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**Reference No. 2018-040
Procurement and Suspension and Debarment**

CFDA 20.106 – Airport Improvement Program
Award year – N/A
Award numbers – 3-48-SBGP-090-2015 and 3-48-SBGP-090-2015
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency

Per 2 CFR 200.303, Texas Department of Transportation (TxDOT) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. A grant manager in the Airport Improvement Program (AIP) reviews all completed procurement contracts prior to sending the documents for signature. The grant manager ensures that all required elements of the contract are included, information within the contract agrees to the supporting documentation, the payment and performance bond is completed, the contract is properly made in the name of grant provider, and suspension and debarment requirements are observed.

Initial Year Written: 2018 Status: Implemented U.S. Department of Transportation – Federal Aviation Administration
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For one of 25 contracts selected, the contract was prepared and reviewed by the same person. For proper segregation of duties, the preparer of a contract should not also be the reviewer. Lack of segregation of duties in the preparation and review of contracts could expose TxDOT to the potential risk that an error during the preparation of a contract will not be detected during the review. No compliance exceptions were noted.

Corrective Action Plan:
Corrective action plan taken.

**Reference No. 2018-041
Subrecipient Monitoring**

Highway Planning and Construction Cluster
Award years – 2001, 2006, 2009, 2011, 2012, and 2017
Award numbers – STP2001(243)MM, STP2007(136)SFT, PFT2009(886), DMO2012(232), and STP1102(558), STP1702(006)MM
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency and Non-Compliance

The Texas Department of Transportation (TxDOT) is required by 2 CFR Part 200.330-332, to monitor the activities of the subrecipients as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward. Additionally per 2 CFR Part 200.331(1)(xi), all pass-through entities must identify the dollar amount made available under each Federal award and the CFDA number at the time of disbursement. Per 2 CFR 200.303, TxDOT must also establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Initial Year Written: 2018 Status: Implemented U.S. Department of Transportation – Federal Highway Administration

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In fiscal year 2018, TxDOT passed through approximately 5% of the Highway Planning and Construction Cluster funds to subrecipients. Audit procedures involved a review of 40 subrecipients at six of the 25 TxDOT districts. TxDOT subrecipient monitoring procedures include procedures performed at headquarters and at the district level. Headquarters addresses issuance of the advance funding agreements (AFAs), obtains the Federal Project Authorization Agreement (FPAA), collects and reviews the single audit reports, and reconciles the final costs prior to project close out. The districts are responsible for completing a standardized risk assessment for each subrecipient project, approving payment requests which are accompanied by source documents, and performing of onsite reviews as determined necessary through the risk assessments. The onsite reviews include consideration of wage requirement and quality assurance. Within the 25 districts, the onsite review process is not consistent in execution and/or documentation.

Additionally, six of the 40 subrecipient payments tested did not include CFDA information with the payment at time of disbursement. TxDOT implemented a new process during the fiscal year for ensuring CFDA information was provided. These six payments were prior to the effective date of the new process.

Corrective Action Plan:

Corrective action plan taken.

Reference No. 2018-042

Special Tests and Provisions – Wage Rate Requirements

(Prior Audit Issues – 2017-039, 2015-049, 2014-132, 2013-156, 13-134, 12-142, 11-142, and 10-82)

Highway Planning and Construction Cluster Award years – N/A
Award numbers – N/A

Non-Major Program:

20.223 Transportation Infrastructure Finance and Innovation Act (TIFIA) Program
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency

The provisions of the Wage Rate Requirements apply to projects receiving Highway Planning and Construction Cluster funds. All laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL) (40 USC 3141-3144, 3146, 3147).

Initial Year Written: 2013 Status: Implemented

U.S. Department of Transportation – Federal Highway Administration
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Non-federal entities shall include in their construction contracts subject to the Wage Rate Requirements (which still may be referenced as the Davis-Bacon Act) a provision that the contractor or subcontractor comply with those requirements and the DOL regulations (29 CFR part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6; and A-102

Common Rule (§.36(i)(5)); OMB Circular A-110 (2 CFR part 215, Appendix A, Contract Provisions); 2 CFR part 176, subpart C; and 2 CFR section 200.326). Per 2 CFR 200.303, Texas Department of Transportation (TxDOT) must also establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

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TxDOT utilizes a standard contract that contains the wage rate requirement clauses. TxDOT has a new IT system, LCPTracker, for the district offices to track certified payrolls from contractors; however, the process is being implemented prospectively for all new contracts. Under the old process, each district office determined its own method for ensuring contractors had submitted certified payrolls, including confirming that the statements of compliance was complete and signed by the contractors. By not having a standardized process, TxDOT increases the risk that contractors with missing weekly-certified payrolls are not appropriately identified. No compliance exceptions were noted.

Corrective Action Plan:

Corrective action plan taken.

Reference No. 2018-043

Special Tests and Provisions – Value Engineering

Highway Planning and Construction Cluster Award year – N/A

Award number – N/A

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency

State departments of transportation are required to establish a Value Engineering (VE) program and ensure that a VE analysis is performed on all applicable projects. The program should include procedures to approve or reject recommendations and for monitoring to ensure that resulting, approved recommendations are incorporated into the plans, specifications, and estimate. Applicable projects are (a) projects located on the national highway system (NHS) with an estimated total project cost of \$50 million or more that utilize Federal-aid highway program funding; (b) bridge projects located on the NHS with an estimated total cost of \$40 million or more that utilize Federal-aid highway program funding; and (c) any other projects that the FHWA determines to be appropriate. Projects utilizing the design build method of construction do not require a VE analysis (23 USC 106(e)(5)). Critical elements of VE programs include identification of a State VE coordinator; establishment of a VE policy, and documented VE procedures, including requirements to identify applicable projects, verify required VE analyses are completed on State DOT and subrecipient projects; and monitor, assess, and report on the performance of the VE program (23 USC 106(e); 23 CFR part 627).

Initial Year Written: 2018 Status: Partially Implemented
U.S. Department of Transportation – Federal Highway Administration

Per 2 CFR 200.303, Texas Department of Transportation (TxDOT) must also establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

TxDOT's VE Coordinator has historically reviewed all projects that may require a VE study and informed the districts of the potential need to complete a VE study. The review was completed in 2018 but was not sent to the districts due to retirement of the VE Coordinator. Additionally, the VE Coordinator has historically tracked the progress of VE studies to completion. This control was not performed in 2018 due to the turnover noted. Also, the districts could not consistently provide documentation that VE recommendations were tracked and implemented. The districts were able to evidence changes to schematics and other evidence regarding VE recommendations, but did not have documentation that there was a review process to ensure all accepted changes were made to the project. No compliance exceptions were noted.

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Recommendation:

TxDOT VE Coordinator should execute the controls noted above in fiscal year 2019. Additionally TxDOT should work with the districts to ensure that districts have a procedure in place to document how VE recommendations are tracked and implemented. Completion of VE studies and their implementation should be monitored by the VE Coordinator.

Views of Responsible Officials - 2018:

As the audit pointed out in the recommendation, the Design Division, together with Administration, will implement additional measures to more proactively track the status and implementation of VE recommendations. These will be in addition to the standard yearly notification of the VE program requirements, and list of projects near VE threshold that are provided to the Districts (most recently provided to Districts in Dec. 2018).

Corrective Action Plan - 2018:

- *Planned update to Form 1002 to incorporate check boxes for VE study necessity, and whether one was conducted.*
- *Conduct Peer Exchanges with selected Districts in order to determine the range of practices on the incorporation of VE studies, and how they track recommendations from the VE study that are incorporated into the plans.*
- *Provide a quarterly follow-up communication to Districts emphasizing the VE project thresholds, and program reporting requirements.*
- *Coordinate with the future planned update of TxDOT Connect to incorporate flagging/tracking of VE study needs into the future system.*

2019 Update

During FY 2019, the VE coordinator position was filled and the yearly review of projects that are at or near the VE threshold were sent. However, the corrective actions regarding the tracking of the implementation of the recommendations that were a result of the VE analysis of the project was not implemented before year end.

Views of Responsible Officials - 2019:

TxDOT's Design Division continued the implementation of measures to proactively track the status and implementation of VE recommendations. These were in addition to the standard yearly notification of the VE program requirements and list of projects near VE threshold that are provided to the Districts (most recently provided to Districts in Nov. 2019).

Corrective Action Plan - 2019:

Action plan was implemented by November 2019. The annual notification memo, quarterly communications and the monitoring and tracking activities will be ongoing.

Implementation Date: November 2019

Responsible Person: Jane C. Lundquist, Transportation Engineer, Design Division

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Summary Schedule of Prior Audit Findings – Other Auditors

Federal regulations Title 2, Code of Federal Regulations, Section 200.511(a) states, “the auditee is responsible for follow-up and corrective action on all findings.” As part of this responsibility, the auditee reports the corrective action it has taken for the following:

- Each finding in the 2018 Schedule of Findings and Questioned Costs.
- Each finding in the 2018 Summary Schedule of Prior Audit Findings that was not identified as implemented or reissued as a current year finding.

The Summary Schedule of Prior Audit Findings (year ended August 31, 2019) has been prepared to address these responsibilities.

Reference No. 2016-101

Special Tests and Provisions – Enrollment Reporting

Student Financial Assistance Cluster

Award year – July 1, 2015, to June 30, 2016

Award numbers – CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P152282; and CFDA 84.268, Federal Direct Student Loans, P268K162282

Statistically valid sample – No

Type of finding – Significant Deficiency and Non-Compliance

Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Perkins Loan, Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 674.19(f), 685.309(b), and 682.610(c)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Initial Year Written: 2016
Status: Partially Implemented
U.S. Department of Education

Institutions are required to use the date of a student’s withdrawal for purposes of reporting enrollment status changes to the Secretary of the U.S. Department of Education and determining when a refund or return of Title IV funds must be paid (Title 34, CFR, Section 685.305(c)). In addition, the *National Student Loan Data System (NSLDS) Enrollment Reporting Guide* states that, in the absence of a formal withdrawal, the last recorded date of attendance should be reported as the status change date (*NSLDS Enrollment Reporting Guide*, Appendix C).

To protect a student’s interest subsidy, institutions are required to report a graduated status for students who have completed their course of study (*NSLDS Enrollment Reporting Guide*, Appendix C and Chapter 4, and *Dear Colleague Letter*, April 14, 2014 (GEN-14-07)).

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Lamar University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 3).

For 9 (15 percent) of 60 students tested who had a status change, the University did not report status changes or effective dates to NSLDS accurately. Specifically:

- The University incorrectly reported that seven of those students withdrew from the Fall term. However, those students withdrew from the Spring term.
- The University reported an incorrect effective date for one student who withdrew in the Spring term. The University reported the first date of the Spring term; however, the student withdrew after the census date for that term.
- The University reported an incorrect status of withdrawn for one student. That error occurred because of a manual error the University made while updating the student's status to less than half-time. After auditors brought that error to the University's attention, it corrected the status in NSLDS.

In addition, for 11 (18 percent) of 60 students tested who had a status change, the University did not report the status changes to NSLDS in a timely manner. Specifically, the University submitted those enrollment status changes to NSLDS between 68 and 144 days after the effective date of the status change. The University asserted that it had submitted those status changes to NSC in a timely manner; however, NSC did not submit those changes to NSLDS in a timely manner.

Those errors occurred because the University did not have a formal process during the award year to prepare information to send to NSC, and it did not have controls to ensure that NSC submitted accurate information to NSLDS in a timely manner.

Not reporting student status changes accurately and in a timely manner could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

Recommendations:

The University should:

- Accurately report all status changes and effective dates to NSLDS in a timely manner.
- Develop and implement policies and procedures to monitor the information that NSC submits to NSLDS on the University's behalf.

Views of Responsible Officials and Corrective Action Plan 2016:

Lamar University acknowledges and agrees with the findings. Corrections to the issues noted below were being put in place at the time of audit, and these analysis of these exceptions identified in the audit will assist Lamar University in their efforts to develop and apply solutions to further improve the process.

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Accurate and Timely NSLDS Reporting:

Lamar University (LU) has already initiated the first phase of this corrective action in hiring a full-time staff member whose primary duty is to monitor the accuracy and timely reporting to National Student Clearinghouse (NSC) in December of 2015. As the discrepancy between NSC and NSLDS reporting became apparent, said employee now additionally has direct access to the NSLDS database as well – allowing LU to more closely monitor the accuracy of reporting. The last phase in this corrective action is to adjust the reporting date from that NSLDS sends the SCCR roster to NSC. Previously, this report was always sent at the first of the month. At our request, this report will now be sent five to seven (5-7) days from the time the report is initially submitted to NSC. This should address the timeliness issues and give more time to quickly identify issues of accuracy.

Development and Implementation of Policy and Procedure:

LU has begun the revision of their policy and procedure manuals to reflect and emphasize the need for closer monitoring of NSC data submitted to NSLDS. These P&P will continue to be updated and new processes developed. Further, these P&P will undergo review twice a year to ensure their currency and relevance.

Views of Responsible Officials and Corrective Action Plan 2017:

Accurate and Timely NSLDS Reporting:

Lamar University (LU) has already initiated the first phase of this corrective action in hiring a full-time staff member whose primary duty is to monitor the accuracy and timely reporting to National Student Clearinghouse (NSC) in December of 2015. With the new hire of a Student Records Specialist, every report is worked diligently and in a timely manner to correct errors and ensure that all information is reported accurately and efficiently.

1. As the discrepancy between NSC and NSLDS reporting became apparent, the new Student Records Specialist now has direct access to the NSLDS database as well – allowing LU to more closely monitor the accuracy of reporting.
2. The Financial Aid Office is working in collaboration with the Student Record Specialist to ensure the timely reporting of financial aid recipients who withdraw.
 - a. Official Withdrawals
When the Financial Aid Office completes the R2T4 calculation on a Title IV aid recipient, the Student Record Specialist is notified to ensure the student's enrollment status is updated with NSLDS in a timely manner.
 - b. Unofficial Withdrawals
After each long semester has concluded the Financial Aid Office sends the Student Records Specialist a list of students whom have been identified as unofficial withdrawals. The Student Record Specialist manually updates the identified students' NSLDS record to withdrawn, using the last date of attendance reported as the withdrawal date. Reporting is completed as soon as possible but no later than 45 days after the school has determined the student withdrew.
3. Designated Staff from the Records and Financial Aid Offices will continue to participate in trainings offered by NSC and NSLDS.
4. The last phase in this corrective action is to adjust the reporting date from that NSLDS sends the SCCR roster to NSC. Previously, this report was always sent at the first of the month. At our request, this report is now sent five to seven (5-7) days from the time the report is initially submitted to NSC. This addresses the timeliness issues and gives more time to quickly identify issues of accuracy.

Development and Implementation of Policy and Procedure:

LU has reviewed their policy and procedure manuals to reflect and emphasize the need for closer monitoring of NSC data submitted to NSLDS. Policies and Procedures will undergo review twice a year. During this review LU will address internal compliance findings which may result in the revision and/or creation of new policies and procedures to correct the deficiency.

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Views of Responsible Officials and Corrective Action Plan 2018:

The University acknowledges and agrees with the audit findings. The Registrar's Office continues to work closely with the NSC and NSLDS to improve the accuracy and timeliness of enrollment reporting.

- 1. Lamar University (LU) has already initiated the first phase of this corrective action in hiring a full-time staff member whose primary duty is to monitor the accuracy and timely reporting to National Student Clearinghouse (NSC). With the new hire of a Student Records Specialist, every report is worked diligently and in a timely manner to correct errors and ensure that all information is reported accurately and efficiently.*
- 2. As the discrepancy between NSC and NSLDS reporting became apparent, the Student Records Specialist now has direct access to the NSLDS database as well, allowing LU to more closely monitor the accuracy of reporting.*
- 3. The Registrar Office has adjusted the reporting date that NSLDS sends the SSCR roster to NSC. Previously, this report was always sent at the first of the month. At our request, this report is now sent five to seven (5-7) days from the time the report is initially submitted to NSC. This addresses the timeliness issues and gives more time to quickly identify issues of accuracy.*
- 4. The Financial Aid Office is working in collaboration with the Registrar Office to ensure the timely reporting of financial aid recipients who withdraw (officially or unofficially) and/or never attend. Current policy and procedures are under review to determine what action is needed to report these students in a timely manner.*

Views of Responsible Officials 2019:

The University acknowledges and agrees with the finding. After reviewing the exceptions identified in the audit, we believe the measures outlined below in the corrective action will improve processes and eliminate reporting discrepancies.

Corrective Action Plan 2019:

When processing unofficial withdrawals during mid semester, in the past, Lamar University had a challenge of the withdrawn status being changed back to the original status. To correct this, we have created a new time status of 'UW' that should prevent the withdrawn status from being changed on National Student Clearinghouse (NSC). We have implemented this in the Fall 2019. A secondary review is completed at the end of the term to determine the accuracy of the student's withdrawn enrollment status.

A new policy is being implemented that allows instructors to provide a reasoning when a student receives an "F" to detail if the failure was due to no attendance, a mid-semester stop in attendance, or poor course performance at the end of the semester. This will allow for more accurate reporting to NSC and NSLDS, with more detailed information from instructors about attendance. This end of semester confirmation of attendance data will provide accurate information for reporting.

Implementation Date: Fall 2019

Responsible Persons: Cheri Lewis and Lakrystal Joubert

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PRAIRIE VIEW A&M UNIVERSITY**

Reference No. 2017-103
Special Tests and Provisions - Verification
(Prior Audit Issue – 2014-102)

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164098; CFDA 84.033, Federal Work-Study Program, P033A164098; CFDA 84.063, Federal Pell Grant Program, P063P162319; CFDA 84.268, Federal Direct Student Loans, P268K172319; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172319

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income, U.S. income taxes paid, child support paid, Supplemental Nutrition Assistance Program benefits, education credits, individual retirement account deductions, other untaxed income, high school completion, and identity and statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, volume 80, number 123).

Initial Year Written:	2014
Status:	Implemented
U.S. Department of Education	

When the verification of an applicant's eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the applicant's FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant's subsidized student financial assistance awards on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR) (Title 34, CFR, Section 668.59).

For 7 (11 percent) of 61 students tested, Prairie View A&M University (University) did not accurately verify all required items on the FAFSA; therefore, it did not subsequently update its records and request updated ISIRs as required. For those seven students, the University did not accurately verify one or more of the following items: (1) income information for tax filers, including adjusted gross income, U.S. income taxes paid, and education credits; (2) number of household members; (3) Supplemental Nutrition Assistance Program (SNAP) benefits reported; and (4) other untaxed income. Those errors occurred because of manual errors the University made in the verification process. The University also did not have an adequate monitoring process during the award year to ensure that it performed verifications accurately. The University did not make corrections to those students' ISIRs; as a result, auditors could not determine whether there was an effect on the students' EFCs or financial assistance awards.

In addition, for 2 (3 percent) of 61 students tested, the University could not provide evidence that it had accurately verified all required items on the FAFSA. The University's process was to scan all verification documents that students submitted into its imaging system and then shred the original documents. For those two students, the University had not scanned all pages of the supporting documentation into its imaging system and did not retain the original documents; therefore, auditors were unable to confirm whether the University accurately verified all required items. As a result, auditors could not determine whether there was an effect on the students' EFCs or financial assistance awards.

Not verifying FAFSA information appropriately and accurately could result in the University overawarding or underawarding student financial assistance.

Corrective Action:
Corrective action was taken.

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Reference No. 2017-104

Special Tests and Provisions – Return of Title IV Funds

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164098; CFDA 84.063, Federal Pell Grant Program, P063P162319; CFDA 84.268 Federal Direct Student Loans, P268K172319; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172319

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date (Title 34, Code of Federal Regulations (CFR), Section 668.22(a)(1)). A student is considered to have withdrawn from a payment period or period of enrollment if the student does not complete all the days in the payment period or period of enrollment that the student was scheduled to complete (Title 34, CFR, Section 668.22(a)(2)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment (Title 34, CFR, Section 668.22(a)(4)).

Initial Year Written:	2017
Status:	Implemented

U.S. Department of Education

An otherwise eligible student becomes ineligible to receive Title IV program funds on the date that the student is no longer enrolled at the institution as at least a half-time student for the period of enrollment for which the loan was intended. A student who becomes ineligible qualifies for a late disbursement (and the parent qualifies for a parent Direct PLUS Loan disbursement) if, before the date the student became ineligible, (1) the Secretary of the U.S. Department of Education processed a Student Aid Report (SAR) or *Institutional Student Information Record* (ISIR) with an official expected family contribution for the student for the relevant award year and (2) for a loan made under the Direct Loan program, the institution originated the loan (Title 34, CFR, Section 668.164(j)).

Identifying Withdrawn Students

Prairie View A&M University (University) did not have a process to identify students who withdrew without providing official notification to the University for the purpose of determining when a return of Title IV funds must be paid. As a result, auditors were unable to determine how many students may have unofficially withdrawn from a term in the 2016-2017 federal award year and whether the University would have been required to return Title IV funds for any of those students.

In addition, the University did not always identify students who officially withdrew. As a result, for 2 (5 percent) of 43 students tested, the University did not perform return of Title IV funds calculations as required. Those two students provided official withdrawal information to the University; however, that information was not fully documented in the University's student financial assistance system. As a result, the University did not perform return calculations for those students. After auditors brought those errors to the University's attention, it performed the calculations and returned funds as required; therefore, there were no questioned costs.

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Auditors also identified one student to whom the University disbursed Title IV funds after that student had withdrawn from the term and was no longer eligible to receive those funds. That error occurred because the University did not document the student's withdrawal in its student financial assistance system, as described above, which resulted in \$1,436 in questioned costs associated with CFDA 84.268, Federal Direct Student Loans, award number P268K172319.

Corrective Action:

Corrective action was taken.

Reference No. 2017-105

Special Tests and Provisions – Enrollment Reporting

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P162319; and CFDA 84.268, Federal Direct Student Loans, P268K172319

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Perkins Loan, Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 674.19(f), 685.309(b), and 682.610(c)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)). Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, chapter 1).

Initial Year Written:	2017
Status:	Partially Implemented
U.S. Department of Education	

Institutions are required to use the date of a student's withdrawal for purposes of reporting enrollment status changes to the Secretary of the U.S. Department of Education and determining when a refund or return of Title IV funds must be paid (Title 34, CFR, Section 685.305(c)). In addition, the *NSLDS Enrollment Reporting Guide* states that, in the absence of a formal withdrawal, the last recorded date of attendance should be reported as the status change date (*NSLDS Enrollment Reporting Guide*, Appendix C).

In the case of a student who completes a term and does not return for the next term, leaving the course of study uncompleted, the final day of the term in which the student was last enrolled should be used as the effective date. For three-quarter-time, half-time, and less-than-half-time status, the institution must use the effective date that the student dropped to those particular statuses (*NSLDS Enrollment Reporting Guide*, Appendix C).

The effective date for a completion/graduation status ("G") is the date that the institution assigns to the completion/graduation. To protect a student's interest subsidy, institutions may report a student as withdrawn (enrollment status of "W") while the student's academic record is being reviewed to determine whether all graduation requirements have been met (*NSLDS Enrollment Reporting Guide*, Appendix C and chapter 4, and *Dear Colleague Letter*, April 14, 2014 (GEN-14-07)).

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Prairie View A&M University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, chapter 3).

The University did not report a withdrawn status for students who unofficially withdrew from all courses for a term to NSLDS. The University did not have a process to identify students who withdrew without providing official notification. As a result, auditors were unable to determine how many students may have unofficially withdrawn from a term in the 2016-2017 federal award year.

For 19 (31 percent) of 61 students tested who had enrollment status changes, the University did not report those status changes or the effective dates of those changes to NSLDS accurately. Specifically:

- The University did not report 17 students' enrollment level reductions to NSLDS. Those errors occurred because the University did not correctly configure its student financial assistance system, Banner, to identify when students dropped courses.
- The University did not report the correct effective date for two students' status changes when those students completed a term and did not return for the subsequent term. The University reported the first day of the term that the students did not attend as the effective date, instead of the final day of the term in which the students were last enrolled.

The University also did not always report status changes in a timely manner. The University did not submit its first-of-term transmissions to NSC until after the 20th class day. To provide reporting to NSLDS in a timely manner, NSC instructs institutions to send first-of-term transmissions immediately after the end of the registration "add" period. As a result, for 2 (3 percent) of 61 students tested, the University did not report the students' withdrawn status in a timely manner. The University also reported an incorrect effective date for those withdrawn statuses, as described above.

In addition, for 13 (21 percent) of 61 students tested, the University did not report the students' graduated status in a timely manner. The University did not report the graduated status because it asserted that it was in the process of conferring degrees, which took six to eight weeks after commencement. In addition, the University did not report those students as withdrawn while it conferred degrees due to the first-of-term transmission issue discussed above.

The errors discussed above occurred because the University did not have adequate controls or monitoring processes to ensure that it reported student status changes accurately to NSLDS in a timely manner. In addition, the University did not review and correct errors or discrepancies NSC identified unless they were considered critical and would prevent a submission.

Not reporting student status changes accurately and in a timely manner could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

Recommendations:

The University should:

- Report accurate student status changes and effective dates to NSLDS in a timely manner.
- Establish and implement a monitoring process to ensure that it reports accurate student status changes to NSLDS in a timely manner.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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PRAIRIE VIEW A&M UNIVERSITY**

Views of Responsible Officials and Corrective Action Plan 2017:

The University agrees with the findings and recommendations as it pertains to enrollment reporting. The University will develop and implement corrective actions to ensure compliance.

The University has developed the following actions:

- *The Registrar's Office has updated the appropriate Banner validation form (STVRSTS) and has outlined procedures that will reflect the appropriate time status changes to ensure that all updated time status changes are accurately reported to the Clearinghouse and NSLDS. In addition, this process will be documented and updated when necessary.*
- *Financial Aid management and Registrar's Office management have developed a monitoring process that includes reviewing the reject reports monthly.*

Views of Responsible Officials and Corrective Action Plan 2018:

The Office of the Registrar reports time status changes and withdrawal statuses electronically by utilizing an internally developed Banner job. The Office of the Registrar updated the appropriate Banner validation form (STVRSTS) and outlined procedures that will reflect that the updated time status changes are accurately reported to NSC and National Student Loan Data System (NSLDS).

The university will update policies and procedures related to Enrollment Reporting. Enrollment Services and Financial Aid are monitoring monthly reject reports to ensure compliance with any enrollment reporting requirements.

2019 Update

The University established and implemented a process to identify and report unofficially withdrawn students to NSLDS for the 2018-2019 award year. However, for 3 (20 percent) of 15 students tested who had enrollment status changes, the University did not accurately report the effective date of those changes to NSLDS. For 1 of those 3 students, the University also did not report the status change in a timely manner. For an additional 3 of the 15 students tested who had enrollment status changes, the University did not report the status change in a timely manner.

Views of Responsible Officials 2019:

We made significant changes during fiscal year 2019 in our Financial Aid and Registrar offices to address control weaknesses and non-compliance with Title IV requirements. While significant improvements were made, we recognize that additional improvements are needed to ensure compliance with all enrollment reporting requirements. Effective December 1, 2019, the University named a permanent Registrar. This position will ensure the University has an effective enrollment reporting system.

Corrective Action Plan 2019:

To ensure that the effective date for student enrollment status changes are reported accurately and timely, we will:

- *Train staff on the correct date to use as the effective date of student enrollment status changes.*
- *Continue bi-weekly meetings with Financial Aid, Registrar's Office, and Compliance to discuss and address compliance and Title IV issues.*
- *Update the student enrollment status reporting procedures.*
- *Continue to implement the five-point monitoring and quality control process.*

Implementation Date: December 2019

Responsible Person: Tina Montgomery

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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TEXAS A&M AGRILIFE RESEARCH**

**Reference No. 2018-101
Equipment and Real Property Management
Activities Allowed or Unallowed
Allowable Costs/Cost Principles
Cash Management
Matching, Level of Effort, Earmarking
Period of Performance**

Research and Development Cluster
Award years – See below
Award numbers – See below
Statistically valid sample – No and not intended to be a statistically valid sample
Type of finding – Significant Deficiency and Non-Compliance

Equipment Property Records

A recipient's property records for equipment acquired with federal funds must be maintained accurately and include all of the following: a description of the equipment; serial number or other identification number; the source of funding for the equipment, including the federal award identification number; whether title vests in the recipient or the federal government; acquisition date and cost of the equipment; the percentage of federal participation in the cost of the equipment; the location, use, and condition of the equipment; and ultimate disposition data, including the date of disposal and sale price (Title 2, Code of Federal Regulations (CFR), Section 200.313(d)(1)).

Initial Year Written: 2018
Status: Partially Implemented

U.S. Department of Agriculture
U.S. Environmental Protection
Agency
U.S. Department of Energy
U.S. Department of Health and
Human Services

Texas A&M AgriLife Research (AgriLife) did not maintain complete and accurate property records for 31 (52 percent) of 60 equipment items tested. Specifically:

- For 25 equipment items, AgriLife did not maintain in its property records some or all of the funding source information. For 14 of those items, AgriLife maintained the catalog of federal domestic assistance (CFDA) number and the federal awarding agency; however, it did not maintain the federal award number. For 11 of those items, AgriLife did not maintain any federal award information in its property records. AgriLife asserted that for older awards, the award information may not have transferred when its information technology system was converted.
- For 4 equipment items, the serial number was missing from the property record or the serial number was inaccurate in the property record. Those errors occurred because AgriLife did not enter that information into its property records accurately or because it did not always follow its policies and procedures to update property records as needed.
- For 1 equipment item, AgriLife did not maintain any federal award information and the serial number was inaccurate in the property record.
- For 1 equipment item, the location of the item was inaccurate. That item had been transferred to surplus; however, the property record had not been updated to reflect the transfer.

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TEXAS A&M AGRILIFE RESEARCH**

In addition, for 6 (75 percent) of 8 equipment disposals reviewed, AgriLife did not maintain some or all of the funding source information in its property records. For 1 of those equipment items, AgriLife maintained the CFDA number and the federal awarding agency; however, it did not maintain the federal award number. For 5 of those equipment items, AgriLife did not maintain any federal award information in its property records. Without federal award information, auditors were unable to determine if AgriLife followed any applicable federal awarding agency disposition instructions.

Not maintaining complete and accurate property records increases the risk that equipment may be lost, stolen, or improperly disposed.

The following awards were affected by the issues discussed above:

CFDA No.	CFDA Title	Award Number	Award Year
10.200	Grants for Agricultural Research, Special Research Grants	99-34402-7589	June 15, 1999 to June 30, 2001
10.200	Grants for Agricultural Research, Special Research Grants	Unknown	Unknown
10.206	Grants for Agricultural Research_Competitive Research Grants	99-35102-8526	December 1, 1999 to November 30, 2002
66.460	Nonpoint Source Implementation Grants	04-18-TAESBRC-2005	August 1, 2005 to June 15, 2009
81.087	Renewable Energy Research and Development	NAABB #28302-P	April 1, 2010 to March 31, 2013
93.859	Biomedical Research and Research Training	1-R01-GM62326-01A1	June 1, 2001 to May 31, 2007

Other awards were affected by the issues discussed above; however, because AgriLife did not maintain the award information, a complete list of awards affected could not be determined.

Corrective Action:

Corrective action was taken.

Other Compliance Areas

Although the general control weaknesses described below apply to activities allowed or unallowed, allowable costs/cost principles, cash management, matching, level of effort, earmarking, and period of performance, auditors identified no compliance issues regarding those compliance requirements.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

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AgriLife did not appropriately restrict user access to certain systems it uses to manage its research and development programs. Specifically, AgriLife did not always promptly remove user accounts when an employee transferred to a new position or otherwise no longer needed access. AgriLife also did not consistently ensure that access to system accounts was limited only to users who needed access.

AgriLife did not have a process to perform documented user access reviews for all system levels. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to those systems.

Recommendations:

AgriLife should:

- Ensure that user access is appropriately limited to employees based on job responsibilities.
- Implement a process to perform periodic user access reviews at all system levels.

Views of Responsible Officials 2018:

Texas A&M AgriLife Research acknowledges and agrees with the findings. Texas A&M AgriLife Research will work to develop and implement corrective action.

Corrective Action Plan 2018:

General Controls:

Texas A&M AgriLife Research will continue to work with the Texas A&M System Chief Information Officer to improve existing information security controls in order to appropriately limit user access and to promptly remove or change user accounts when user needs change.

Views of Responsible Officials 2019:

Texas A&M AgriLife Research acknowledges and agrees with the findings. Texas A&M AgriLife Research will work to develop and implement corrective action.

Corrective Action Plan 2019:

General Controls:

Texas A&M AgriLife Research will continue to work with the Texas A&M System Chief Information Officer to improve existing information security controls in order to appropriately limit user access and to promptly remove or change user accounts when user needs change.

Implementation Date: May 31, 2020

Responsible Person: Mark Schulz

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS A&M AGRILIFE RESEARCH**

**Reference No. 2018-102
Reporting**

Research and Development Cluster

Award years – See below

Award numbers – See below

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Financial Reporting

Recipients are required to report financial information to ensure effective monitoring of federal awards (Title 2, Code of Federal Regulations (CFR), Section 200.327). Recipients use the Federal Financial Report Standard Form (SF-425), or alternate forms of financial reporting that report the same or similar information, to report financial activity to federal awarding agencies and pass-through entities. The U.S. Office of Management and Budget provides specific instructions for completing the SF-425, including definitions and requirements of key reporting elements.

Initial Year Written: 2018
Status: Partially Implemented

U.S. Department of Agriculture
U.S. Department of Commerce
U.S. Department of Defense
U.S. Department of Interior
U.S. Department of Justice
U.S. Department of State
National Aeronautics and
Space Administration
U.S. Department of Energy
U.S. Department of Health and
Human Services

Texas A&M AgriLife Research (AgriLife) did not ensure that its financial reports were accurate and complete. Specifically, for 24 (40 percent) of 60 reports tested, AgriLife incorrectly reported one or more of the following reporting elements: federal award number, award period, or reporting period end date in the cover information section of SF-425 reports; financial activity in the federal expenditures and unobligated balance, recipient share, and indirect expense sections of SF-425 reports; or expenditure information on other required financial reports.

In addition, AgriLife did not correctly report the basis of accounting it used to prepare its financial reports. AgriLife uses modified accrual accounting and prepares financial reports on the accrual accounting basis, unless the federal agency or pass-through entity requires reporting on the cash accounting basis. While AgriLife correctly prepared its financial reports on the accrual accounting basis, it incorrectly reported that it used the cash accounting basis on 42 (70 percent) of 60 reports tested.

Those errors occurred because of manual errors AgriLife made when preparing the financial reports and because for the majority of fiscal year 2018, AgriLife did not have policies and procedures in place to help ensure that it completed reports in accordance with SF-425 instructions. In addition, while AgriLife had a process in place for reviewing and approving financial reports prior to submission, that review and approval process was not sufficient to ensure that the financial reports it submitted were accurate and complete.

Inaccurate information in financial reports increases the risk that federal agencies and pass-through entities could rely on inaccurate information to manage and monitor their awards.

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TEXAS A&M AGRILIFE RESEARCH**

The following awards were affected by the reporting issues discussed above:

CFDA No.	CFDA Title	Award Number	Award Year
10.001	Agricultural Research Basic and Applied Research	58-5348-2-385	August 30, 2012 to July 31, 2017
10.001	Agricultural Research Basic and Applied Research	58-3091-6-028	September 1, 2016 to August 31, 2017
10.001	Agricultural Research Basic and Applied Research	58-5090-6-066	September 1, 2016 to August 31, 2017
10.001	Agricultural Research Basic and Applied Research	58-3094-7-017	September 1, 2017 to August 31, 2018
10.001	Agricultural Research Basic and Applied Research	58-8042-7-070	September 1, 2017 to December 31, 2018
10.001	Agricultural Research Basic and Applied Research	59-8042-6-003	April 1, 2016 to July 31, 2019
10.001	Agricultural Research Basic and Applied Research	58-3042-6-066	August 1, 2016 to July 31, 2021
10.001	Agricultural Research Basic and Applied Research	58-6066-5-048	August 15, 2015 to December 31, 2019
10.001	Agricultural Research Basic and Applied Research	58-3098-7-003	January 2, 2017 to December 31, 2017
10.001	Agricultural Research Basic and Applied Research	59-3091-7-002	October 1, 2016 to May 31, 2021
10.001	Agricultural Research Basic and Applied Research	58-3090-5-008	September 1, 2015 to August 31, 2020
10.001	Agricultural Research Basic and Applied Research	58-3070-6-027	September 15, 2016 to September 14, 2018
10.001	Agricultural Research Basic and Applied Research	58-3094-6-020	September 18, 2016 to August 31, 2018
10.025	Plant and Animal Disease, Pest Control, and Animal Care	16-9794-2543-CA	September 30, 2016 to September 29, 2018
10.025	Plant and Animal Disease, Pest Control, and Animal Care	AP17VSSPRS00C126	September 30, 2017 to September 29, 2019
10.291	Agricultural and Food Policy Research Centers	58-0111-17-003	August 1, 2017 to April 30, 2019
10.309	Specialty Crop Research Initiative	2016-51181-25422	September 1, 2016 to August 31, 2018

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CFDA No.	CFDA Title	Award Number	Award Year
10.310	Agriculture and Food Research Initiative (AFRI)	2017-67012-25999	December 15, 2016 to December 14, 2018
10.310	Agriculture and Food Research Initiative (AFRI)	2016-67015-24923	February 15, 2016 to February 14, 2020
10.310	Agriculture and Food Research Initiative (AFRI)	2016-67015-24958	March 1, 2016 to February 29, 2020
10.310	Agriculture and Food Research Initiative (AFRI)	2017-68008-26205	March 15, 2017 to March 14, 2020
10.606	Food for Progress	DOM001-16-03 (AgriLife received funds as a pass-through from the National Cooperative Business Association)	August 1, 2016 to July 31, 2019
10.652	Forestry Research	15-JV-11330126-065	July 23, 2015 to July 22, 2020
10.777	Norman E. Borlaug International Agricultural Science and Technology Fellowship	BF-CR-15-001	June 25, 2015 to July 31, 2017
10.777	Norman E. Borlaug International Agricultural Science and Technology Fellowship	BF-CR-15-016	August 25, 2015 to December 31, 2017
10.902	Soil and Water Conservation	68-7442-17-028	September 11, 2017 to September 30, 2018
10.902	Soil and Water Conservation	68-7482-17-016	September 20, 2017 to September 30, 2019
10.902	Soil and Water Conservation	68-7442-15-532	September 21, 2015 to December 31, 2017
10.902	Soil and Water Conservation	68-7442-17-046	September 22, 2017 to September 30, 2018
10.912	Environmental Quality Incentives Program	69-3A75-17-286	September 19, 2017 to July 31, 2020
10.912	Environmental Quality Incentives Program	69-3A75-14-245	September 26, 2014 to September 30, 2017
10.960	Technical Agricultural Assistance	TA-CR-16-036-FI-Q3-17	September 1, 2016 to August 31, 2017

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CFDA No.	CFDA Title	Award Number	Award Year
10.960	Technical Agricultural Assistance	TA-CR-16-041	September 19, 2016 to September 30, 2018
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	NA15NMF4270344	September 1, 2015 to August 31, 2018
12.300	Basic and Applied Scientific Research	W9126G-16-2-0010	September 2, 2016 to March 2, 2018
15.945	Cooperative Research and Training Programs – Resources of the National Park System	P16AC00917	August 31, 2016 to December 31, 2018
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	2015-DN-BX-K020	January 1, 2016 to June 30, 2019
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	2016-DN-BX-0204	March 14, 2017 to December 31, 2019
19.021	Investing in People in the Middle East and North Africa	S-TS800-15-CA-034/PDPR 03	September 21, 2015 to September 30, 2017
43.003	Exploration	NNX15AD64G	January 7, 2015 to January 2, 2018
81.087	Renewable Energy Research and Development	DE-EE0007104	April 15, 2016 to December 31, 2018
93.103	Food and Drug Administration Research	5U18FD005013	September 1, 2013 to December 31, 2017
93.103	Food and Drug Administration Research	1U18FD004638-01	September 15, 2012 to September 14, 2017
93.351	Research Infrastructure Programs	5T35OD010991-13	August 2, 2004 to February 28, 2020
93.837	Cardiovascular Disease Research	1R56HL122612-01A1	September 14, 2015 to August 31, 2017
93.855	Allergy and Infectious Diseases Research	5R21AI107135-03	August 18, 2014, to December 31, 2017

Corrective Action:
Corrective action was taken.

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TEXAS A&M AGRILIFE RESEARCH**

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

AgriLife did not appropriately restrict user access to certain systems it uses to manage its research and development programs. Specifically, AgriLife did not always promptly remove user accounts when an employee transferred to a new position or otherwise no longer needed access. AgriLife also did not consistently ensure that access to system accounts was limited only to users who needed access.

AgriLife did not have a process to perform documented user access reviews for all system levels. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to those systems.

Recommendations:

AgriLife should:

- Ensure that user access is appropriately limited to employees based on job responsibilities.
- Implement a process to perform periodic user access reviews at all system levels.

Views of Responsible Officials 2018:

Texas A&M AgriLife Research acknowledges and agrees with the findings. Texas A&M AgriLife Research and Texas A&M Sponsored Research Services will work to develop and implement corrective action.

Corrective Action Plan 2018:

General Controls:

Texas A&M AgriLife Research will continue to work with the Texas A&M System Chief Information Officer to improve existing information security controls in order to appropriately limit user access and to promptly remove or change user accounts when user needs change.

Views of Responsible Officials 2019:

Texas A&M AgriLife Research acknowledges and agrees with the findings. Texas A&M AgriLife Research will work to develop and implement corrective action.

Corrective Action Plan 2019:

General Controls:

Texas A&M AgriLife Research will continue to work with the Texas A&M System Chief Information Officer to improve existing information security controls in order to appropriately limit user access and to promptly remove or change user accounts when user needs change.

Implementation Date: May 31, 2020

Responsible Person: Mark Schulz

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TEXAS A&M AGRILIFE RESEARCH**

**Reference No. 2018-103
Subrecipient Monitoring**

Research and Development Cluster

Award years – Multiple

Award numbers – Multiple

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency

Pass-through entities are required to evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. The pass-through entity may consider such factors as the subrecipient's prior experience with the same or similar subawards, the results of previous audits, whether the subrecipient has new personnel or new or substantially changed systems, and the extent and results of federal awarding agency monitoring (Title 2, Code of Federal Regulations (CFR), Section 200.331(b)). The pass-through entity must monitor the activities of each subrecipient as necessary to ensure that a subaward is used for authorized purposes, in compliance with federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring must include (1) reviewing financial and performance reports, (2) following up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies, and (3) issuing a management decision for audit findings (Title 2, CFR, Section 200.331(d)). Depending on the pass-through entity's assessment of risk posed by the subrecipient, the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals: (1) providing subrecipients with training and technical assistance on program-related matters, (2) performing on-site reviews of the subrecipient's program operations, and (3) arranging for agreed-upon procedures engagements (Title 2, CFR, Section 200.331(e)).

Initial Year Written:	2018
Status:	Implemented

Federal agencies that award R&D funds

When establishing a new subaward, Texas A&M AgriLife Research (AgriLife) uses a subrecipient risk assessment template that allows it to assess risk based on criteria such as the amount of a subaward, cost sharing requirements, and previous audit findings. Based on the results of the risk assessment, AgriLife determines for the subrecipient an overall risk level of low, medium, or high.

AgriLife did not have adequate policies and procedures in place over its subrecipient monitoring processes. Specifically:

- AgriLife's policies do not address additional monitoring tools for medium- or high-risk subrecipients to ensure proper accountability and compliance with program requirements. According to AgriLife's policy, certain executive approval is required before an award is made to a medium- or high-risk subrecipient; however, the policy does not address any additional monitoring those subrecipients should receive after the award is executed. Auditors observed examples of low- and medium-risk assessments during testing.
- AgriLife's policy requires subrecipient expenditures to be reviewed for allowability; however, that policy does not specify what level of detail should be included in the subrecipient's invoice. For example, one subrecipient's invoice totaling \$8,973 included only a date and the subaward number and did not include an itemized list of expenses, budget categories, or any other information regarding the type of expenses that invoice covered.

Insufficient monitoring policies and procedures for subrecipients increases the risk that AgriLife would not detect subrecipients' noncompliance with federal statutes, regulations, and terms and conditions of the subaward.

Corrective Action:

Corrective action was taken.

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TEXAS A&M AGRILIFE RESEARCH**

**Reference No. 2018-104
Special Tests and Provisions – Key Personnel**

Research and Development Cluster
Award years – See below
Award numbers – See below
Statistically valid sample – No and not intended to be a statistically valid sample
Type of finding – Significant Deficiency and Non-Compliance

Key Personnel

A recipient of federal awards must obtain approval from federal awarding agencies for (1) changes to a key person specified in the application or the federal award, or (2) the disengagement from the project for more than three months or a 25 percent reduction in time devoted to the project by the approved project director or principal investigator (Title 2, Code of Federal Regulations (CFR), Section 200.308(c)(1)).

Initial Year Written: 2018
Status: Partially Implemented

U.S Department of Agriculture
U.S Department of Health and Human Services
U.S Agency for International Development

Texas A&M AgriLife Research (AgriLife) did not consistently ensure that key personnel were involved in projects as required. Specifically, for 5 (8 percent) of 60 projects tested, the key personnel specified in the award agreement did not meet the identified level of involvement for fiscal year 2018. AgriLife did not obtain approval from the federal awarding agency for changes to the level of involvement for the key personnel for all 5 of those projects. Those errors occurred because AgriLife did not have a process in place to monitor changes in the level of involvement for key personnel.

Not obtaining prior approval for reductions in the level of involvement, or disengagement from the project, for key personnel may result in federal sponsors being unaware of changes to key personnel.

The following awards were affected by the issue discussed above:

CFDA No.	CFDA Title	Award Number	Award Year
10.310	Agriculture and Food Research Initiative (AFRI)	2017-68007-26318	May 1, 2017 to April 30, 2019
93.103	Food and Drug Administration Research	5U18FD005608-03	September 1, 2015 to August 31, 2020
93.113	Environmental Health	5R01ES025713-03	June 1, 2016 to May 31, 2021
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	5R21NS093487-02	June 15, 2015 to May 31, 2018
98.001	USAID Foreign Assistance for Programs Overseas	AID-OAA-A-13-00003	November 8, 2012 to September 30, 2022

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TEXAS A&M AGRILIFE RESEARCH**

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

AgriLife did not appropriately restrict user access to certain systems it uses to manage its research and development programs. Specifically, AgriLife did not always promptly remove user accounts when an employee transferred to a new position or otherwise no longer needed access. AgriLife also did not consistently ensure that access to system accounts was limited only to users who needed access.

AgriLife did not have a process to perform documented user access reviews for all system levels. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to those systems.

Recommendations:

AgriLife should:

- Strengthen its processes for identifying changes to key personnel requiring approval from the federal sponsor and ensure that it requests approval from the federal sponsor prior to those changes taking effect.
- Ensure that user access is appropriately limited to employees based on job responsibilities.
- Implement a process to perform periodic user access reviews at all system levels.

Views of Responsible Officials 2018:

Texas A&M AgriLife Research acknowledges and agrees with the findings. Texas A&M AgriLife Research and Texas A&M Sponsored Research Services will work to develop and implement corrective action.

Corrective Action Plan 2018:

Key Personnel:

Texas A&M Sponsored Research Services will strengthen controls designed to ensure changes to key personnel requiring approval from the federal sponsor are identified. Approval will be requested prior to key personnel changes taking effect.

General Controls:

Texas A&M AgriLife Research will continue to work with the Texas A&M System Chief Information Officer to improve existing information security controls in order to appropriately limit user access and to promptly remove or change user accounts when user needs change.

Views of Responsible Officials 2019:

Texas A&M AgriLife Research acknowledges and agrees with the findings. Texas A&M AgriLife Research will work to develop and implement corrective action.

Corrective Action Plan 2019:

Key Personnel:

Texas A&M Sponsored Research Services has developed and implemented a report that will assist Project Administrators in the timely identification of changes to key personnel. Sponsor approval is requested prior to key personnel changes taking effect.

Implementation Date: January 31, 2020

Responsible Person: Julie Bishop

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS A&M AGRILIFE RESEARCH**

General Controls:

Texas A&M AgriLife Research will continue to work with the Texas A&M System Chief Information Officer to improve existing information security controls in order to appropriately limit user access and to promptly remove or change user accounts when user needs change.

Implementation Date: May 31, 2020

Responsible Person: Mark Schulz

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS A&M UNIVERSITY**

Reference No. 2018-105

Cash Management

Activities Allowed or Unallowed

Allowable Costs/Cost Principles

Matching, Level of Effort, Earmarking

Period of Performance

Procurement and Suspension and Debarment

Special Tests and Provisions - Key Personnel

Research and Development Cluster

Award years – See Below

Award numbers – See Below

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Interest on Advances

A non-federal entity must maintain advances of federal funds in interest-bearing accounts unless: (1) the non-federal entity receives less than \$120,000 in federal awards per year, (2) the best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on federal cash balances, or (3) the depository would require an average or minimum balance so high that it would not be feasible within the expected federal and non-federal cash resources (Title 2, Code of Federal Regulations (CFR), Section 200.305(b)(8)). Interest earned up to \$500 per year may be retained by the non-federal entity for administrative expense. Any additional interest earned on federal advance payments deposited in interest-bearing accounts must be remitted annually to the U.S. Department of Health and Human Services Payment Management System (Title 2, CFR, Section 200.305(b)(9)).

Initial Year Written:	2018
Status:	Partially Implemented
U.S. Department of Defense	
U.S. Department of Education	

Texas A&M University (University) includes the Texas A&M Health Science Center (Health Science Center), which is an academic unit under the administration of the University. The University also has a branch campus, Texas A&M University at Galveston.

The University did not correctly calculate the amount of interest it was required to remit to the U.S. Department of Health and Human Services. While the University has a process to track federal projects that receive advances of federal funds and to calculate and remit interest earned on those advances, it separately tracks interest and calculates the amount to remit for the Health Science Center and its branch campus. As a result, the University separately retained \$500 for administrative expenses for the Health Science Center, instead of retaining only \$500 for the University as a whole. Texas A&M University at Galveston did not earn any interest.

In addition, the University did not correctly calculate the full amount of interest earned because when it calculated the interest earned, it netted the positive cash balances of projects for which it received advances with negative cash balances of projects that had expenditures that preceded the federal advances. Instead, it should have calculated the interest earned only on the advances of federal funds. As a result, the University should have remitted an additional \$207 in interest.

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The following awards were affected by the issue described above:

CFDA No.	CFDA Title	Award Number	Award Year
12.420	Military Medical Research and Development	W81XWH-15-1-0389	September 30, 2015 to September 29, 2019
12.420	Military Medical Research and Development	W81XWH-13-1-0279	September 15, 2013 to March 14, 2017
12.420	Military Medical Research and Development	W81XWH-14-1-0572	September 30, 2014 to September 29, 2018
12.420	Military Medical Research and Development	W81XWH-14-1-0558	September 30, 2014 to September 29, 2018
12.420	Military Medical Research and Development	W81XWH-15-1-0340	September 30, 2015 to September 29, 2018
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	12905 (the University received funds as a pass-through from the Texas Higher Education Coordinating Board)	February 1, 2014 to April 30, 2016

Corrective Action:
Corrective action was taken.

Other Compliance Areas

Although the general control weaknesses described below apply to activities allowed or unallowed, allowable costs/cost principles, matching, level of effort, earmarking, period of performance, procurement and suspension and debarment, and special tests and provisions – key personnel, auditors identified no compliance issues regarding those compliance requirements.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not appropriately restrict user access to certain systems it uses to manage its research and development programs. Specifically, the University did not always promptly remove user accounts when an employee transferred to a new position or otherwise no longer needed access. The University also did not consistently ensure that access to system accounts was limited only to users who needed access.

The University did not have a process to perform documented user access reviews for all system levels. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to those systems.

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Recommendations:

The University should:

- Ensure that user access is appropriately limited to employees based on job responsibilities.
- Implement a process to perform periodic user access reviews at all system levels.

Views of Responsible Officials 2018:

Texas A&M University acknowledges and agrees with the findings. Texas A&M University will work to develop and implement corrective action.

Corrective Action Plan 2018:

General Controls:

The University will continue to work with the Texas A&M System Chief Information Officer to improve existing information security controls in order to appropriately limit user access and to promptly remove or change user accounts when user needs change.

Views of Responsible Officials 2019:

Texas A&M University acknowledges and agrees with the findings. Texas A&M University will work to develop and implement corrective action.

Corrective Action Plan 2019:

General Controls:

The University will continue to work with the Texas A&M System Chief Information Officer to improve existing information security controls in order to appropriately limit user access and to promptly remove or change user accounts when user needs change.

Implementation Date: May 31, 2020

Responsible Person: Mark Schulz

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**Reference No. 2018-106
Equipment and Real Property Management**

Research and Development Cluster

Award years – See below

Award numbers – See below

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Equipment Property Records

A recipient's property records for equipment acquired with federal funds must be maintained accurately and include all of the following: a description of the equipment; serial number or other identification number; the source of funding for the equipment, including the federal award identification number; whether title vests in the recipient or the federal government; acquisition date and cost of the equipment; the percentage of federal participation in the cost of the equipment; the location, use, and condition of the equipment; and ultimate disposition data, including the date of disposal and sale price (Title 2, Code of Federal Regulations (CFR), Section 200.313(d)(1)).

Initial Year Written:	2018
Status:	Partially Implemented

U.S. Department of Commerce
National Science Foundation
U.S. Department of Health and Human Services

In addition, Texas A&M University (University) is required by its *Departmental Property Management Procedures Manual (Manual)* to affix an inventory tag to new equipment items within 10 days of receipt.

The University did not maintain accurate property records for 8 (13 percent) of 62 equipment items tested.

Specifically:

- For 5 items, the equipment was located in an off-campus warehouse instead of the location specified in the property record. All 5 of those items did not have an inventory tag affixed as required by the University's policy and 3 items also did not have a serial number or other identification number to link the item to the property record. The University asserted that inventory tags were not affixed to those 5 items because they are regularly sanitized in high temperature water. However, the University's *Manual* suggests various methods of affixing tags on items that are too small, delicate, or in inhospitable conditions for standard tags, and the University did not use any of those methods to affix tags.
- For 2 items, the equipment was on long-term loan and the property records were not updated to reflect that the items were not located on campus. The University asserted that the location was purposely not updated for the items so that the property manager would know whom to contact within the University for information about the items; however, according to the University's policy, the property records should reflect the off-campus location of each item.
- For 1 item, the principal investigator took the equipment to a different university without following the University's process to inform the property management department. As a result, the location and disposition of the item was not accurately reflected in the property records.

Not maintaining accurate property records increases the risk that equipment may be lost, stolen, or not adequately safeguarded.

Corrective Action:

Corrective action was taken.

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Equipment Disposition

The University's *Manual* requires University departments to submit specific forms to the University's property management department depending on the method used to dispose of any equipment.

For 2 (50 percent) of 4 equipment disposals tested, the University did not dispose of equipment in accordance with its policy. Specifically, the University incorrectly recorded that it disposed of the two equipment items due to them being missing; however, the University had disposed one item by transferring it to surplus and disposed the other item because it was obsolete. Those items were recorded as missing because the department that had custody of the equipment used the University's missing asset form to process the disposals rather than the forms for transferring assets to the University's surplus or adding/deleting property records for obsolete assets. As a result, the disposition information in the property records for both items was inaccurate.

The following awards were affected by the equipment issues discussed above:

CFDA No.	CFDA Title	Award Number	Award Year
11.419	Coastal Zone Management Administration Awards	01-507R	April 1, 2001 to July 31, 2001
11.419	Coastal Zone Management Administration Awards	02-329R	March 6, 2002 to March 31, 2002
47.049	Mathematical and Physical Sciences	PHY-1120138 (the University received funds as a pass-through from Princeton University)	January 1, 2016 to June 30, 2017
47.049	Mathematical and Physical Sciences	AST-0647970 (the University received funds as a pass-through from the Association of Universities for Research in Astronomy, Inc.)	April 12, 2016 to April 12, 2018
47.050	Geosciences	OCE-0849246	October 1, 2008 to November 30, 2012
93.389	National Center for Research Resources	1G20RR14311-01A1	September 1, 2000 to August 31, 2004

Corrective Action:

Corrective action was taken.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

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The University did not appropriately restrict user access to certain systems it uses to manage its research and development programs. Specifically, the University did not always promptly remove user accounts when an employee transferred to a new position or otherwise no longer needed access. The University also did not consistently ensure that access to system accounts was limited only to users who needed access.

The University did not have a process to perform documented user access reviews for all system levels. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to those systems.

Recommendations:

The University should:

- Ensure that user access is appropriately limited to employees based on job responsibilities.
- Implement a process to perform periodic user access reviews at all system levels.

Views of Responsible Officials 2018:

Texas A&M University acknowledges and agrees with the findings. Texas A&M University will work to develop and implement corrective action.

Corrective Action Plan 2018:

General Controls:

The University will continue to work with the Texas A&M System Chief Information Officer to improve existing information security controls in order to appropriately limit user access and to promptly remove or change user accounts when user needs change.

Views of Responsible Officials 2019:

Texas A&M University acknowledges and agrees with the findings. Texas A&M University will work to develop and implement corrective action.

Corrective Action Plan 2019:

General Controls:

The University will continue to work with the Texas A&M System Chief Information Officer to improve existing information security controls in order to appropriately limit user access and to promptly remove or change user accounts when user needs change.

Implementation Date: May 31, 2020

Responsible Person: Mark Schulz

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**Reference No. 2018-107
Reporting**

Research and Development Cluster

Award years – See below

Award numbers – See below

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Financial Reporting

Recipients are required to report financial information to ensure effective monitoring of federal awards (Title 2, Code of Federal Regulations (CFR), Section 200.327). Recipients use the Federal Financial Report Standard Form (SF-425), or alternate forms of financial reporting that report the same or similar information, to report financial activity to federal awarding agencies and pass-through entities. The U.S. Office of Management and Budget provides specific instructions for completing the SF-425, including definitions and requirements of key reporting elements.

Texas A&M University (University) did not ensure that its financial reports were accurate and complete. Specifically, for 34 (57 percent) of 60 reports tested, the University incorrectly reported one or more of the following reporting elements: recipient account number or award period in the cover information section of SF-425 reports; financial activity in the federal expenditures and unobligated balance, recipient share, and indirect expense sections of SF-425 reports; or cost share information on other required financial reports.

Initial Year Written: 2018
Status: Partially Implemented

U.S. Department of Agriculture
U.S. Department of Commerce
U.S. Department of Defense
U.S. Department of the Interior
U.S. Department of Justice
U.S. Department of
Transportation
National Aeronautics and
Space Administration
U.S. Department of Energy
U.S. Department of Health and
Human Services

In addition, the University did not correctly report the basis of accounting it used to prepare its financial reports. The University uses modified accrual accounting and prepares financial reports on the accrual accounting basis, unless the federal agency or pass-through entity requires reporting on the cash accounting basis. While the University correctly prepared its financial reports on the accrual accounting basis, it incorrectly reported that it used the cash accounting basis for 44 (73 percent) of 60 reports tested.

Those errors occurred because of manual errors the University made when preparing the financial reports and because for the majority of fiscal year 2018, the University did not have policies and procedures in place to help ensure that it completed reports in accordance with SF-425 instructions. In addition, while the University had a process in place to review and approve financial reports prior to submission, it did not have documentation showing that it completed that review and approval for 11 (18 percent) of 60 reports tested. That review and approval process also was not sufficient to ensure that the financial reports it submitted were accurate and complete. Inaccurate information in financial reports increases the risk that federal agencies and pass-through entities could rely on inaccurate information to manage and monitor their awards.

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The following awards were affected by the reporting issues discussed above:

CFDA No.	CFDA Title	Award Number	Award Year
10.001	Agricultural Research Basic and Applied Research	OAO-HSINP-17-1	December 22, 2016 to September 30, 2017
10.001	Agricultural Research Basic and Applied Research	OAO-HSINP-18-2	March 12, 2018 to September 30, 2018
10.903	Soil Survey	68-7482-15-526	September 9, 2015 to December 31, 2017
10.950	Agricultural Statistics Reports	58-3AEU-7-0075	June 1, 2017 to May 31, 2018
11.012	Integrated Ocean Observing System (IOOS)	NA16NOS0120018	June 1, 2016 to May 31, 2019
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	NA16NMF4270221	September 1, 2016 to August 31, 2019
12.351	Scientific Research - Combating Weapons of Mass Destruction	HDTRA1-13-1-003	October 22, 2012 to October 31, 2017
12.351	Scientific Research - Combating Weapons of Mass Destruction	HDTRA1-14-1-0004	November 15, 2013 to December 31, 2018
12.420	Military Medical Research and Development	W81XWH-14-1-0558	September 1, 2014 to September 29, 2018
12.420	Military Medical Research and Development	W81XWH-15-1-0340	September 30, 2015 to September 29, 2018
12.420	Military Medical Research and Development	W81XWH-17-1-0446	September 1, 2017 to August 31, 2020
12.431	Basic Scientific Research	W911NF15-1-0517	August 5, 2015 to February 4, 2019
15.423	Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	M14AC00028	September 27, 2014 to September 30, 2019
15.663	National Fish and Wildlife Foundation	0104.13.040537	January 1, 2014 to December 31, 2017

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CFDA No.	CFDA Title	Award Number	Award Year
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	2016-R2-CX-0054	January 1, 2017 to June 30, 2019
20.215	Highway Training and Education	DTFH6416G00050	September 29, 2016 to September 29, 2017
43.001	Science	NNX13AG91G	February 11, 2013 to February 10, 2018
43.001	Science	NNX12AL90G	September 1, 2012 to August 31, 2017
43.001	Science	NNX14AD52G	January 16, 2014 to January 16, 2019
43.001	Science	NNX14AF15G	April 1, 2014 to March 31, 2018
43.008	Education	NNX12AL64A	July 10, 2012 to August 18, 2017
81.049	Office of Science Financial Assistance Program	NNX16AR29G	June 1, 2015 to June 30, 2018
81.049	Office of Science Financial Assistance Program	DE-FG02-93ER40773	January 1, 2005 to December 31, 2018
81.049	Office of Science Financial Assistance Program	DE-SC0010813	August 1, 2013 to March 31, 2019
81.049	Office of Science Financial Assistance Program	DE-SC0010713	September 1, 2013 to August 31, 2018
81.049	Office of Science Financial Assistance Program	DE-SC0012582	September 15, 2014 to September 14, 2018
81.049	Office of Science Financial Assistance Program	DE-SC0013543	April 1, 2015 to March 31, 2018
81.049	Office of Science Financial Assistance Program	DE-SC0014036	June 1, 2015 to June 30, 2018
81.049	Office of Science Financial Assistance Program	DE-SC0014037	July 1, 2015 to June 30, 2019

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CFDA No.	CFDA Title	Award Number	Award Year
81.049	Office of Science Financial Assistance Program	DE-SC0014154	August 15, 2015 to May 14, 2019
81.049	Office of Science Financial Assistance Program	DE-SC0015636	June 1, 2016 to June 14, 2019
81.049	Office of Science Financial Assistance Program	DE-SC0016243	August 15, 2016 to August 14, 2017
81.049	Office of Science Financial Assistance Program	DE-SC0017859	May 31, 2017 to March 31, 2019
81.049	Office of Science Financial Assistance Program	DE-SC0017864	August 1, 2017 to July 31, 2019
81.121	Nuclear Energy Research, Development, and Demonstration	DE-EM0004381	October 1, 2016 to September 30, 2019
93.059	Training in General, Pediatric, and Public Health Dentistry	T93HP30393	September 1, 2016 to August 31, 2021
93.173	Research Related to Deafness and Communication Disorders	2R56DC0003086-21	June 7, 2018 to May 31, 2019
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	5R01DK099221-03	September 1, 2013 to May 31, 2017
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	5U01NS083460-05	September 1, 2017 to August 31, 2019
93.855	Allergy and Infectious Diseases Research	5R03AI103627-02	August 6, 2013 to July 31, 2017

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

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The University did not appropriately restrict user access to certain systems it uses to manage its research and development programs. Specifically, the University did not always promptly remove user accounts when an employee transferred to a new position or otherwise no longer needed access. The University also did not consistently ensure that access to system accounts was limited only to users who needed access.

The University did not have a process to perform documented user access reviews for all system levels. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to those systems.

Recommendations:

The University should:

- Strengthen controls to ensure that the financial reports it submits are complete and accurate.
- Ensure that user access is appropriately limited to employees based on job responsibilities.
- Implement a process to perform periodic user access reviews at all system levels.

Views of Responsible Officials 2018:

Texas A&M University acknowledges and agrees with the findings. Texas A&M University will work to develop and implement corrective action.

Corrective Action Plan 2018:

Reporting:

Texas A&M Sponsored Research Services has revised written procedures to increase the level of guidance provided to staff who prepare federal financial reports (SF-425). Additional monitoring controls will be implemented to promote the completeness and accuracy of financial reports.

General Controls:

The University will continue to work with the Texas A&M System Chief Information Officer to improve existing information security controls in order to appropriately limit user access and to promptly remove or change user accounts when user needs change.

Views of Responsible Officials 2019:

Texas A&M University acknowledges and agrees with the findings. Texas A&M University will work to develop and implement corrective action.

Corrective Action Plan 2019:

Reporting:

Texas A&M Sponsored Research Services will provide accounts receivable accountants additional training on using the SF-425 Business Objects tool and completing the SF-425 in a non-standard way as required by some sponsors.

Implementation Date: January 31, 2020

Responsible Person: Diane Hassel

General Controls:

The University will continue to work with the Texas A&M System Chief Information Officer to improve existing information security controls in order to appropriately limit user access and to promptly remove or change user accounts when user needs change.

Implementation Date: May 31, 2020

Responsible Person: Mark Schulz

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TEXAS A&M UNIVERSITY**

**Reference No. 2018-108
Subrecipient Monitoring**

Research and Development Cluster

Award years – Multiple

Award numbers – Multiple

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency

Pass-through entities are required to evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. The pass-through entity may consider such factors as the subrecipient's prior experience with the same or similar subawards, the results of previous audits, whether the subrecipient has new personnel or new or substantially changed systems, and the extent and results of federal awarding agency monitoring (Title 2, Code of Federal Regulations (CFR), Section 200.331(b)). The pass-through entity must monitor the activities of each subrecipient as necessary to ensure that a subaward is used for authorized purposes, in compliance with federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring must include (1) reviewing financial and performance reports, (2) following up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies, and (3) issuing a management decision for audit findings (Title 2, CFR, Section 200.331(d)). Depending on the pass-through entity's assessment of risk posed by the subrecipient, the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals: (1) providing subrecipients with training and technical assistance on program-related matters, (2) performing on-site reviews of the subrecipient's program operations, and (3) arranging for agreed-upon procedures engagements (Title 2, CFR, Section 200.331(e)).

Initial Year Written:	2018
Status:	Implemented

Federal agencies that award R&D funds

When establishing a new subaward, Texas A&M University (University) uses a subrecipient risk assessment template that allows it to assess risk based on criteria such as the amount of a subaward, cost sharing requirements, and previous audit findings. Based on the results of the risk assessment, the University determines for the subrecipient an overall risk level of low, medium, or high.

The University did not have adequate policies and procedures in place over its subrecipient monitoring processes. Specifically:

- The University's policies do not address additional monitoring tools for medium- or high-risk subrecipients to ensure proper accountability and compliance with program requirements. According to the University's policy, certain executive approval is required before an award is made to a medium- or high-risk subrecipient; however, the policy does not address any additional monitoring those subrecipients should receive after the award is executed. Auditors observed examples of low- and medium-risk assessments during testing.
- The University's policy requires subrecipient expenditures to be reviewed for allowability; however, that policy does not specify what level of detail should be included in the subrecipient's invoice. For example, one subrecipient's invoice totaling \$37,511 included only a date range and did not include an itemized list of expenses, budget categories, or any other information regarding the type of expenses that invoice covered.

Insufficient monitoring policies and procedures for subrecipients increases the risk that the University would not detect subrecipients' noncompliance with federal statutes, regulations, and terms and conditions of the subaward.

Corrective Action:

Corrective action was taken.

**STATE OF TEXAS
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TEXAS A&M UNIVERSITY**

Reference No. 2017-111

Special Tests and Provisions – Enrollment Reporting

(Prior Audit Issues – 2015-106 and 2016-108)

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P165286; and CFDA 84.268, Federal Direct Student Loans, P268K175286

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Perkins Loan, Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 674.19(f), 685.309(b), and 682.610(c)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)). Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, chapter 1).

Initial Year Written:	2015
Status:	Implemented

U.S. Department of Education

Institutions must report students on whose behalf a loan was certified or awarded who were admitted, may have enrolled, but never attended classes at the institution as never attended to NSLDS. Institutions must report the effective date of a student's full-time enrollment status as the date on which the student most recently began uninterrupted enrollment on a full-time basis (*NSLDS Enrollment Reporting Guide*, Appendix C).

Texas A&M University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, chapter 3).

For 2 (3 percent) of 62 students tested who had a status change, the University did not report status changes or effective dates to NSLDS accurately. Specifically:

- For one student who enrolled but never attended the Fall 2016 term, the University correctly reported the student's never attended status to NSLDS. However, NSC changed that student's status to withdrawn in a subsequent report submission. The University had a monitoring process for the information it reported to NSC; however, the University did not have a process to ensure that NSC reported accurate information to NSLDS.
- For one student, the University incorrectly reported the effective date for the student's enrollment status in the Spring 2017 term due to a manual error it made in reporting the term start date.

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TEXAS A&M UNIVERSITY**

Not reporting student status changes accurately could affect determination that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

Corrective Action:

Corrective action was taken.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS A&M UNIVERSITY – CENTRAL TEXAS**

**Reference No. 2015-110
Special Tests and Provisions - Verification**

Student Financial Assistance Cluster

Award year – June 1, 2014, to July 31, 2015

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P148151 and CFDA 84.268, Federal Direct Student Loans, P268K158151

Type of finding – Significant Deficiency and Non-Compliance

Verification of Applications

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income, U.S. income taxes paid, child support paid, food stamps, education credits, individual retirement account deductions, other untaxed income, high school completion status, and identity and statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, Volume 78, Number 114).

Initial Year Written:	2015
Status:	Implemented
U.S. Department of Education	

When the verification of an applicant's eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 from the applicant's FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant's financial aid package on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR). For the Federal Pell Grant Program, if an applicant's FAFSA information changes as a result of verification, an institution must recalculate the applicant's Federal Pell Grant on the basis of the EFC on the corrected ISIR and disburse any additional funds under that award (Title 34, CFR, Section 668.59).

For 5 (8 percent) of 60 students tested, Texas A&M University - Central Texas (University) did not adequately verify all required items, and it did not always update its records and request updated ISIRs as required. For those students, the University did not accurately verify one or more of the following items: income information for tax filers, the amount of child support paid, receipt of Supplemental Nutritional Assistance Program benefits, or number of household members. Those errors occurred because of manual errors the University made during the verification process and because the University does not have an adequate process to monitor verification.

When auditors brought the errors to its attention, the University made corrections to all of the students' ISIRs. For four of those students, no change in EFC or financial assistance was associated with the errors; however, not properly verifying FAFSA information could result in the University overawarding or underawarding financial assistance. For one student, the errors resulted in an overaward of Federal Pell Grant funds totaling \$818. The University subsequently adjusted the student's award; therefore, there were no questioned costs.

Corrective Action:

Corrective action was taken.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS A&M UNIVERSITY – KINGSVILLE**

**Reference No. 2014-118
Eligibility**

Student Financial Assistance Cluster

Award year – July 1, 2013, to June 30, 2014

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A134135; CFDA 84.033, Federal Work-Study Program, P033A134135; CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P132325; and CFDA 84.268, Federal Direct Student Loans, P268K142325

Type of finding – Significant Deficiency and Non-Compliance

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student's cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Initial Year Written:	2014
Status:	Implemented
U.S. Department of Education	

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Record (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations (CFR), Sections 668.2 and 673.5).

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution's minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, CFR, Section 668.2).

Texas A&M University - Kingsville (University) administers student financial assistance for Texas A&M University - San Antonio. The University uses its financial aid system to calculate the COA for all students at both the Kingsville and San Antonio campuses.

For 9 (15 percent) of 60 of students tested, the University incorrectly calculated COA. Those errors occurred because the University set up specific budget groups incorrectly in the financial aid system. Specifically:

- When establishing budgets in the system for the 2013-2014 financial aid year, the University used budget information from the 2011-2012 financial aid year for certain budget groups. That affected all students who were enrolled in Texas A&M University - San Antonio for a Fall and/or Spring semester and a Summer semester. Seven students tested were affected by that issue.

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- The University did not accurately establish budgets in the system for students enrolled at Texas A&M University – Kingsville who had mixed enrollment (full-time enrollment for one term and less than full-time enrollment for one term) for the 2013-2014 aid year. The University asserted that issue affected all students assigned to a mixed enrollment budget in the 2013-2014 aid year. Two students tested were affected by that issue.

Auditors were not able to quantify the total number of students affected by the budgeting errors. While the errors did not result in overawards for the nine students discussed above, they increase the risk of overawarding or underawarding financial assistance to students.

Corrective Action:

Corrective action was taken.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS A&M UNIVERSITY – SAN ANTONIO**

Reference No. 2017-112

Eligibility

Activities Allowed or Unallowed

Cash Management

Special Tests and Provisions – Institutional Eligibility

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P168324; and CFDA 84.268, Federal Direct Student Loans, P268K178324

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student's cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code (USC), Chapter 28, Subchapter IV, Section 1087kk). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, USC, Chapter 28, Subchapter IV, Section 1087ll).

Initial Year Written: 2017
Status: Partially Implemented
U.S. Department of Education

Texas A&M University – San Antonio (University) established different COA budgets for each term based on a student's classification (for example undergraduate and graduate); residency (in-state and out-of-state); living status (on-campus, off-campus, and living with parents); and enrollment level (full-time, three-quarter-time, half-time, and less-than-half-time). The University used a student's enrollment level as of the census date to calculate a student's final COA.

For 8 (13 percent) of 61 students tested, the University incorrectly or inconsistently calculated COA. Specifically:

- For five students, the University did not calculate COA based on their actual enrollment as of the census date.
- For two students, the University calculated the COA using incorrect amounts for the budget components because it incorrectly set up the Summer 2017 budget tables in its student financial assistance system, Banner. The University identified that issue and corrected the budget tables in Banner in May 2017; however, the University did not recalculate the COA for those two students. That occurred because the University manually updated and locked the COAs for those two students in Banner before it corrected the budget tables.
- For one student, the University manually input an incorrect COA budget into Banner because, at that time, it did not have less-than-half-time COA amounts established in Banner.

The errors discussed above did not result in overawards of financial assistance; therefore, there were no questioned costs. However, by incorrectly calculating COA, the University increases the risk of overawarding or underawarding financial assistance to students.

Recommendation:

The University should consistently follow its process to correctly calculate students' COAs.

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TEXAS A&M UNIVERSITY – SAN ANTONIO**

Views of Responsible Officials and Corrective Action Plan 2017:

Cost of Attendance:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

As of May 2017, the University appointed a new Director of Scholarships and Financial. With new leadership, the inaccuracy and inconsistency with calculating Cost of Attendance were identified and immediately corrected. Additionally, new budget tables were established and new practices, as well as strategies, were developed and implemented to streamline budgeting for proper awarding. The following corrective actions will also be implemented to address all findings related to Cost of Attendance: (1) To further improve consistency, the Office of Scholarships and Financial Aid will develop monitoring reports to be run after census date to conduct Quality Control and identify any students whose budget information is not consistent with census enrollment statuses, and (2) The management team in the Office of Scholarships and Financial Aid will also conduct Quality Control on COA budgets that were manually adjusted to ensure accuracy and consistency with the department's established budget tables.

Views of Responsible Officials and Corrective Action Plan 2018:

The University acknowledges the findings and has moved to create and implement a process by which we have further improved our processes.

To further improve consistency, the Office of Scholarships and Financial Aid has developed monitoring reports which begin to run after census on a bi-weekly basis (Tuesday and Thursday) to identify any newly packaged students in order for their COA to be manually reviewed, adjusted (when necessary), and frozen to ensure accuracy and consistency with the department's established budget tables.

Views of Responsible Officials 2019:

The Institution acknowledges and agrees with the finding. The Institution will continue to work and develop a corrective action to improve the processes further.

Corrective Action Plan 2019:

Staff actively review reports regarding COA's until the census date. Afterward, staff requests a census report list that also captures COA's to accurately determine student's budgets. Internal Controls have been implemented by the Student Financial Aid Office, which reviews student's files and awards to determine eligibility. Additional training and webinars will be implemented during the academic year to ensure staff understands and correctly calculate COA's.

In March 2019, with our new Director of Financial Aid, automation, and a thorough review of the COA's on every attendance level will be conducted. In addition, we will update expected enrollment, COA, and Pell before student's disbursement, as well as on Census date. Staff continuously will run and review a COA report throughout the semester that will ensure student's enrollment hours, the budget amount, and budget groups are within compliance.

Implementation Date: May 2019

Responsible Person: Roberto Flores

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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TEXAS A&M UNIVERSITY – SAN ANTONIO**

**Reference No. 2017-114
Special Tests and Provisions - Verification**

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P168324; and CFDA 84.268, Federal Direct Student Loans, P268K178324

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Verification of Applications

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, child support paid, Supplemental Nutrition Assistance Program benefits, education credits, individual retirement account deductions, other untaxed income, high school completion, and identity and statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, volume 80, number 123).

Initial Year Written:	2017
Status:	Partially Implemented
U.S. Department of Education	

When the verification of an applicant's eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the applicant's FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant's subsidized financial aid awards on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR) (Title 34, CFR, Section 668.59).

Household size for a dependent student includes (1) the student; (2) the student's parents; (3) the student's siblings and children, if they will receive more than half their support from the student's parent(s) for the entire award year; and (4) other persons who live with and receive more than half their support from the student's parent(s) and will receive more than half support for the entire award year. Household size for an independent student includes (1) the student; (2) his or her spouse; (3) the student's children if they will receive more than half their support from the student for the entire award year; and (4) other persons who live with and receive more than half their support from the student and will receive more than half support for the entire award year. Number in college always includes (1) the student and (2) those in the household size who are or will be enrolled at least half time during the award year in a degree or certificate program at a Title IV-eligible school and who can reasonably be expected to receive aid from the family for their education (U.S. Department of Education, *2016-2017 Federal Student Aid Handbook, Application and Verification Guide*, chapter 2). Acceptable documentation for verifying household size and the number of household members who are in college includes a statement signed by the applicant, and if the applicant is a dependent student, by one of the applicant's parents, that lists the name and age of each household member, the relationship of that household member to the applicant, and the name of the educational institution for each household member who is or will be attending at least half-time in a program that leads to a degree or certificate (Title 34, CFR, Sections 668.57(b) and (c), and *Federal Register*, volume 80, number 123).

For 6 (10 percent) of 61 students tested, Texas A&M University – San Antonio (University) did not accurately verify certain required items on the students' FAFSAs, or it made unsupported changes to FAFSA items. Specifically:

- The University incorrectly reduced the household size and/or the number of household members in college for four students. Those students certified their household size and the number of household members in college on their verification forms, but the University removed household member(s) from the household size and/or the number of household members in college without obtaining additional support from those students. In addition, for one of those students, the University incorrectly increased that student's AGI, but it did not obtain

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documentation for that change from the student. When auditors brought those errors to the University's attention, the deadline to submit corrections for the award year had passed. However, the University performed procedures in its student financial assistance system, Banner, to correct the errors. For two students, the University asserted those errors did not result in changes to the students' EFCs or financial assistance awards. For the remaining two students, the University asserted those errors resulted in changes to the students' EFCs and that, as a result, both students were underawarded financial assistance.

- For one student, the University incorrectly verified the parents' income tax paid because it reviewed the incorrect field on the tax return transcript. When auditors brought that error to the University's attention, the deadline to submit corrections for the award year had passed. However, the University performed procedures in Banner to correct the error and asserted that the error resulted in a change to the student's EFC and that, as a result, the student was overawarded \$200 in Pell Grant funds. The University subsequently returned the overawarded amount to the U.S. Department of Education.
- For one student, the University did not obtain supporting documentation from the student for income information and inappropriately waived the request for that information from the student. As a result, auditors were not able to determine whether there were any questioned costs for that student.

Recommendation:

The University should accurately verify all required FAFSA information for students selected for verification and make changes based only on the supporting documentation that students provide.

Views of Responsible Officials and Corrective Action Plan 2017:

Verifications of Applications:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Additional training will be provided to Financial Aid staff on verification procedures and required documentation needed from students/parents to ensure all information is required and received in order to accurately complete verification of student files. On a monthly basis, the Associate Director will conduct Quality Control of sample/selected files to ensure accuracy and make certain all required information/documentation has been received.

Views of Responsible Officials and Corrective Action Plan 2018:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University has moved to implement correction action to further improve out processes.

Additional training has been provided to Financial Aid staff by way of National Association of Student Financial Aid Administrators U (NASFAA U) courses, of which relevant staff has partaken and received credentialed training. Additionally, Global Financial Aid Services conducted Verification Training for all staff members on September 7, 2018. Moreover, we currently conduct weekly internal Quality Control reviews of sample/selected files to ensure required information/documentation has been received.

Views of Responsible Officials 2019:

The Institution acknowledges and agrees with the finding.

Corrective Action Plan 2019:

In addition to training has been provided by the National Association of Student Financial Aid Administrators U (NASFAA U) courses, of which relevant staff has partaken and received credentialed training March 2019 brought about a change in financial aid administration. Through this change, in addition to the verification process being delegated and established through a caseload concept instead of one individual, more investment in the upgrade and use of automation. These enhancements have been implemented to ensure the verification process is aligned such that standard reports are generated to ensure resolution of conflicting information and verification has been accurately conducted.

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Implementation Date: April 2019

Responsible Person: Gail Johnson

Reference No. 2017-115

Special Tests and Provisions – Disbursements To or On Behalf of Students

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P168324; and CFDA 84.268, Federal Direct Student Loans, P268K178324

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Disbursement Notification Letters

If an institution credits a student's ledger account with Direct Student Loan funds, the institution must notify the student or parent of (1) the anticipated date and amount of the disbursement, (2) the student's or parent's right to cancel all or a portion of that loan and have the loan proceeds returned to the U.S. Department of Education, and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The institution must provide the notice in writing no earlier than 30 days before, and no later than 30 days after, crediting the student's ledger account at the institution. (Title 34, CFR, Section 668.165).

Initial Year Written:	2017
Status:	Implemented

U.S. Department of Education

The University did not send disbursement notification letters or did not send disbursement notification letters in accordance with required time frames for 34 (83 percent) of 41 students tested who received Direct Student Loans. Specifically, it did not send any disbursement notification letters to 27 students; for the remaining 7 students, the University sent disbursement notification letters 78 days after crediting the students' ledger accounts. Those errors occurred because the University (1) did not perform its manual process to generate the disbursement notification letters and (2) had weaknesses in its monitoring process that prevented it from detecting that it had not sent disbursement notification letters.

Not receiving disbursement notifications or receiving them late impairs students' and parents' ability to cancel their loans.

Corrective Action:

Corrective action was taken.

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TEXAS A&M UNIVERSITY – SAN ANTONIO**

Reference No. 2017-116

Special Tests and Provisions – Return of Title IV Funds

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P168324; and CFDA 84.268, Federal Direct Student Loans, P268K178324

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Return of Title IV Calculations

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date (Title 34, Code of Federal Regulations (CFR), Section 668.22(a)(1)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment (Title 34, CFR, Section 668.22(a)(4)).

Initial Year Written: 2017
Status: Partially Implemented
U.S. Department of Education

The amount of earned Title IV grant or loan assistance is calculated by (1) determining the percentage of Title IV grant or loan assistance that the student has earned and (2) applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student's withdrawal date. A student earns 100 percent if his or her withdrawal date is after the completion of 60 percent of the payment period or period of enrollment. The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance the student earned from the amount of Title IV assistance that was disbursed to the student as of the date that the institution determined that the student withdrew (Title 34, CFR, Section 668.22(e)). The institution must return the lesser of the total amount of unearned Title IV grant or loan assistance calculated as described above or an amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance that had not been earned by the student. For purposes of this calculation, "institutional charges" are tuition, fees, room and board (if the student contracts with the institution for the room and board), and other educationally related expenses assessed by the institution (Title 34, CFR, Section 668.22(g)).

The total number of calendar days in a payment period or period of enrollment includes all days within the period that the student was scheduled to complete, except that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period (Title 34, CFR, Section 668.22(f)(2)(i)).

Texas A&M University – San Antonio (University) made errors in its return of Title IV funds calculations for 26 (42 percent) of 62 students tested. Specifically:

- For 24 students, the University incorrectly determined the number of days in the payment period. The University incorrectly used 6 days (instead of 8 days) for its Spring break period when it determined the payment period for the Spring 2017 term. In addition, for two of those students the University also made manual errors in its calculation of institutional charges.
- For 2 students, the University made manual errors in its calculation of institutional charges.

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TEXAS A&M UNIVERSITY – SAN ANTONIO**

As a result of those errors, the University returned less than it was required to return for 10 students. However, after auditors brought the issues to the University's attention, it corrected the return calculations and returned the additional funds; therefore, there were no questions costs. For the remaining students, the University returned more than it was required to return or the errors did not affect the amount of funds to be returned.

Recommendations:

The University should:

- Accurately determine the number of days in scheduled breaks and calculate returns of Title IV funds correctly based on the payment period excluding scheduled breaks.
- Calculate institutional charges correctly and consistently in accordance with U.S. Department of Education requirements.

Views of Responsible Officials and Corrective Action Plan 2017:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Additional training will be provided to Financial Aid staff on federal regulations related to the number of days in the payment period while considering scheduled breaks. Also, Financial Aid staff will receive training on calculating institutional charges. The management team in the Office of Scholarships and Financial Aid will conduct monthly quality control to ensure the accuracy of Return of Title IV calculations.

Views of Responsible Officials and Corrective Action Plan 2018:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in this, and the previous audit, the University has moved to create internal auditing to further improve our processes.

Additional training has been provided to Financial Aid staff by way of National Association of Student Financial Aid Administrators U (NASFAA U) courses, of which relevant staff has partaken and received credentialed training. Additionally, training has been provided regarding federal regulations related to the number of days in a payment period while considering scheduled break. Moreover, The University has created the position of Compliance Officer within the Office of Scholarships and Financial Aid in order to ensure the accuracy of Return of Title IV Calculations.

Views of Responsible Officials 2019:

The Institution acknowledges. In addition to state discussions and training on these issues to ensure compliance is achieved, the Institution will continue to work, develop and implement corrective action to further improve the processes.

Corrective Action Plan 2019:

For November 2018, new staff received training regarding the Return of Title IV processes and procedures. The training guide was approved by Interim Financial Aid Director and marked a how-to guide for beginning staff members to follow along and perform calculations in BANNER. During this time, the Financial Aid Compliance Office conducted monthly QA reports of withdraws given by Program Coordinator-Loans to spot check for errors. Additional training to all financial aid staff on federal regulations and Return of Title IV funds were held through NASFAA webinars. The training helped the team to correctly calculate the number of days in the payment period while considering breaks and institutional charges to accurately determine the amount of total charges to be used in the Return of Title IV calculation. In conjunction with financial aid staff trainings, the Financial Aid leadership held monthly meetings with the Registrar's office Director and Associate Director to establish improvement plans to assist in institutionally accurate withdrawal dates, date of determination, and schedule breaks related Return of Title IV BANNER screens.

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Under new supervision and direction as of March 2019, the Return of Title IV program went back to the Compliance & Assurance team to conduct all processes and procedures and monthly QA reviews. The Compliance & Assurance team has implemented an internal control spreadsheet for R2T4 as well as making the new spreadsheet part of the training and a control document reviewed monthly.

Implementation Date: April 2019

Responsible Person: Jeannine Tovar

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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TEXAS SOUTHERN UNIVERSITY**

Reference No. 2017-119

Eligibility

Special Tests and Provisions – Institutional Eligibility

Activities Allowed or Unallowed

Cash Management

Reporting

Special Tests and Provisions – Disbursements To or On Behalf of Students

Special Tests and Provisions – Return of Title IV Funds

Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)

(Prior Audit Issues – 2016-109, 2016-111, 2016-112, and 2016-114)

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164145; CFDA 84.033, Federal Work-Study Program, P033A164145; CFDA 84.063, Federal Pell Grant Program, P063P162327; CFDA 84.268, Federal Direct Student Loans, P268K172327; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172327

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student's cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code (USC), Chapter 28, Subchapter IV, Section 1087kk). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, USC, Chapter 28, Subchapter IV, Section 1087ll).

Initial Year Written:	2016
Status:	Partially Implemented

U.S. Department of Education

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Record (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (U.S. Department of Education, *2016-2017 Federal Student Aid Handbook, Application and Verification Guide*, chapter 1, and Title 34, Code of Federal Regulations (CFR), Sections 668.2, 673.5, and 685.301).

Texas Southern University (University) established different COA budgets based on a student's classification (for example undergraduate and graduate); residency (in-state and out-of-state); living status (on-campus, off-campus, and commuter); and enrollment level (full-time, three-quarter-time, half-time, and less-than-half-time). The University's student financial assistance system, Banner, initially budgeted students for full-time enrollment. At the census date, the University locked a student's enrollment level for financial aid purposes and used the student's actual enrollment level to calculate a revised COA, if applicable.

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TEXAS SOUTHERN UNIVERSITY**

For 16 (26 percent) of 62 students tested, the University incorrectly calculated the COA. Specifically, the University:

- Assigned incorrect loan fee budgets to 11 students' COAs. As a result, nine of those students' COAs were understated. The other two students' COAs were overstated; however, the University did not overaward those students financial assistance; therefore, there were no questioned costs.
- Assigned one student a COA for a term in which the student was not enrolled. As a result, the University overawarded that student a Federal Direct PLUS Loan in the amount of \$6,353. After auditors brought that error to the University's attention, it returned the loan funds to the U.S. Department of Education; therefore, there were no questioned costs.
- Did not assign one student the correct COA for the program in which the student was enrolled. As a result, the student's COA was understated; however, the University did not underaward financial assistance to that student because that student had already received the maximum financial assistance.
- Applied an incorrect room and board budget to the COA for two students for the Summer term. That error occurred because the University incorrectly established the Summer term room and board component for the COA in Banner. As a result, those students' COAs were overstated; however, the University did not overaward those students financial assistance. Therefore, there were no questioned costs.
- Did not assign one student a COA in Banner for the Summer term. As a result, the University awarded Federal Direct PLUS Loans in excess of that student's financial need. Specifically, the University awarded and disbursed a \$22,093 Graduate Direct PLUS Loan that exceeded the student's COA minus other estimated financial assistance. After auditors brought that error to the University's attention, it corrected the award and returned funds to the U.S. Department of Education; therefore, there were no questioned costs.

Other Compliance Requirements

Although the general control weaknesses described below apply to activities allowed or unallowed, cash management, reporting, special tests and provisions – disbursements to or on behalf of students, special tests and provisions – return of Title IV funds, and special tests and provisions – borrower data transmission and reconciliation (direct loan), auditors identified no compliance issues regarding those compliance areas.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institutions are managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not appropriately restrict access to its student financial assistance information system, Banner. Specifically:

- Eleven contractor employees had inappropriate high-level administrative access at the network level. After auditors brought those issues to its attention, the University removed the inappropriate access.
- Nine contractors had inappropriate access to screens in Banner that control budget tables, fund rules, disbursement dates, and other programmed rules. After auditors brought those issues to its attention, the University removed the inappropriate access.
- The University's contractor was not able to identify which employees had access to two database administrator-level service accounts.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS SOUTHERN UNIVERSITY**

- Five former contractor employees had inappropriate access to the Web and application servers and the database server; the University did not disable their network access promptly after their termination dates. One current contractor employee also had inappropriate access to the database server. In addition, the University did not disable an unused test account on the Web and application servers.

The University shares responsibility for administration of its network—as well as the server, database, and application levels of Banner—with its contractor.

Those errors occurred because the University and its contractor did not appropriately review users' access based on their job responsibilities and employment status. Allowing inappropriate or excessive access to a system increases the risk of inappropriate changes to the system and does not allow for proper segregation of duties.

Recommendations:

The University should:

- Strengthen controls to ensure that it properly assigns COA components and does not overaward financial assistance to students.
- Appropriately limit access to its student financial assistance information system to users based on their job responsibilities and employment status.
- Appropriately monitor its contractor to help ensure that access to its information systems is appropriately limited to users based on their job responsibilities and employment status.

Views of Responsible Officials and Corrective Action Plan 2017:

Texas Southern University agrees with the finding. The corrective active plan to improve the processes based on the stated recommendations are provided below.

Cost of Attendance:

Texas Southern University has updated the batch posting process to ensure students in each category are properly identified when posting loan fees. The University is developing a monitoring report to assist in reviewing the accuracy of the budget components for consistency and accuracy based on program, term of enrollment, level and classification.

General Controls:

The Office of Information Technology will perform a weekly security review with the technology service provider, Ellucian. The Office of Technology will verify on a monthly basis, that all terminated contractor accounts with system and/or administrative access are removed and that existing accounts have the appropriate access, which will be evident in the job description/responsibilities for such roles/profiles or end users.

The Office of Information Technology is currently in the process of conducting a review of all database administrator-level service accounts held by contractors, Ellucian. The Office of Information Technology will work with its contractor to change all accounts that should not have database administrator-level service access. The Office of Information Technology will implement controls to ensure that Ellucian identifies end users with access to all of the remaining database administrator-level service accounts, and that the purpose for such access is identified/documented in the job description.

Views of Responsible Officials and Corrective Action Plan 2018:

Cost of Attendance:

Texas Southern University will utilize the batch posting process in all terms inclusive of summer to strengthen consistency and accuracy in all budget components.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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TEXAS SOUTHERN UNIVERSITY**

General Controls:

The Office of Information Technology will perform a monthly security review with the technology service provider, Ellucian. The Office of Technology will verify on a monthly basis, that all terminated contractor accounts with system and/or administrative access are removed and that existing accounts have the appropriate access, which will be evident in the job description/responsibilities for such roles/profiles or end users. This review will include Database Server accounts. Profile files and all other resources.

We are still following this plan and the exceptions were due to the time that we implemented to remediate the finding and the audit.

Views of Responsible Officials 2019:

Cost of Attendance:

Texas Southern University acknowledges and agrees with the finding. The university has analyzed the exceptions identified during the audit and developed a corrective action plan to further improve the processes.

General Controls:

The Office of Information Technology will perform a quarterly security review with the Data Custodians in various departments. The Office of Technology will verify on a quarterly basis, that all terminated contractor accounts with system and/or administrative access are removed and that existing accounts have the appropriate access, which will be evident in the job description/responsibilities for such roles/profiles or end users. This review will include Database Server accounts, Profile files and all other resources.

Corrective Action Plan 2019:

Cost of Attendance:

The University has implemented significant process enhancements in this area. TSU has increased the frequency of the loan fee batch posting process and created an edit report to serve as an internal compensating control to minimize potential processing errors in the calculation of loan fees within the cost of attendance.

Implementation Date: December 1, 2019

Responsible Person: Linda Ballard

General Controls:

Quarterly meetings have been setup with Data Custodians of the various departments to review end user accounts (TSU & Contractors) access and service accounts effective May 2019 for the critical modules of BANNER (i.e. Student). The Office of Information Technology executes the User Access Permissions Report on a quarterly basis and presents to the Data/Module owner for review, modification and certification.

Implementation Date: May 2019

Responsible Persons: Mario Berry and Sonny Gulati

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS SOUTHERN UNIVERSITY**

Reference No. 2017-120
Special Tests and Provisions – Verification
(Prior Audit Issue – 2016-110)

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164145; CFDA 84.033, Federal Work-Study Program, P033A164145; CFDA 84.063, Federal Pell Grant Program, P063P162327; CFDA 84.268, Federal Direct Student Loans, P268K172327; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172327

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Verification of Applications

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income, U.S. income taxes paid, child support paid, Supplemental Nutrition Assistance Program (SNAP) benefits, education credits, individual retirement account deductions, other untaxed income, high school completion, and identity and statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, volume 80, number 123).

Initial Year Written:	2016
Status:	Partially Implemented
U.S. Department of Education	

When the verification of an applicant's eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the applicant's FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant's subsidized student financial assistance awards on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR) (Title 34, CFR, Section 668.59).

For 8 (13 percent) of 61 students tested, Texas Southern University (University) did not accurately update its records when it performed verification. For those eight students, the University did not correct those students' ISIRs for one or more of the following items: adjusted gross income; U.S. income taxes paid; number of household members; number of household members in college; and SNAP benefits. Those errors occurred because the University did not update its student financial assistance system with the appropriate information after it had reviewed documentation that the students had submitted. The University also did not have an adequate monitoring process to help ensure that it accurately documented verification information in its student financial assistance system.

When auditors brought those errors to the University's attention, the deadline to submit corrections for the award year had passed. As a result, the University did not make corrections to those students' ISIRs and auditors could not determine whether there was an effect on those students' EFCs or financial assistance awards. The University asserted that those errors resulted in changes to three of those students' EFCs and it returned the Federal Pell Grant funds that it overawarded. Auditors confirmed that the University returned Federal Pell Grant funds to the U.S. Department of Education but could not confirm whether the amounts it returned were accurate. Not verifying FAFSA information appropriately could result in the University overawarding or underawarding student financial assistance.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institutions are managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS SOUTHERN UNIVERSITY**

The University did not appropriately restrict access to its student financial assistance information system, Banner. Specifically:

- Eleven contractor employees had inappropriate high-level administrative access at the network level. After auditors brought those issues to its attention, the University removed the inappropriate access.
- Nine contractors had inappropriate access to screens in Banner that control budget tables, fund rules, disbursement dates, and other programmed rules. After auditors brought those issues to its attention, the University removed the inappropriate access.
- The University's contractor was not able to identify which employees had access to two database administrator-level service accounts.
- Five former contractor employees had inappropriate access to the Web and application servers and the database server; the University did not disable their network access promptly after their termination dates. One current contractor employee also had inappropriate access to the database server. In addition, the University did not disable an unused test account on the Web and application servers.

The University shares responsibility for administration of its network—as well as the server, database, and application levels of Banner—with its contractor.

Those errors occurred because the University and its contractor did not appropriately review users' access based on their job responsibilities and employment status. Allowing inappropriate or excessive access to a system increases the risk of inappropriate changes to the system and does not allow for proper segregation of duties.

Recommendations:

The University should:

- Accurately update its records when it performs verification and request updated ISIRs when required.
- Strengthen its monitoring of the verification process to ensure that it makes corrections when required.
- Appropriately limit access to its student financial assistance information system to users based on their job responsibilities and employment status.
- Appropriately monitor its contractor to help ensure that access to its information systems is appropriately limited to users based on their job responsibilities and employment status.

Views of Responsible Officials and Corrective Action Plan 2017:

Texas Southern University agrees with the finding. The corrective active plan to improve the processes based on the stated recommendations are provided below.

Verification:

Currently, the ISIRS are exported on every student that has an update to the file for changes affecting the applicable items, which include: household size, number of household members who are in college, adjusted gross income, U.S. income taxes paid, child support paid, Supplemental Nutrition Assistance Program (SNAP) benefits, education credits, individual retirement account deductions, other untaxed income, high school completion, and identity and statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and Federal Register, volume 80, number 123). The records not sent during the auditing period exceeded September 9, 2017 due to the timing of the review. September 9 is the official cut-off date for submitting corrections to the Common Origination and Disbursements. No exceptions were identified or found with the actual transmission/receipt of corrections for files (a technical control managed by Ellucian).

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS SOUTHERN UNIVERSITY**

Texas Southern will enhance monitoring controls in this area of compliance and implement modifications where appropriate based on regulatory updates and/or best practices within the industry. Additionally, the BANNER system is monitored throughout the year. Corrections are not accepted and paid until the BANNER generated system EFC and the EFC returned on the ISIR record are equal to ensure the BANNER system continues to produce accurate calculations. Validation checks will be performed when the EFC and ISIR data changes.

Texas Southern University will performed enhanced training of its Scholarships & Financial Aid staff on these verification controls. Additionally, a quality assurance process will be implemented a (sample) portion of the total verification population to identify errors more readily.

General Controls:

The Office of Information Technology will perform a weekly security review with the technology service provider, Ellucian. The Office of Technology will verify on a monthly basis, that all terminated contractor accounts with system and/or administrative access are removed and that existing accounts have the appropriate access, which will be evident in the job description/responsibilities for such roles/profiles or end users.

The Office of Information Technology is currently in the process of conducting a review of all database administrator-level service accounts held by contractors, Ellucian. The Office of Information Technology will work with its contractor to change all accounts that should not have database administrator-level service access. The Office of Information Technology will implement controls to ensure that Ellucian identifies end users with access to all of the remaining database administrator-level service accounts, and that the purpose for such access is identified/documented in the job description.

Views of Responsible Officials and Corrective Action Plan 2018:

Verification of Applications:

Texas Southern University has performed enhanced training with the Financial Aid staff on verification policies and procedures. Additionally, the university has outsourced a portion of the verification process to adequately manage the increase in verifications processed during peak periods.

General Controls:

The Office of Information Technology will perform a monthly security review with the technology service provider, Ellucian. The Office of Technology will verify on a monthly basis, that all terminated contractor accounts with system and/or administrative access are removed and that existing accounts have the appropriate access, which will be evident in the job description/responsibilities for such roles/profiles or end users. This review will include Database Server accounts. Profile files and all other resources.

We are still following this plan and the exceptions were due to the time that we implemented to remediate the finding and the audit.

Views of Responsible Officials 2019:

Verification:

Texas Southern University acknowledges and agrees with the finding. The Third-Party Service Provider, Inceptia Inc., entered the IRA deduction as untaxed income during the verification process. The data element was subsequently resubmitted as an IRA deduction and there were no changes to the expected family contribution as a result of the correction. Inceptia has submitted a copy of the Compliance Attestation Examination of Title IV Student Financial Assistance Programs and management letter both indicated there no findings for the year ending September 2018. The report did not identify any exceptions in reporting. Per the organization's management staff, there were also no other errors found during reviews. At this time TSU will remain with the servicer for the remainder of the 2019-2020 school year.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS SOUTHERN UNIVERSITY**

General Controls:

The Office of Information Technology will perform a quarterly security review with the Data Custodians in various departments. The Office of Technology will verify on a quarterly basis, that all terminated contractor accounts with system and/or administrative access are removed and that existing accounts have the appropriate access, which will be evident in the job description/responsibilities for such roles/profiles or end users. This review will include Database Server accounts, Profile files and all other resources.

Corrective Action Plan 2019:

Verification:

The Office of Student Financial Assistance (OSFA) will continue the processing cycle for verification utilizing the indicated third party through the completion of the 2019-2020 award year. Selected files are reviewed through the academic year to ensure accuracy and completeness. Texas Southern University verifies 100% of the files selected for verification by the U.S. Department of Education. Inceptia will continue to complete the verification process as contracted on 100% of the files. Inceptia will also perform a secondary managerial review on 70% of the verified files for accuracy and completeness of the data.

Implementation Date: September 1, 2019

Responsible Person: Linda Ballard

General Controls:

Quarterly meetings have been setup with Data Custodians of the various departments to review end user accounts (TSU & Contractors) access and service accounts effective May 2019. OIT-Enterprise Applications team runs a report and sends to Data Custodians to review and provide feedback on which accounts should be disabled.

Implementation Date: May 2019

Responsible Persons: Mario Berry and Sonny Gulati

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS SOUTHERN UNIVERSITY**

Reference No. 2017-121

Special Tests and Provisions – Enrollment Reporting

(Prior Audit Issue – 2016-113)

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P162327; and CFDA 84.268, Federal Direct Student Loans, P268K172327

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Enrollment Reporting

Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Perkins Loan, Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis, (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended, or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 674.19(f), 685.309(b) and 682.610(c)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)). Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, chapter 1).

Initial Year Written:	2016
Status:	Partially Implemented

U.S. Department of Education

When a student does not re-enroll at an institution for the next regular (non-Summer) term without completing the course of study, the student should be reported as withdrawn. In the case of a student who completes a term and does not return for the next term, leaving the course of study uncompleted, the final day of the term in which the student was last enrolled should be used as the effective date. For three-quarter time, half-time, and less-than-half-time status, the institution must use the effective date that the student dropped to those particular statuses. For students who registered but never attended classes at an institution, the institution must report a never attended status (*NSLDS Enrollment Reporting Guide*, Appendix C). To protect a student's interest subsidy, institutions are required to report a graduated status for students who have completed their course of study (*NSLDS Enrollment Reporting Guide*, Appendix C and chapter 4, and *Dear Colleague Letter*, April 14, 2014 (GEN-14-07)).

Texas Southern University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, chapter 3).

For 25 (38 percent) of 65 students tested who had a status change, the University did not (1) report status changes to NSLDS when required or (2) accurately report status changes to NSLDS. Specifically, the University:

- Reported 19 students as enrolled half-time when those students were enrolled as three-quarter time. That occurred because the University did not have a process to report three-quarter-time statuses to NSLDS.
- Reported two students as withdrawn when it should have reported those students as never attended to NSLDS.

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TEXAS SOUTHERN UNIVERSITY**

- Did not report three students' graduated status to NSLDS.
- Did not report one student's enrollment status to NSLDS.

For 5 (8 percent) of 65 students tested who had a status change, the University did not accurately report the effective date of the status change to NSLDS. Specifically:

- For four students who did not begin attendance for the term, the University did not report the final day of the term in which the students were last enrolled as the effective date of the withdrawal.
- For one student, the University reported a graduation date that differed from the graduation date recorded in the University's financial assistance system, Banner.

For 2 (3 percent) of 65 students tested who had a status change, the University did not report the status change to NSLDS in a timely manner. Specifically, the University reported those students' status changes 62 days and 77 days after the status changes occurred.

The University did not have adequate controls to help ensure that status changes were reported to NSLDS accurately and in a timely manner. Not reporting student status changes or not reporting status changes accurately and in a timely manner could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

Corrective Action:

Corrective action was taken.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institutions are managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not appropriately restrict access to its student financial assistance information system, Banner. Specifically:

- Eleven contractor employees had inappropriate high-level administrative access at the network level. After auditors brought those issues to its attention, the University removed the inappropriate access.
- Nine contractors had inappropriate access to screens in Banner that control budget tables, fund rules, disbursement dates, and other programmed rules. After auditors brought those issues to its attention, the University removed the inappropriate access.
- The University's contractor was not able to identify which employees had access to two database administrator-level service accounts.
- Five former contractor employees had inappropriate access to the Web and application servers and the database server; the University did not disable their network access promptly after their termination dates. One current contractor employee also had inappropriate access to the database server. In addition, the University did not disable an unused test account on the Web and application servers.

The University shares responsibility for administration of its network—as well as the server, database, and application levels of Banner—with its contractor.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS SOUTHERN UNIVERSITY**

Those errors occurred because the University and its contractor did not appropriately review users' access based on their job responsibilities and employment status. Allowing inappropriate or excessive access to a system increases the risk of inappropriate changes to the system and does not allow for proper segregation of duties.

Recommendations:

The University should:

- Appropriately limit access to its student financial assistance information system to users based on their job responsibilities and employment status.
- Appropriately monitor its contractor to help ensure that access to its information systems is appropriately limited to users based on their job responsibilities and employment status.

Views of Responsible Officials and Corrective Action Plan 2017:

Texas Southern University agrees with the finding. The corrective active plan to improve the processes based on the stated recommendations are provided below.

General Controls:

The Office of Information Technology will perform a weekly security review with the technology service provider, Ellucian. The Office of Technology will verify on a monthly basis, that all terminated contractor accounts with system and/or administrative access are removed and that existing accounts have the appropriate access, which will be evident in the job description/responsibilities for such roles/profiles or end users.

The Office of Information Technology is currently in the process of conducting a review of all database administrator-level service accounts held by contractors, Ellucian. The Office of Information Technology will work with its contractor to change all accounts that should not have database administrator-level service access. The Office of Information Technology will implement controls to ensure that Ellucian identifies end users with access to all of the remaining database administrator-level service accounts, and that the purpose for such access is identified/documentated in the job description.

Views of Responsible Officials and Corrective Action Plan 2018:

General Controls:

The Office of Information Technology will perform a monthly security review with the technology service provider, Ellucian. The Office of Technology will verify on a monthly basis, that all terminated contractor accounts with system and/or administrative access are removed and that existing accounts have the appropriate access, which will be evident in the job description/responsibilities for such roles/profiles or end users. This review will include Database Server accounts. Profile files and all other resources.

We are still following this plan and the exceptions were due to the time that we implemented to remediate the finding and the audit.

Views of Responsible Officials 2019:

General Controls:

The Office of Information Technology will perform a quarterly security review with the Data Custodians in various departments. The Office of Technology will verify on a quarterly basis, that all terminated contractor accounts with system and/or administrative access are removed and that existing accounts have the appropriate access, which will be evident in the job description/responsibilities for such roles/profiles or end users. This review will include Database Server accounts, Profile files and all other resources.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS SOUTHERN UNIVERSITY**

Corrective Action Plan 2019:

General Controls:

Quarterly meetings have been setup with Data Custodians of the various departments to review end user accounts (TSU & Contractors) access and service accounts effective May 2019. OIT-Enterprise Applications team runs a report and sends to Data Custodians to review and provide feedback on which accounts should be disabled.

Implementation Date: May 2019

Responsible Persons: Mario Berry and Sonny Gulati

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS TECH UNIVERSITY**

**Reference No. 2017-123
Special Tests and Provisions – Verification**

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164151; CFDA 84.033, Federal Work-Study Program, P033A164151; CFDA 84.063, Federal Pell Grant Program, P063P162328; CFDA 84.268, Federal Direct Student Loans, P268K172328; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172328

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income, U.S. income taxes paid, child support paid, Supplemental Nutrition Assistance Program benefits, education credits, individual retirement account deductions, other untaxed income, high school completion, and identity and statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, volume 80, number 123).

Initial Year Written:	2017
Status:	Implemented
U.S. Department of Education	

When the verification of an applicant's eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the applicant's FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant's subsidized student financial assistance awards on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR) (Title 34, CFR, Section 668.59).

The U.S. Department of Education automatically distributes (or "pushes") to institutions certain ISIR transactions processed by the Central Processing System (CPS); it then requires the institutions to take some sort of action. An example of a pushed ISIR would be a student-corrected ISIR that causes a change to the EFC. Institutions are required to review all pushed ISIRs and assess any potential effect on students' eligibility for assistance (2016-2017 *Electronic Data Exchange (EDE) Technical Reference*).

For 2 (3 percent) of 61 students tested, Texas Tech University (University) did not accurately verify all required items on the FAFSA; therefore, it did not subsequently update its records and request updated ISIRs as required. For those two students, the University did not accurately verify other untaxed income or number of household members. Specifically:

- The verification forms the University used did not allow for students to specify the source(s) of other untaxed income, and the University did not request clarifications for the source of other untaxed income reported for one student. The University subsequently verified that the student's EFC would not have changed; therefore, there were no questioned costs.
- For one student, the number of family members in the household the student reported was inconsistent with information transferred to the University's financial aid system, Banner. The University did not request corrections or clarifications; instead, it relied on information the student submitted the prior year. After auditors brought that issue to its attention, the University confirmed with the student the number of family members in the household; therefore, there were no questioned costs.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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TEXAS TECH UNIVERSITY**

Not properly verifying FAFSA information could result in incomplete verification of FAFSA information and overawarding or underawarding student federal financial assistance.

The University also did not properly load ISIRs selected for verification into its financial aid system during the 2016-2017 award year, resulting in 39 students for whom the University did not verify information before it disbursed funds. Specifically, the University's procedure was to load CPS-pushed ISIRs as "non-current" records into its financial aid system. As a result, the University did not identify when those ISIRs were flagged for verification. For 1 (2 percent) of 61 students tested, the University disbursed financial aid prior to completing the verification process for that student. After auditors brought that issue to the University's attention, it identified 38 additional students the U.S. Department of Education had selected for verification but for whom the University did not verify information for the 2016-2017 award year. The University then completed its verification process for those 38 students and determined that it had underawarded 3 students a total of \$1,450 and overawarded 11 students a total of \$58,417. The University subsequently canceled or adjusted awards for those students as necessary; as a result, there were no questioned costs.

Corrective Action:

Corrective action was taken.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER**

Reference No. 2016-122

Special Tests and Provisions – Enrollment Reporting

Student Financial Assistance Cluster

Award year – July 1, 2015, to June 30, 2016

Award numbers – CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not

Applicable; CFDA 84.063, Federal Pell Grant Program, P063P153367; and CFDA 84.268, Federal Direct Student Loans, P268K163367

Statistically valid sample – No

Type of finding – Significant Deficiency and Non-Compliance

Enrollment Reporting

Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Perkins Loan, Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 674.19(f), 685.309(b), and 682.610(c)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Initial Year Written:	2016
Status:	Partially Implemented

U.S. Department of Education

Institutions are required to use the date of a student's withdrawal for purposes of reporting enrollment status changes to the Secretary of the U.S. Department of Education and determining when a refund or return of Title IV funds must be paid (Title 34, CFR, Section 685.305(c)). In addition, the *National Student Loan Data System (NSLDS) Enrollment Reporting Guide* states that, in the absence of a formal withdrawal, the last recorded date of attendance should be reported as the status change date. For three-quarter-time, half-time, and less-than-half-time status, the institution must use the effective date that the student dropped to those particular statuses (*NSLDS Enrollment Reporting Guide*, Appendix C).

The Texas Tech University Health Sciences Center (Health Sciences Center) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the Health Sciences Center reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the Health Sciences Center's behalf and communicates status changes to NSLDS, as applicable. Although the Health Sciences Center uses the services of NSC, it is still ultimately the Health Sciences Center's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 3).

The Health Sciences Center did not report student status changes or effective dates to NSLDS accurately.

For 37 (62 percent) of 60 students tested with a status change, the Health Sciences Center reported inaccurate status changes or reported a status change when there was none. Specifically:

- For 30 of those students, the Health Sciences Center reported those students' status changes inaccurately or reported a status change when the student did not have a status change. Those errors occurred because the Health Sciences Center inaccurately established the minimum number of credit hours required for different enrollment levels in its student financial assistance system, Banner. As a result, its submissions to NSLDS included inaccurate information.

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- For 7 of those students, the Health Sciences Center did not report the withdrawn status and effective date accurately. Those errors occurred because the Health Sciences Center did not process those withdrawals in Banner and, as a result, it did not include those withdrawals in its reporting process or its last submission date occurred prior to the withdrawal. In addition, for two of those students, the Health Sciences Center also reported an inaccurate status change for a term that differed from the term in which the student withdrew.

The Health Sciences Center did not report status changes to NSLDS in a timely manner. For 16 (27 percent) of 60 students tested who had a status change, the Health Sciences Center did not report status changes to NSLDS in a timely manner. Specifically:

- For 6 of those students, the Health Sciences Center reported those students' status changes between 66 and 267 days after the status change occurred.
- For 10 of those students, the Health Sciences Center did not report those students' status changes to NSLDS.

For 8 of those students, the errors discussed above resulted in the Health Sciences Center not reporting status changes in a timely manner. For the remaining 8 students, the Health Sciences Center asserted that it reported those status changes in a timely manner to NSC; however, NSC did not report those status changes to NSLDS or did not report those status changes to NSLDS within the required time frame.

Not reporting student status changes accurately and in a timely manner could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

Recommendations:

The Health Sciences Center should:

- Accurately report all status changes and effective dates to NSLDS in a timely manner.
- Strengthen controls over the establishment of the minimum number of credit hours required for different enrollment levels in Banner to ensure that students' statuses are accurate.

Views of Responsible Officials and Corrective Action Plan 2016:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Procedures have been modified to ensure all student status changes are reported correctly and in a timely manner. Clearinghouse reports are submitted every 30 days.

Procedures have been added that strengthen the controls for the SFATMST table in Banner. This is the table that controls the credit hour requirements for the enrollment levels. In addition, this table will be reviewed prior to the beginning of each term for accuracy.

Views of Responsible Officials and Corrective Action Plan 2017:

Clearinghouse reporting procedures have been modified to run once every 30 days to ensure all student status changes are reported correctly and in a timely manner. Additional edit reports are being generated for the Director of Enrollment Services to review and update prior to CH reports being submitted. An alert report has been created to notify personnel when a time status has changed. This data can also be used to trigger a review of NSLDS data for accuracy.

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Term set up procedures have been added that strengthen the controls for SFATMST in Banner. This table controls credit hour requirements based on enrollment levels. This form will be set up each term manually and will be reviewed for accuracy at the time of set up.

Views of Responsible Officials and Corrective Action Plan 2018:

Clearinghouse reports are submitted every 30 days. Review of edit reports will take place for every submission. The NSC has acknowledged an oversight that resulted in the incorrect reporting of some status changes to the NSLDS.

“Clearinghouse has practices to avoid this and this was an oversight on our part. We apologize for this oversight and have made an account note in our system to deter from this recurring in the future.”

However, Texas Tech University Health Sciences Center reaffirms that we are responsible for the actions and inactions of our third party servicers. As such, additional reviews will be made to verify accuracy of data being submitted by the NSC to the NSLDS on the University’s behalf.

Review of the status codes was not done on a consistent basis. Additional procedures have been implemented to insure that time statuses match definitions. In addition, a secondary review of those forms is being consistently performed to insure accurate system data.

Views of Responsible Officials 2019:

Enrollment reporting must be completed every 30 days, this includes status changes.

An annual review of status codes is being performed to verify accuracy and to insure that time statuses match their definitions.

Texas Tech University Health Sciences Center reaffirms that the university is responsible for our enrollment reporting regardless if we utilize a third-party service or not. Additional reviews are being made to verify accuracy of data being submitted by the NSC to the NSLDS on the University’s behalf.

Corrective Action Plan 2019:

Enrollment reporting is being completed every 30 days, including status changes. TTUHSC reports via the Clearinghouse, who in turn reports to NSLDS on our behalf.

Status codes are verified, on an annual basis, insuring their definitions match the information in the Banner system.

Implementation Date: Beginning of Fall 2019, Enrollment Reporting Cycle

Responsible Person: Amanda McSween

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Reference No. 2017-125

Eligibility

Special Tests and Provisions - Institutional Eligibility

Activities Allowed or Unallowed

Cash Management

Reporting

(Prior Audit Issue – 2016-123)

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164153; CFDA 84.033, Federal Work-Study Program, P033A164153; CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162330; CFDA 84.268, Federal Direct Student Loans, P268K172330; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172330; CFDA 93.364, Nursing Student Loans, Award Number Not Applicable; and CFDA 93.925, Scholarships for Health Professions Students from Disadvantaged Backgrounds, T08HP30222-01-00

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Satisfactory Academic Progress

A student is eligible to receive Title IV, Higher Education Act Program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f); Title 42, CFR, Section 57.306(a)(1)(iv); and Title 42, USC, Section 293a(d)(2)). An institution's satisfactory academic progress (SAP) policy should include a qualitative component that consists of grades or comparable factors that are measureable against a norm and a quantitative component that consists of the pace at which students must progress through their program to ensure that they will graduate within the maximum time frame required to complete their education (U.S. Department of Education, *2016-2017 Federal Student Aid Handbook*, volume 1, chapter 1).

Initial Year Written:	2016
Status:	Partially Implemented

U.S. Department of Education U.S. Department of Health and Human Services

For an undergraduate program measured in credit hours, a period no longer than 150 percent of the published length of the program as measured in credit hours should be used to determine the maximum time frame for the quantitative component of SAP (Title 34, CFR, Section 668.34(b)). The pace at which the student is progressing is calculated by dividing the cumulative number of hours the student has successfully completed by the cumulative number of hours the student has attempted (Title 34, CFR, Section 668.34(a)(5)(ii)).

In addition, the SAP policy should describe how a student's grade point average (GPA) and pace of completion are affected by course incompletes, withdrawals, or repetitions, or transfers of credit from other institutions (Title 34, CFR, Section 668.34(a)(6)).

Institutions are required to have an established procedure for reviewing and addressing additional information that may have an impact on SAP reviews. For example, if institutions review SAP at the end of a Spring term and receive late notification of a grade change for the previous Fall or Spring term, they must recheck SAP using that new information (U.S. Department of Education, *2016-2017 Federal Student Aid Handbook*, volume 1, chapter 1).

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The University's SAP policy did not meet all federal requirements. The University's SAP policy allowed students to progress through an academic program at a pace that did not ensure that they would graduate within the maximum time frame. The policy specified a minimum number of hours that a student must complete based on the number of hours enrolled in a term, rather than defining pace based on a student's cumulative coursework. Calculating pace on a term basis and in a manner that does not ensure graduation within the maximum time frame increases the risk that students will not graduate within the maximum time frame required and, therefore, will be ineligible for federal financial assistance. Beginning with the Spring 2017 term for SAP evaluations affecting the 2017-2018 award year, the University revised its policy to require students to successfully complete at least 67 percent of their cumulative attempted hours.

In addition, the University's SAP policy did not describe how a student's GPA and pace of completion were affected by course incompletes, withdrawals, or repetitions.

For 4 (6 percent) of 67 students tested, the University did not assign SAP statuses correctly. Specifically:

- For two students, the University did not assign an appropriate SAP status because it did not calculate pace on a cumulative basis as discussed above. Both of those students should have been placed on suspension and would have been required to submit an appeal, and have that appeal approved, to continue receiving financial assistance. Those two students were ineligible for the \$13,175 in total financial assistance that they received. After auditors brought those errors to the University's attention, it returned funds for those two students to the U.S. Department of Education; therefore, there were no questioned costs.
- For two students, the University did not re-evaluate those students' SAP statuses when it received transfer credit information that affected the SAP reviews it had already performed. Based on that information, both students should have been assigned different SAP statuses. One of those students should have been placed on suspension, and would have been required to submit an appeal and have that appeal approved to continue receiving aid. As a result, that student received \$4,343 in financial assistance for which the student was ineligible. The error did not affect the other student's eligibility for the financial assistance that student received. Those errors occurred because the University did not have a process for re-evaluating SAP when it received new information that may have an effect on SAP reviews. After auditors brought those errors to the University's attention, it recalculated SAP for both students and returned funds for the student who was ineligible to receive aid to the U.S. Department of Education; therefore, there were no questioned costs.

Recommendation:

The University should update its SAP policy to ensure that it meets all federal requirements, including a description of how a student's GPA and pace of completion are affected by course incompletes, withdrawals, or repetitions.

Views of Responsible Officials and Corrective Action Plan 2017:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Regarding SAP findings, the University will update its SAP policy, including a description of how a student's GPA and pace of completion are affected by course incompletes, withdrawals, or repetitions, and ensure that it calculates SAP in accordance with its SAP policy by evaluating pace on a cumulative basis. Additionally, a procedure has been established to re-evaluate a student's SAP status when it receives additional information that may have an effect on SAP reviews.

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Views of Responsible Officials and Corrective Action Plan 2018:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Regarding SAP findings, the University has updated its SAP policy to include a description of how a student's GPA and pace of completion are affected by course incompletes, withdrawals, or repetitions. The University will farther review and strengthen the policy based on audit recommendations. Additionally, a procedure was implemented on January 4, 2018, to re-evaluate a student's SAP status when the University receives additional information that may have an effect on SAP reviews.

Views of Responsible Officials 2019:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University implemented corrective action to further improve the SAP policy.

Corrective Action Plan 2019:

The University has updated its' SAP policy to include a description of how a student's GPA and pace of completion is affected by course incompletes, withdrawals and repetitions.

Implementation Date: October 2019

Responsible Persons: Lacey Thompson and Kimberly Adams

Federal Direct Loans:

The Budget Control Act of 2011 eliminated subsidized loan eligibility for graduate and professional students for loan periods/periods of enrollment beginning on or after July 1, 2012 (Title 20, USC, Chapter 28, Subchapter IV, Section 1087e(a)). Therefore, only undergraduate students are eligible to receive Subsidized Direct Loans, and graduate students are eligible for only Unsubsidized Direct Loans (U.S. Department of Education, 2016-2017 *Federal Student Aid Handbook*, volume 3, chapter 5).

Based on a review of the full population of student financial assistance recipients, the University awarded \$18,085 in Subsidized Direct Loans to 10 students who were not eligible for that assistance. Those errors occurred because the University did not have adequate controls during the award year to ensure that graduate students did not receive Subsidized Direct Loans. Specifically, the University did not cancel Subsidized Direct Loans for those students when they became graduate students during the award year. After auditors brought those errors to the University's attention, it returned the funds to the U.S. Department of Education; therefore, there were no questioned costs.

Corrective Action:

Corrective action was taken.

Federal Pell Grant Limits:

An institution must disburse a Federal Pell Grant to an eligible student who is otherwise qualified to receive that disbursement (Title 34, CFR, Section 690.61). The amount of a student's Federal Pell Grant for an academic year is based on schedules published by the U.S. Department of Education for each award year (Title 34, CFR, Section 690.62(a)). The amount of the award is obtained from the payment schedule, and it is based on the student's enrollment level, EFC, and COA (U.S. Department of Education, 2016-2017 *Federal Student Aid Handbook*, volume 3, chapter 3).

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The University did not disburse Federal Pell Grant funds to one student who was eligible to receive those funds. Based on the student's COA, EFC, and enrollment, the student was eligible to receive a maximum of \$2,908 for the award year. The University asserted that it did not disburse those funds because it made a manual error.

Corrective Action:
Corrective action was taken.

**Reference No. 2017-126
Special Tests and Provisions - Verification**
(Prior Audit Issue – 2016-124)

Student Financial Assistance Cluster
Award year – July 1, 2016, to June 30, 2017
Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164153; CFDA 84.033, Federal Work-Study Program, P033A164153; CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162330; CFDA 84.268, Federal Direct Student Loans, P268K172330; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172330
Statistically valid sample – No and not intended to be a statistically valid sample
Type of finding – Significant Deficiency and Non-Compliance

Verification of Applications

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income, U.S. income taxes paid, child support paid, Supplemental Nutrition Assistance Program (SNAP) benefits, education credits, individual retirement account deductions, other untaxed income, high school completion, and identity and statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, volume 80, number 123).

Initial Year Written:	2016
Status:	Partially Implemented
U.S. Department of Education	

When the verification of an applicant's eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the applicant's FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant's subsidized student financial assistance awards on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR) (Title 34, CFR, Section 668.59).

For 8 (13 percent) of 60 students tested, Texas Woman's University (University) did not accurately verify all required items on the FAFSA; therefore, it did not subsequently request updated ISIRs as required. For those eight students, the University did not accurately verify one or more of the following items: income information for tax-filers, number of household members in college, SNAP benefits received, student's identity, or household resources. Those errors occurred because of manual errors the University made during its verification process. The University had a process to review completed verifications during the award year; however, that process was not sufficient to ensure that the University performed verification accurately.

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When auditors brought those errors to the University's attention, the deadline to submit corrections for the award year had passed. However, the University performed procedures in its student financial assistance system, Colleague, to correct the errors, and it asserted the following:

- For four students, the errors did not result in changes to students' EFCs or financial assistance awards.
- For two students, the errors resulted in a change in EFC and, as a result, the University overawarded a total of \$175 in Pell Grant funds. The University subsequently returned the overawarded amounts to the U.S. Department of Education; therefore, there were no questioned costs.
- For two students, the University did not resolve conflicting information regarding verification of household resources; therefore, auditors could not determine the effect on those students' EFCs and whether there were any related questioned costs.

Not properly verifying FAFSA information can result in incomplete verification of FAFSA information and overawarding or underawarding student federal financial assistance.

Recommendations:

The University should:

- Accurately verify all required FAFSA information for students selected for verification and request updated ISIRs when required.
- Improve its process for monitoring completed verifications to ensure that it identifies and corrects errors.

Views of Responsible Officials and Corrective Action Plan 2017:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

The University will conduct additional staff training, modify its procedures to ensure that all required FAFSA information is verified accurately, improve its process for monitoring completed verifications to ensure that it identifies and corrects errors, and requests updated ISIRs when required.

Views of Responsible Officials and Corrective Action Plan 2018:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

The University has and continues to conduct additional staff training, modify its procedures to ensure that all required FAFSA information is verified accurately, improve its process for monitoring completed verifications to ensure that it identifies and corrects errors, and requests updated ISIRs when required. The University implemented secondary review procedures on February 2, 2018, to ensure the accuracy of files verified.

Views of Responsible Officials 2019:

The University acknowledges and agrees with the finding. Through analysis of the exception identified in the audit, the University will implement corrective action to further improve the verification processes.

Corrective Action Plan 2019:

The University has and will continue to conduct additional staff training on verification. The University will review and modify, if necessary, verification procedures to ensure that all required FAFSA information is verified accurately.

Implementation Date: October 2019

Responsible Persons: Lacey Thompson and Jessica Hogan

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Reference No. 2017-127

Special Tests and Provisions – Disbursements To or On Behalf of Students

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164153; CFDA 84.033, Federal Work-Study Program, P033A164153; CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162330; CFDA 84.268, Federal Direct Student Loans, P268K172330; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172330

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Transfer Monitoring

If a student transfers from one institution to another institution during the same award year, the institution to which the student transfers must request from the Secretary of the U.S. Department of Education, through the National Student Loan Data System (NSLDS), updated information about that student so that it can make certain eligibility determinations. The institution may not make a disbursement to that student for seven days following its request, unless it receives the information from NSLDS in response to its request or obtains that information directly by accessing NSLDS and the information it receives allows it to make the disbursement (Title 34, Code of Federal Regulations (CFR), Section 668.19).

Initial Year Written:	2017
Status:	Implemented
U.S. Department of Education	

Texas Woman's University (University) did not always perform or document required reviews of transfer students prior to disbursing student financial assistance. Auditors tested three students who transferred to the University during the academic year. For two students, the University asserted that it obtained and reviewed the financial aid history information from NSLDS for the current award year prior to disbursing financial assistance; however, it did not have documentation in those students' records to show that it performed that review. For the remaining student, the University had documentation to show that it reviewed that student's financial aid history from NSLDS, but it reviewed that information after it disbursed financial assistance to that student.

The University did not overaward student financial assistance as a result of the issues discussed above. However, not reviewing updated NSLDS information prior to disbursing funds increases the risk that the University could overaward financial assistance to students who had received financial assistance at another institution.

Corrective Action:

Corrective action was taken.

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Reference No. 2017-128

Special Tests and Provisions – Return of Title IV Funds

(Prior Audit Issue – 2016-125)

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164153; CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162330; CFDA 84.268, Federal Direct Student Loans, P268K172330; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172330

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Return of Title IV Funds

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date (Title 34, Code of Federal Regulations (CFR), Section 668.22(a)(1)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment (Title 34, CFR, Section 668.22(a)(4)).

Initial Year Written:	2016
Status:	Implemented
U.S. Department of Education	

The amount of earned Title IV grant or loan assistance is calculated by (1) determining the percentage of Title IV grant or loan assistance that the student has earned and (2) applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student's withdrawal date. A student earns 100 percent if his or her withdrawal date is after the completion of 60 percent of the payment period or period of enrollment. The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance the student earned from the amount of Title IV assistance that was disbursed to the student as of the date that the institution determined that the student withdrew (Title 34, CFR, Section 668.22(e)). The institution must return the lesser of the total amount of unearned Title IV grant or loan assistance calculated as described above or an amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance that had not been earned by the student. For purposes of this calculation, "institutional charges" are tuition, fees, room and board (if the student contracts with the institution for the room and board), and other educationally related expenses assessed by the institution (Title 34, CFR, Section 668.22(g)).

The total number of calendar days in a payment period or period of enrollment includes all days within the period that the student was scheduled to complete, except that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period (Title 34, CFR, Section 668.22(f)(2)(i)).

A program is offered in modules if a course or courses in the program do not span the entire length of the payment period or period of enrollment (Title 34, CFR, Section 668.22(l)(6)). For all programs offered in modules, a student is considered to have withdrawn for Title IV purposes if the student ceases attendance at any point prior to completing the payment period or period of enrollment, unless the institution obtains written confirmation from the student at the time of the withdrawal that he or she will attend a module that begins later in the same payment period or period of enrollment (U.S. Department of Education, *2016-2017 Federal Student Aid Handbook*, volume 5, chapter 1).

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For 11 (17 percent) of 63 students tested, Texas Woman's University (University) did not accurately determine the amount of Title IV funds to return. Specifically:

- For seven students enrolled in modules during the Summer 2016 payment period, the University did not consider the total amount of Title IV aid disbursed, total institutional charges, and/or the total number of days enrolled for the payment period. The University incorrectly performed return calculations for those students based only on the specific module from which the students withdrew and did not consider the students' enrollment in the overall Summer 2016 payment period. For three of those students, the University also did not accurately determine the students' withdrawal date. As a result, the University did not accurately determine the amount of Title IV aid to return. After auditors brought the errors to the University's attention, it recalculated those students' return amounts. For two students, the University initially returned more than required and for five students, the University returned less than required. The University subsequently returned funds for the five students for whom it needed to return additional funds; therefore, there were no questioned costs.
- For one student, the University did not accurately determine the number of days in the Spring 2017 payment period. As a result, the University returned more funds than was required; therefore, there were no questioned costs.
- For two students, the University incorrectly included aid that could have been disbursed in the return calculation. At the time the return calculation was performed, those students did not have signed master promissory notes; however, the University included Federal Direct Student Loans as aid that could have been disbursed in the calculation. For one student, that resulted in a post-withdrawal disbursement instead of a return of funds. For the other student, that resulted in an inaccurate post-withdrawal disbursement amount. After auditors brought those errors to the University's attention, it returned the correct amount of funds; therefore, there were no questioned costs.
- For one student, the University incorrectly omitted that student's Federal Pell Grant award from the return calculation. The student was eligible for a Federal Pell Grant award for the Summer 2016 term; however, the award had not yet been disbursed at the time of the student's withdrawal. Those funds should have been included as aid that could have been disbursed in the return calculation. As a result, the University returned more funds than required; therefore, there were no questioned costs.

Those errors occurred because of manual errors the University made in performing the return calculations; in addition, the University's review of return calculations was not sufficient to identify those errors.

Timeliness of Returns

An institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew. For an institution that is not required to take attendance, an institution must determine the withdrawal date for a student who withdraws without providing notification to the in

For 7 (11 percent) of 63 students tested, the University did not return Title IV funds within the required time frames or did not determine withdrawal dates in a timely manner. Specifically:

- For five students who withdrew, the University did not return Title IV funds within the required 45-day time frame because it made manual errors. The University returned those funds between 54 and 132 days after it had determined that those students had withdrawn.
- For two students who unofficially withdrew, the University did not determine the students' withdrawal dates within 30 days after the end of the period of enrollment because it made manual errors. The University determined the withdrawal dates 33 and 49 days after the end of the period of enrollment.

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Corrective Action:

Corrective action was taken.

Reference No. 2017-129

Special Tests and Provisions – Enrollment Reporting

(Prior Audit Issue – 2016-126)

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162330; and CFDA 84.268, Federal Direct Student Loans, P268K172330

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Enrollment Reporting

Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Perkins Loan, Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 674.19(f), 685.309(b) and 682.610(c)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)). Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, chapter 1).

Initial Year Written: 2016
Status: Partially Implemented
U.S. Department of Education

To protect a student's interest subsidy, institutions are required to report a graduated status for students who have completed their course of study (*NSLDS Enrollment Reporting Guide*, Appendix C and chapter 4, and *Dear Colleague Letter*, April 14, 2014 (GEN-14-07)). In instances in which a student completes one academic program and then enrolls in another academic program at the same institution, the institution must report two separate enrollment transactions: one showing the completion of the first program and its effective date and credential level, and the other showing the enrollment in the second program and its effective date (*Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Institutions are required to use the date of a student's withdrawal for purposes of reporting enrollment status changes to the Secretary of the U.S. Department of Education and determining when a refund or return of Title IV funds must be paid (Title 34, CFR, Section 685.305(c)). In addition, in the absence of a formal withdrawal, the last recorded date of attendance should be reported as the status change date (*NSLDS Enrollment Reporting Guide*, Appendix C).

Texas Woman's University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to the NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, chapter 3).

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For 2 (3 percent) of 60 students tested, the University did not report the status change to NSLDS or it did not report the effective date of the status change to NSLDS accurately. Specifically:

- For one student, the University did not report the student's graduated status to NSLDS. That student graduated in the Summer 2016 term and enrolled in the Fall 2016 term. The University reported both statuses to NSC; however, NSC reported only the Fall 2016 enrollment status to NSLDS, rather than reporting both the graduated status and subsequent enrollment status as required.
- For one student, the University did not report the effective date of the student's withdrawal to NSLDS accurately. That student unofficially withdrew from the Fall 2016 term and did not enroll in the Spring 2017 term. The University incorrectly reported the last date of the Fall 2016 term as the effective date of the withdrawal, rather than the student's last date of attendance. That error occurred because the University did not have a process to report unofficial withdrawals to NSLDS at that time; however, the University subsequently improved its process in Spring 2017 to report unofficial withdrawals to NSLDS.

Not reporting student status changes accurately could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

Recommendation:

The University should strengthen its controls to ensure that it accurately reports status changes and effective dates to NSLDS.

Views of Responsible Officials and Corrective Action Plan 2017:

The University acknowledges and agrees with the findings that the withdrawal date used was the last day of the term rather than the last day of the student's respective attendance.

Regarding the graduated status not being reported to NSLDS, the University acknowledges that the status eventually was not reflected in NSLDS, however, the University maintains that it reported within the proper timeframe to the National Student Clearinghouse (NSC) and, in turn, the NSC did report the status to NSLDS. However, because the student re-enrolled immediately after graduation, the new status reflecting the enrollment of the student in the subsequent semester took priority over the graduated status due to the timing of the reporting. These issues were both addressed as a result of the 2016 audit; however, the 2017 audit was reviewing data from the time period during the 2016 audit, so the data did not reflect the subsequent changes and corrections to the processes.

The University implemented significant process enhancements in this area in response to the 2016 audit and prior to the start of the 2017 audit. To address the issue with timing of the graduated status before the student re-enrolls, the University now sends multiple files to NSC to accelerate the reporting of the graduated status of students before subsequent enrollment statuses are reported to NSLDS. Specifically, a graduates-only file is sent to the National Student Clearinghouse prior to the start of the subsequent term that reflects the students on the previous term's enrollment files with the new graduated status. Second, a degree-verify file representing all new graduates, whether enrolled in the previous term or not, is also submitted to the NSC prior to the first enrollment file of the subsequent term. This should ensure the graduated status precedes any subsequent new enrollment status.

For the unofficial withdrawals, the Registrar and the Office of Financial Aid have developed a communication process where Financial Aid will notify the Registrar when it has been confirmed that a student stopped attending at a date prior to the last date of the term. The Registrar then updates the Clearinghouse with the new withdrawal date, and the Clearinghouse updates NSLDS.

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Views of Responsible Officials and Corrective Action Plan 2018:

The University acknowledges and agrees with the findings that the withdrawal date used was the last day of the term rather than the last day of the student's respective attendance. Regarding the graduated status not being reported to NSLDS, the University acknowledges that the status eventually was not reflected in NSLDS, however, the University maintains that it was reported within the proper timeframe to the National Student Clearinghouse (NSC) and, in turn, the NSC did report the status to NSLDS. However, because the student re-enrolled immediately after graduation, the new status reflecting the enrollment of the student in the subsequent semester took priority over the graduated status due to the timing of the reporting. These issues were both addressed as a result of the 2016 audit; however, the 2017 audit was reviewing data from the time period during the 2016 audit, so the data did not reflect the subsequent changes and corrections to the processes.

The University implemented significant process enhancements in this area in response to the 2016 audit and prior to the start of the 2017 audit. To address the issue with timing of the graduated status before the student re-enrolls, the University now sends multiple files to the NSC to accelerate the reporting of the graduated status of students before subsequent enrollment statuses are reported to NSLDS. Specifically, a graduates-only file is sent to the National Student Clearinghouse prior to the start of the subsequent term that reflects the students on the previous term's enrollment files with the new graduated status. Second, a degree-verify file representing all new graduates, whether enrolled in the previous term or not, is also submitted to the NSC prior to the first enrollment file of the subsequent term. This should ensure the graduated status precedes any subsequent new enrollment statuses.

For the unofficial withdrawals, the Registrar and the Office of Financial Aid have developed a communication process where Financial Aid will notify the Registrar when it has been confirmed that a student stopped attending at a date prior to the last day of the term. The Registrar then updates the Clearinghouse with the new withdrawal date, and the Clearinghouse updates NSLDS.

Views of Responsible Officials 2019:

The University acknowledges and agrees with the findings that the one student was not reported to NSLDS due to the record being rejected as a result of a name and social security number mismatch. This is due to the fact that the National Student Clearinghouse (NSC) had the social security number for that student assigned to a different name, most likely due to an error by a previous institution's reporting. As such, the NSC failed to report the enrollment status for this student to the NSLDS, and TWU was not informed by the NSC that the record was rejected.

Corrective Action Plan 2019:

TWU has reached out to the National Student Clearinghouse to ensure we have access to any records that are rejected and not reported to the NSLDS. In Fall 2019, we have modified the business process to check for any rejected records and review these records with Financial Aid. If Financial Aid has an ISIR report for any of the rejected records confirming we have the accurate social security number for the student, then we will provide a copy of the ISIR report to the National Student Clearinghouse confirming the correct social security number. If we find that we do not have an ISIR or do not have the correct social security number for the student, we will reach out to the student to provide us a copy of their SSN card so that we update the SSN in our system and, if needed, provide this proof of SSN to the NSC and the NSLDS.

Implementation Date: October 2019

Responsible Persons: Robert Lothringer and Jenna Lee

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TEXAS WOMAN'S UNIVERSITY**

Reference No. 2017-130

Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)

(Prior Audit Issue – 2016-127)

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award number – CFDA 84.268, Federal Direct Student Loans, P268K172330

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Borrower Data Transmission and Reconciliation

Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) System (*Federal Register*, volume 81, number 64). Each month, the COD System provides institutions with a School Account Statement (SAS) data file, which consists of a cash summary, cash detail, and loan detail records. The institution is required to reconcile those files to its financial records on a monthly basis (Title 34, Code of Federal Regulations (CFR), Section 685.300(b)(5), and U.S. Department of Education, *2016-2017 Federal Student Aid Handbook*, volume 4, chapter 6).

Initial Year Written:	2016
Status:	Implemented

U.S. Department of Education

Texas Woman's University (University) did not reconcile the required information in its monthly SAS reconciliations. The University had a process for reconciling the student loan detail portion of the SAS file to its financial aid system, Colleague. However, it did not perform reconciliations of the cash summary and cash detail portions as required.

Although auditors did not identify instances of non-compliance in the reporting of student-level detail to the COD System for Federal Direct Student Loans, not preparing reconciliations in accordance with federal requirements increases the risk that inaccurate or incomplete Direct Loan disbursement data could be reported to the DLSS.

Corrective Action:

Corrective action was taken.

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Reference No. 2017-131

Eligibility

Activities Allowed or Unallowed

Special Tests and Provisions – Institutional Eligibility

(Prior Audit Issues – 2016-128 and 2015-120)

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164166; CFDA 84.033, Federal Work-Study Program, P033A164166; CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162333; CFDA 84.268, Federal Direct Student Loans, P268K172333; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172333; and CFDA 93.925, Scholarships for Health Professions Students from Disadvantaged Backgrounds, 1-T08HP30152-01-00

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Satisfactory Academic Progress

A student is eligible to receive Title IV, Higher Education Act Program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of Title 34, Code of Federal Regulations (CFR), Section 668.34 (Title 34, CFR, Section 668.32(f)). An institution's satisfactory academic progress (SAP) policy should include a qualitative component that consists of grades or comparable factors that are measureable against a norm, and a quantitative component that consists of the pace at which students must progress through their program to ensure that they will graduate within the maximum time frame required to complete their education. The pace at which a student is progressing is calculated by dividing the total number of hours the student has successfully completed by the total number attempted (U.S. Department of Education, *2016-2017 Federal Student Aid Handbook*, volume 1, chapter 1). For a graduate program, the maximum time frame is a period defined by the institution that is based on the length of the educational program (Title 34, CFR, Section 668.34(b)). The institution's SAP policy should describe how a student's grade point average (GPA) and pace of completion are affected by course incompletes, withdrawals, or repetitions, or transfers of credit from other institutions. Credit hours from another institution that are accepted toward the student's educational program must count as both attempted and completed hours (Title 34, CFR, Section 668.34(a)(6)).

Initial Year Written:	2015
Status:	Partially Implemented

U.S. Department of Education U.S. Department of Health and Human Services

The University of Houston (University) did not configure its student financial assistance system in accordance with its satisfactory academic progress (SAP) policy. The University's policy required the maximum time frame calculation to use 150 percent of a student's academic program hours. However, the University did not configure its student financial assistance system, PeopleSoft, to properly limit the maximum time frame for 43 (45 percent) of 96 graduate, law school, pharmacy, and optometry programs to 150 percent of the academic program hours.

Auditors did not identify any students who were ineligible for student financial assistance as a result of that issue. However, not determining maximum time frames correctly increases the risk that master- and doctoral-level students could receive financial assistance for which they are not eligible or be denied financial assistance for which they are eligible.

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In addition, the University's SAP policy did not include all required elements. The University's SAP policy did not specifically state that credit hours from another institution that were accepted toward a student's educational program counted as both attempted and completed hours for purposes of determining the pace of a student's academic progress. Although the University's SAP policy did not meet federal requirements, auditors determined that the University appropriately configured PeopleSoft to evaluate transfer hours in its SAP calculations.

Corrective Action:

Corrective action was taken.

Federal Pell Grant:

When awarding Federal Pell Grant assistance to students, for each payment period, an institution may award a Federal Pell Grant to an eligible student only after it determines that the student is enrolled in an eligible program as an undergraduate student (Title 34, CFR, Section 690.75(a)). Institutions use the payment and disbursement schedules provided each year by the U.S. Department of Education for determining award amounts (Title 34, CFR, Section 690.62). Those schedules provide the maximum annual amount a student would receive for a full academic year for a given enrollment status, expected family contribution, and cost of attendance. There are separate schedules for three-quarter-time, half-time, and less-than-half-time students (U.S. Department of Education, *2016-2017 Federal Student Aid Handbook*, volume 3, chapter 3, and Title 34, CFR, Section 690.63(b)).

For 1 (3 percent) of 36 students tested who received a Federal Pell Grant, the University did not award the correct amount of Federal Pell Grant assistance. The University awarded the student \$2,908 in Federal Pell Grant assistance for the Spring term; however, the student was eligible to receive only \$2,181. The University disbursed a Federal Pell Grant to the student for the Spring term in the amount that a student enrolled full-time would be eligible to receive; however, the student was enrolled only three-quarter-time for the Spring term. After auditors brought the error to the University's attention, it corrected the student's awards and returned \$727 in Federal Pell Grant funds to the U.S. Department of Education; therefore, there were no questioned costs.

Corrective Action:

Corrective action was taken.

Federal Supplemental Education Opportunity Grants (FSEOG):

In selecting among eligible students for FSEOG awards in each award year, an institution must select students with the lowest expected family contributions who will also receive Federal Pell Grants in that year. If the institution has FSEOG funds remaining after giving FSEOG awards to all the Federal Pell Grant recipients at the institution, the institution must award the remaining FSEOG funds to eligible students with the lowest expected family contributions who will not receive Federal Pell Grants (Title 34, CFR, Section 676.10).

Based on a review of the full population of federal student financial assistance recipients, the University awarded a total of \$5,000 to 3 students who did not also receive Federal Pell Grants. The University initially awarded those students Federal Pell Grant funds, but it canceled those awards prior to disbursement because those students were ineligible for the Federal Pell Grant funds. However, the University did not identify that cancellation and awarded the FSEOG funds in error. The University conducted a self-review process during this audit and canceled the FSEOG distributions to those students; therefore, there were no questioned costs.

Recommendation:

The University should award FSEOG assistance only to eligible students.

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Views of Responsible Officials and Corrective Action Plan 2017:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Recommendation: Award FSEOG assistance only to eligible students.

The process of monitoring and reconciling FSEOG has been revised. A report is run to identify potentially-ineligible FSEOG awards prior to running the disbursement process each semester.

Views of Responsible Officials and Corrective Action Plan 2018:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University has developed and implemented corrective action to further improve the process.

Recommendation: Award FSEOG assistance only to eligible students.

Six students, who had 0 EFCs, had initially been awarded Federal Pell Grants and FSEOG. It was later determined that the students had reached their lifetime eligibility units (LEU) and the FSEOG was not canceled when Pell was canceled.

After each packaging run, a query is now run to cancel FSEOG for any student for whom a Pell Grant has been canceled. In addition, in January 2019, all staff will be provided additional training to cancel FSEOG whenever a Pell Grant is manually canceled from a student's award.

Views of Responsible Officials 2019:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University has developed and implemented corrective action to further improve the process.

Corrective Action Plan 2019:

Two students, who had 0 EFCs, had initially been awarded Federal Pell Grants and FSEOG. In one case, a quality control review was conducted after the departure of a staff member from the verification team, and the student was identified as ineligible for Pell, but the FSEOG was not canceled when Pell was canceled. In the other case, the student was not eligible based on reaching Pell LEU. The system cancelled the Pell Grant, but did not properly identify the FSEOG for cancellation.

In each case, the student's FSEOG was canceled and replaced with institutional funds.

A query is run after each packaging run to cancel FSEOG for any student for whom a Pell Grant has been canceled. In addition, a new query will be run at the end of each semester, and on June 30 each year, to identify any student with FSEOG who does not have a Pell Grant, to catch any possible situations in which a Pell Grant was canceled manually and the FSEOG was not canceled.

Implementation Date: September 2019

Responsible Person: Scott Moore

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Reference No. 2017-132

Special Tests and Provisions – Verification

(Prior Audit Issues – 2016-129, 2015-121, and 2014-139)

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164166; CFDA 84.033, Federal Work-Study Program, P033A164166; CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162333; CFDA 84.268, Federal Direct Student Loans, P268K172333; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172333

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income, U.S. income taxes paid, child support paid, Supplemental Nutrition Assistance Program benefits, education credits, individual retirement account deductions, other untaxed income, high school completion, and identity and statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, volume 80, number 123).

Initial Year Written: 2014
Status: Partially Implemented
U.S. Department of Education

When the verification of an applicant's eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the applicant's FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant's subsidized student financial assistance awards on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR) (Title 34, CFR, Section 668.59).

Household size for a dependent student includes (1) the student; (2) the student's parents; (3) the student's siblings and children, if they will receive more than half their support from the student's parent(s) for the entire award year; and (4) other persons who live with and receive more than half their support from the student's parent(s) and will receive more than half support for the entire award year. The number in college always includes (1) the student and (2) those in the household who are or will be enrolled at least half time during the award year in a degree or certificate program at a Title IV-eligible school and who can reasonably be expected to receive aid from the family for their education (U.S. Department of Education, *2016-2017 Federal Student Aid Handbook, Application and Verification Guide*, chapter 2). Acceptable documentation for verifying household size and the number of household members who are in college includes a statement signed by the applicant, and if the applicant is a dependent student, by one of the applicant's parents, that lists the name and age of each household member, the relationship of that household member to the applicant, and the name of the educational institution for each household member who is or will be attending at least half-time in a program that leads to a degree or certificate (Title 34, CFR, Sections 668.57(b) and (c), and *Federal Register*, volume 80, number 123).

For 3 (5 percent) of 62 students tested, the University of Houston (University) did not accurately verify certain required items on the FAFSA or made unsupported changes to FAFSA items. Specifically:

- The University did not accurately verify adjusted gross income for one student who submitted an amended tax return. That error occurred because of a manual error the University made in the verification process and because the University did not have an effective monitoring process during the award year to detect that error.

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- The University inappropriately reduced the number of household members and number in college for two students. Each of those students certified the number of household members and the number in college on the verification forms they submitted to the University, and the University removed siblings from the household size and number in college because of the siblings' age. The University asserted that its practice was to remove household members who were in college and older than age 24; however, the University did not request information from the students to show that the household members it removed did not receive at least half of their support from the family.

After auditors brought those errors to the University's attention, it did not make corrections to those students' ISIRs. Therefore, auditors were unable to determine whether there were any questioned costs.

Not properly verifying FAFSA information could result in the University overawarding or underawarding student financial assistance.

Recommendations:

The University should:

- Accurately verify required FAFSA information for students selected for verification and make changes based only on the supporting documentation that students provide.
- Establish and implement an effective monitoring process for verification.

Views of Responsible Officials and Corrective Action Plan 2017:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Recommendation: Accurately verify all required FAFSA information for students selected for verification and make changes based only on the supporting documentation that students provide.

The policy and procedure manual for verification has been updated to include guidance on the treatment of household size for all dependent students. The information is available on the website as a guide for students to follow during the verification process, as well.

Recommendation: Establish and implement an effective monitoring process for verification.

Verification files will be randomly pulled and audited internally by senior staff each month to improve accuracy and determine needed training opportunities. Errors and issues will be dealt with as soon as they are identified.

Views of Responsible Officials and Corrective Action Plan 2018:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Recommendation: Accurately verify all required FAFSA information for students selected for verification and make changes based only on the supporting documentation that students provide.

Recommendation: Establish and implement an effective monitoring process for verification.

One student, who was in the process of verification, submitted his own FAFSA correction on 4/14. The University completed verification and submitted a correction on 4/16. When the student's ISIR correction, transaction 03, came back on 4/17, it was presumed to be the institutional correction and the student was incorrectly awarded a full Pell Grant based on his enrollment status. ISIR Transaction 04, the University's correction, rejected and was not reviewed prior to the close of the award year; as such, the University replaced the student's Pell Grant with institutional funds.

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The University will create a query to identify rejected ISIRs for which corrections were submitted by the University, to override any corrections also made by students. The query will be run bi-weekly to identify any issues.

Views of Responsible Officials 2019:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan 2019:

One student's verification document did not provide clarification of the specific school being attended by a sibling who was counted in the household and the number in college.

Clarification of the need for specific information on the verification worksheet has been emphasized during staff training to help prevent the circumstances from recurring.

Implementation Date: October 2019

Responsible Person: Frank Gomez

Reference No. 2017-134

Special Tests and Provisions – Enrollment Reporting

(Prior Audit Issues – 2016-131, 2015-124, 2014-140, 2013-165, 13-147, 12-153, 11-154, 10-98, 09-87, 08-74, and 07-58)

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162333; and CFDA 84.268, Federal Direct Student Loans, P268K172333

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Perkins Loan, Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 674.19(f), 685.309(b) and 682.610(c)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)). Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, chapter 1).

Initial Year Written: 2006 Status: Partially Implemented U.S. Department of Education

The University of Houston (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, chapter 3).

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For 4 (7 percent) of 61 students tested who had a status change, the University did not always report effective dates accurately or did not report the status change in a timely manner to NSLDS. Specifically:

- For one student, the University incorrectly reported the effective date of the status change as the date that the University certified the status change to NSC instead of the date that the student dropped below full-time time enrollment.
- For one student, the University incorrectly reported the midpoint of the term as the effective date of the student's withdrawal instead of using the student's last day of academically related activity.
- For one student, the University initially reported the effective date for the student's withdrawal as the last day of academically related activity, which was accurate. However, a subsequent submission to NSLDS overwrote that effective date with an inaccurate effective date (the final day of the term).
- For one student, the University reported the enrollment status change to NSC within the required time frame. However, NSC did not report that student's status enrollment change to NSLDS until 76 days after the effective date of the enrollment status change.

The University did not have a process to ensure that the effective dates of enrollment status changes were reported accurately to NSLDS.

Not reporting the effective date of enrollment status changes accurately and not reporting status changes in a timely manner could affect the determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, and repayment schedules, as well as the federal government's payment of interest subsidies.

Recommendation:

The University should accurately report the effective dates for all enrollment status changes and report enrollment status changes to NSLDS in a timely manner.

Views of Responsible Officials and Corrective Action Plan 2017:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Recommendation: The University should accurately report the effective dates for all enrollment status changes and report enrollment status changes to NSLDS in a timely manner.

The Offices of the University Registrar and Scholarships and Financial Aid have established a regularly-scheduled meeting at the end of every term to review all unofficial withdrawals to help ensure that accurate withdrawal dates are reported to NSLDS in a timely manner.

Views of Responsible Officials and Corrective Action Plan 2018:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Recommendation: The University should accurately report the effective date for all enrollment status changes and report enrollment status changes to NSLD is in a timely manner.

Two students had incorrect withdrawal dates reported to NLDS based on the processing error of a staff member. That staff member has been provided with additional training to prevent the error in the future. In addition, two staff members now review all R2T4 calculations and create a comprehensive list of unofficial withdrawals and the correct dates to provide to the Office of the University Registrar for purposes of accurate NSLDS reporting.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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UNIVERSITY OF HOUSTON**

Views of Responsible Officials 2019:

The University acknowledges and agrees with the findings. The University has implemented corrective action to further improve the processes.

Corrective Action Plan 2019:

One student had a withdrawal date, which was one day early, reported to NSLDS based on the processing error of a staff member. Staffing changes have occurred in the Office of the University Registrar, and NSLDS reporting is now handled at the Associate Registrar level to help improve the accuracy.

Implementation Date: October 2019

Responsible Person: Rachel Honora

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF NORTH TEXAS**

Reference No. 2017-135

Special Tests and Provisions – Verification

Activities Allowed or Unallowed

Cash Management

Eligibility

Reporting

Special Tests and Provisions – Disbursements To or On Behalf of Students

Special Tests and Provisions – Enrollment Reporting

Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)

Special Tests and Provisions – Institutional Eligibility

(Prior Audit Issue – 2016-132)

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164085; CFDA 84.033, Federal Work-Study Program, P033A164085; CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162293; CFDA 84.268, Federal Direct Student Loans, P268K172293; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172293

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Verification of Applications

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income, U.S. income taxes paid, child support paid, Supplemental Nutrition Assistance Program benefits, education credits, individual retirement account deductions, other untaxed income, high school completion, and identity and statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, volume 80, number 123).

Initial Year Written:	2016
Status:	Partially Implemented

U.S. Department of Education

When the verification of an applicant's eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the applicant's FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant's subsidized student financial assistance awards on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR) (Title 34, CFR, Section 668.59).

Household size for a dependent student includes (1) the student; (2) the student's parents; (3) the student's siblings and children, if they will receive more than half their support from the student's parent(s) for the entire award year; and (4) other persons who live with and receive more than half their support from the student's parent(s) and will receive more than half support for the entire award year. Household size for an independent student includes (1) the student; (2) his or her spouse; (3) the student's children if they will receive more than half their support from the student for the entire award year; and (4) other persons who live with and receive more than half their support from the student and will receive more than half support for the entire award year. Number in college always includes (1) the student and (2) those in the household size who are or will be enrolled at least half time during the award year in a degree or certificate program at a Title IV-eligible school and who can reasonably be expected to receive aid from the family for their education (U.S. Department of Education, *2016-2017 Federal Student Aid Handbook, Application and Verification Guide*, chapter 2). Acceptable documentation for verifying household size and the number of household members who are in college includes a statement

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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UNIVERSITY OF NORTH TEXAS**

signed by the applicant, and if the applicant is a dependent student, by one of the applicant's parents, that lists the name and age of each household member, the relationship of that household member to the applicant, and the name of the educational institution for each household member who is or will be attending at least half-time in a program that leads to a degree or certificate (Title 34, CFR, Sections 668.57(b) and (c), and *Federal Register*, volume 80, number 123).

For 5 (8 percent) of 61 students tested, the University of North Texas (University) did not accurately verify certain required items on the students' FAFSAs or made unsupported changes to FAFSA items. Specifically:

- For one student, the University inappropriately reduced the number of household members in college because it made a manual error during the verification process. That error resulted in the student's EFC being overstated, which resulted in the University underawarding the student a total of \$300 in Federal Pell Grant funds. When auditors brought that error to the University's attention, it corrected the student's ISIR and adjusted the student's award.
- For four students, the University inappropriately reduced the household size, number of household members in college, or both. Those students certified the household size and number of household members in college on the verification form they submitted to the University; however, the University removed family member(s) from the household size and/or number in college without obtaining additional support from the students. After auditors brought those errors to the University's attention, it did not make corrections to those students' ISIRs. Therefore, auditors were unable to determine whether there were any questioned costs.

Not properly verifying FAFSA information could result in overawarding or underawarding financial assistance.

Recommendation:

The University should accurately verify required FAFSA information for applicants selected for verification and make changes based only on the supporting documentation that students provide.

Views of Responsible Officials and Corrective Action Plan 2017:

Verification of Applications:

Management acknowledges the findings and recommendations. The University will work to develop and implement the corrective action plan.

Management reviewed the recommendations and updated its verification procedures.

Views of Responsible Officials and Corrective Action Plan 2018:

Management developed and successfully implemented the 2017 Corrective Active Plan. For the 2018 Corrective Active Plan, Management reviewed the one manual error with the employee and made changes to improve its verification process to include all students listed as attending college on the FAFSA.

Views of Responsible Officials 2019:

Management acknowledges the findings and recommendations. The University will work to develop and implement the corrective action plan.

Corrective Action Plan 2019:

Management developed and successfully implemented the 2018 Corrective Active Plan. For the 2019 Corrective Active Plan, Management reviewed the one error with employees and made changes to improve its Verification-Separating Income procedures to clarify which divorced spouse is responsible for the income information.

Implementation Date: August 2019

Responsible Persons: Tyra Krause and Zelma DeLeon

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS AT ARLINGTON**

Reference No. 2017-137

Cash Management

Reporting

Activities Allowed or Unallowed

Eligibility

Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)

Special Tests and Provisions – Institutional Eligibility

(Prior Audit Issue – 2016-135)

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164172; CFDA 84.033, Federal Work-Study Program, P033A164172; CFDA 84.063, Federal Pell Grant Program, P063P162335; CFDA 84.268, Federal Direct Student Loans, P268K172335; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172335

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institutions are managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

Initial Year Written:	2016
Status:	Implemented

U.S. Department of Education

The University did not appropriately restrict user access at the network and server levels. Specifically:

- Two student interns had administrative access to the network, and the University asserted that those students needed that access to test new systems. Although the University asserted that it restricted these student interns' access to their work hours, the University provided that level of access only to those two student interns and the department director.
- Six former employees had access to two of the University's servers, and one former employee had access to another server. In addition, eight current employees had inappropriate access to one of the servers, and another current employee had duplicate accounts on two servers.

The University did not consistently conduct periodic user access reviews for network accounts, and the periodic user access review it performed on its servers was not effective.

Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems.

Corrective Action:

Corrective action was taken.

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UNIVERSITY OF TEXAS AT ARLINGTON**

**Reference No. 2017-138
Special Tests and Provisions – Verification**

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164172; CFDA 84.033, Federal Work-Study Program, P033A164172; CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162335; CFDA 84.268, Federal Direct Student Loans, P268K172335; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172335

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institutions are managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

Initial Year Written:	2017
Status:	Implemented
U.S. Department of Education	

The University did not appropriately restrict user access at the network and server levels. Specifically:

- Two student interns had administrative access to the network, and the University asserted that those students needed that access to test new systems. Although the University asserted that it restricted these student interns' access to their work hours, the University provided that level of access only to those two student interns and the department director.
- Six former employees had access to two of the University's servers, and one former employee had access to another server. In addition, eight current employees had inappropriate access to one of the servers, and another current employee had duplicate accounts on two servers.

The University did not consistently conduct periodic user access reviews for network accounts, and the periodic user access review it performed on its servers was not effective.

Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems.

Corrective Action:

Corrective action was taken.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS AT ARLINGTON**

Reference No. 2017-139

Special Tests and Provisions – Disbursements To or On Behalf of Students

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164172; CFDA 84.033, Federal Work-Study Program, P033A164172; CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162335; CFDA 84.268, Federal Direct Student Loans, P268K172335; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172335

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institutions are managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

Initial Year Written:	2017
Status:	Implemented

U.S. Department of Education

The University did not appropriately restrict user access at the network and server levels. Specifically:

- Two student interns had administrative access to the network, and the University asserted that those students needed that access to test new systems. Although the University asserted that it restricted these student interns' access to their work hours, the University provided that level of access only to those two student interns and the department director.
- Six former employees had access to two of the University's servers, and one former employee had access to another server. In addition, eight current employees had inappropriate access to one of the servers, and another current employee had duplicate accounts on two servers.

The University did not consistently conduct periodic user access reviews for network accounts, and the periodic user access review it performed on its servers was not effective.

Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems.

Corrective Action:

Corrective action was taken.

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UNIVERSITY OF TEXAS AT ARLINGTON**

**Reference No. 2017-140
Special Tests and Provisions – Return of Title IV Funds**

Student Financial Assistance Cluster
Award year – July 1, 2016, to June 30, 2017
Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164172; CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162335; CFDA 84.268, Federal Direct Student Loans, P268K172335; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172335
Statistically valid sample – No and not intended to be a statistically valid sample
Type of finding – Significant Deficiency and Non-Compliance

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institutions are managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

Initial Year Written:	2017
Status:	Implemented
U.S. Department of Education	

The University did not appropriately restrict user access at the network and server levels. Specifically:

- Two student interns had administrative access to the network, and the University asserted that those students needed that access to test new systems. Although the University asserted that it restricted these student interns' access to their work hours, the University provided that level of access only to those two student interns and the department director.
- Six former employees had access to two of the University's servers, and one former employee had access to another server. In addition, eight current employees had inappropriate access to one of the servers, and another current employee had duplicate accounts on two servers.

The University did not consistently conduct periodic user access reviews for network accounts, and the periodic user access review it performed on its servers was not effective.

Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems.

Corrective Action:

Corrective action was taken.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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UNIVERSITY OF TEXAS AT ARLINGTON**

Reference No. 2017-141

Special Tests and Provisions – Enrollment Reporting

(Prior Audit Issues – 2016-138, 2015-131, 2014-152, and 2013-173)

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162335; and CFDA 84.268, Federal Direct Student Loans, P268K172335

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Enrollment Reporting

Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Perkins Loan, Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 674.19(f), 685.309(b), and 682.610(c)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)). Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, chapter 1).

Initial Year Written: 2013
Status: Partially Implemented
U.S. Department of Education

Institutions are required to use the date of a student's withdrawal for purposes of reporting enrollment status changes to the Secretary of the U.S. Department of Education and determining when a refund or return of Title IV funds must be paid (Title 34, CFR, Section 685.305(c)). In addition, in the absence of a formal withdrawal, the last recorded date of attendance should be reported as the status change date (*NSLDS Enrollment Reporting Guide*, Appendix C).

The University of Texas at Arlington (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, chapter 3).

The University did not always report students who unofficially withdrew from all courses for the term to NSLDS or did not always report the correct effective date for the withdrawn status. For 6 (9 percent) of 67 students tested, the University determined the last date of attendance for students who withdrew without providing official notification; however, it did not report those students as withdrawn to NSLDS. Specifically:

- For three students, the University did not report a withdrawn status to NSLDS.
- For three students, the University ultimately reported a withdrawn status to NSLDS because the students did not return for the subsequent term; however, the effective date it reported was incorrect because the date it reported was the last day of the term, rather than the students' last dates of attendance.

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UNIVERSITY OF TEXAS AT ARLINGTON**

The University did not have an adequate process to ensure that it accurately reported students who unofficially withdrew from all courses for the term to NSLDS.

In addition, the University did not always report the correct effective date for students' status changes. For 3 (4 percent) of 67 students tested, the University correctly reported the students as withdrawn; however, it reported an incorrect effective date for the withdrawn status. For those students, the University incorrectly backdated the withdrawn status to the last day of the previous term or the first day of the current term, rather than reporting the actual date of the students' withdrawals.

The University did not have an adequate process to ensure that it reported student status changes and the effective dates of those changes to NSLDS accurately and in a timely manner.

Not reporting student status changes accurately and in a timely manner could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

Recommendations:

The University should:

- Strengthen controls over its process to report status changes for students who unofficially withdraw.
- Accurately report all student status changes and effective dates to NSLDS in a timely manner.

Views of Responsible Officials and Corrective Action Plan 2017:

Enrollment Reporting:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University is working to develop and implement corrective actions to ensure compliance.

The University will be completing a full review of Enrollment Reporting Policies and Procedures.

Views of Responsible Officials and Corrective Action Plan 2018:

Enrollment Reporting:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University developed and implemented corrective actions to ensure compliance.

The University completed a full review of the Enrollment Reporting Policies and Procedures and has implemented the necessary changes.

- *Updated and revised reporting mechanisms in SIS*
- *Updated reporting mechanisms to verify student withdrawal dates when a student's status changes from one report submission to the next*
- *Revised reporting schedule to be more efficient and timely*
- *Provided access to NSLDS to make corrections in a more timely fashion*

Views of Responsible Officials 2019:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

**STATE OF TEXAS
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UNIVERSITY OF TEXAS AT ARLINGTON**

Corrective Action Plan 2019:

The University has implemented process enhancements in this area. The reporting procedure manual was revised to include the new procedures. Management will conduct a second level review to ensure that the University is in compliance with the requirements.

We created a query to identify students who received an F in all courses for a semester with a stated reason of "Never Attended" or "Stopped Attending as of XX". This query is run after grades post at the end of the term. A subsequent report to the National Student Clearinghouse is then submitted adjusting student status to Withdrawn with the appropriate withdrawal date as determined by last dates of attendance indicated by the instructors.

This was discussed in July 2019 when student data was requested. As the manager overseeing the implementation, I was then on maternity leave from July-October. The query is built, we will be posting grades this week and Management will ensure that the query is run, student statuses are adjusted and a review of the student statuses are conducted after updating the National Student Clearinghouse.

Implementation Date: July 2019 – December 2019

Responsible Person: Nichole Mancone Fisher

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institutions are managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not appropriately restrict user access at the network and server levels. Specifically:

- Two student interns had administrative access to the network, and the University asserted that those students needed that access to test new systems. Although the University asserted that it restricted these student interns' access to their work hours, the University provided that level of access only to those two student interns and the department director.
- Six former employees had access to two of the University's servers, and one former employee had access to another server. In addition, eight current employees had inappropriate access to one of the servers, and another current employee had duplicate accounts on two servers.

The University did not consistently conduct periodic user access reviews for network accounts, and the periodic user access review it performed on its servers was not effective.

Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems.

Corrective Action:

Corrective action was taken.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS AT AUSTIN**

Reference No. 2018-109

Equipment and Real Property Management

(Prior Audit Issues – 2015-134, 2014-155, 2013-176, 13-161, and 12-170)

Research and Development Cluster

Award years – See below

Award numbers – See below

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Equipment

A recipient's property records for equipment acquired with federal funds must be maintained accurately and include all of the following: a description of the equipment; serial number or other identification number; the source of funding for the equipment, including the federal award identification number; whether title vests in the recipient or the federal government; acquisition date and cost of the equipment; the percentage of federal participation in the cost of the equipment; the location, use, and condition of the equipment; and ultimate disposition data, including the date of disposal and sale price (Title 2, Code of Federal Regulations (CFR), Section 200.313(d)(1)).

Initial Year Written: 2011
Status: Partially Implemented

U.S. Department of Defense
U.S. Department of
Transportation
National Science Foundation
U.S. Department of Health and
Human Services

In addition, the University of Texas at Austin's (University) *Handbook of Business Procedures* requires that a university inventory barcode tag be affixed to new equipment items that are capitalized or controlled.

The University did not maintain accurate property records for 18 (23 percent) of 77 equipment items tested. Specifically, for each of those 18 items, the property record was inaccurate for 1 or more of the following elements: item location, item condition, serial number or other identification number, or disposition information. In addition, the University did not follow its policy to affix inventory barcode tags to equipment items for 1 of those items. The University relies on its departments to ensure that property records are updated accurately. The errors for those 18 items occurred because the University either (1) did not enter property records accurately and completely into its asset management system or (2) did not always follow its policies and procedures to update property records as needed. Not maintaining accurate property records increases the risk that equipment may be lost or stolen.

The following awards were affected by the equipment issues discussed above:

CFDA No.	CFDA Title	Award Number	Award Year
12.000	U.S Department of Defense	DABK39-03-C-0062	July 1, 2003, to June 30, 2007
12.300	Basic and Applied Scientific Research	N00024-07-D-6200-0530	January 29, 2013, to July 28, 2015
12.300	Basic and Applied Scientific Research	N00024-07-D-6200-0781	May 15, 2015, to May 14, 2017
12.300	Basic and Applied Scientific Research	N00024-07-D-6200-0902	September 27, 2016, to September 26, 2018
12.800	Air Force Defense Research Sciences Program	FA9550-11-1-0296	September 30, 2011, to September 29, 2012

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UNIVERSITY OF TEXAS AT AUSTIN**

CFDA No.	CFDA Title	Award Number	Award Year
12.800	Air Force Defense Research Sciences Program	FA9550-12-1-0494	September 30, 2012, to September 29, 2017
12.910	Research and Technology Development	N66001-01-1-8964	January 1, 2002, to February 27, 2005
12.910	Research and Technology Development	2003377937 (the University received funds as a pass-through from Johns Hopkins University)	March 2, 2017, to March 1, 2018
20.000	U.S Department of Transportation	DTFR53-99-H00006	January 20, 2005, to December 31, 2007
47.041	Engineering Grants	NEES-4101-31903	October 1, 2009, to October 31, 2014
47.049	Mathematical and Physical Sciences	PHY-0854960	August 1, 2009, to July 31, 2013
47.070	Computer and Information Science and Engineering	OCI-1134872	September 1, 2011, to September 30, 2017
47.074	Biological Sciences	DEB-0419615	August 16, 2001, to August 31, 2006
47.074	Biological Sciences	DBI-0130647	February 1, 2002, to January 31, 2007
47.074	Biological Sciences	1714555	August 1, 2017, to July 31, 2020
93.464	ACL Assistive Technology	90AG0019-01-00	January 1, 2015, to September 30, 2016
93.859	Biomedical Research and Research Training	5R01GM087562-04	April 1, 2009, to March 31, 2014
93.859	Biomedical Research and Research Training	5DP1GM106408-04	September 30, 2012, to July 31, 2016

Physical Inventory

A recipient must conduct a physical inventory of equipment and reconcile the results with its property records at least once every two years. A control system also must be developed to ensure that adequate safeguards are in place to prevent loss, damage, or theft of equipment. Any loss, damage, or theft of equipment must be investigated (Title 2, CFR, Section 200.313(d)(2) and (3)).

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UNIVERSITY OF TEXAS AT AUSTIN**

The University's *Handbook of Business Procedures* states that an annual physical inventory will be conducted and that when a unit administrator becomes aware that an item of equipment is missing, a diligent search must be performed until the item is found or until it is established that the equipment has been lost or stolen. The *Handbook of Business Procedures* also specifies that a fine may be assessed for a department whose total missing and stolen property is in excess of 2 percent of the department's total depreciated inventory value.

The University conducted a physical inventory of equipment during fiscal year 2018 in eight cycles, which staggered the time frames between department inventories. Auditors reviewed the fiscal year 2018 physical inventory and identified one department that did not complete an inventory during fiscal year 2018. In addition, the inventory results for 29 departments documented total missing equipment that exceeded the 2 percent threshold of the department's total depreciated inventory value. The University did not have a consistent, documented process in place to follow up on discrepancies and missing equipment identified during the physical inventory. The University also did not impose the sanctions described in its policy.

Not following up on discrepancies and not requiring all departments to complete an annual inventory increases the risk that equipment purchased with federal funds may be lost, stolen, or improperly disposed.

Recommendations:

The University should:

- Strengthen controls to ensure that it updates and maintains accurate and complete property records.
- Strengthen controls over its physical inventory, and follow up on equipment items identified as missing during its physical inventory.

Views of Responsible Officials 2018:

The University concurs with the finding.

Corrective Action Plan 2018:

The University leadership has initiated a business process review and re-engineering project that will involve a redesign of core business practices, increase transparency, gain efficiencies and improve customer service. This project will be our basis to make necessary changes and updates to the Handbook of Business Procedures (HBP). We strongly believe that these changes will address the recommendations noted above by providing more clarity to our stakeholders in terms of inventory compliance. Additionally, we are also reaching out to inventory contacts and business officers individually to provide training, and raise awareness of inventory compliance. Inventory Services is committed to improving and strengthening controls over inventory management.

Views of Responsible Officials 2019:

The University concurs with the findings.

Corrective Action Plan 2019:

The business process review and re-engineering project initiated by the University leadership is still in its planning phase. It has not yet been rolled out. The project continues to be our basis to make necessary changes to the Handbook of Business Procedures (HBP). Inventory Services has continued to reach out to inventory contacts and business officers to provide training and raise inventory compliance awareness. We continue to commit to improve and strengthen controls over inventory management.

Implementation Date: August 2020

Responsible Person: Lori Peterson

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS AT AUSTIN**

**Reference No. 2018-110
Reporting**

Research and Development Cluster
Award years – See below
Award numbers – See below
Statistically valid sample – No and not intended to be a statistically valid sample
Type of finding – Significant Deficiency and Non-Compliance

Financial Reporting

Recipients are required to report financial information to ensure effective monitoring of federal awards (Title 2, Code of Federal Regulations (CFR), Section 200.327). Recipients use the Federal Financial Report Standard Form (SF-425), or alternate forms of financial reporting that report the same or similar information, to report financial activity to federal awarding agencies and pass-through entities. The U.S. Office of Management and Budget provides specific instructions for completing the SF-425, including definitions and requirements of key reporting elements.

Initial Year Written: 2018
Status: Partially Implemented

U.S. Department of Defense
U.S. Department of Energy

The University of Texas at Austin (University) did not ensure that its financial reports were accurate and complete. Specifically, for 4 (7 percent) of 60 reports tested, the University incorrectly reported one or more of the following report elements: indirect expenses, including the indirect cost rate, the direct cost base, and the indirect amount charged; federal share of unliquidated obligations; or expense detail to support the amount of funds requested for reimbursement. Those errors occurred because of manual errors the University made when preparing the reports. In addition, while the University had a process in place to review and approve financial reports prior to submission, that review and approval process was (1) not consistently documented and (2) not sufficient to ensure that the financial reports were accurate and complete.

Inaccurate information in financial reports increases the risk that federal agencies and pass-through entities could rely on inaccurate information to manage and monitor their awards.

The following awards were affected by the reporting issues discussed above:

CFDA No.	CFDA Title	Award Number	Award Year
12.431	Basic Scientific Research	W911NF-17-1-0542	September 15, 2017 to November 14, 2018
12.910	Research and Technology Development	61102421-118342 (the University received funds as a pass-through from Stanford University)	July 30, 2015 to July 31, 2018
81.049	Office of Science Financial Assistance Program	DE-FG02-06ER15758	November 1, 2005 to January 14, 2018
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	DE-EE0007658	January 1, 2017 to December 31, 2018

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS AT AUSTIN**

Recommendation:

The University should strengthen controls to ensure that the financial reports it submits are complete and accurate.

Views of Responsible Officials 2018:

The University concurs with the finding.

Corrective Action Plan 2018:

The University will document existing business processes via strengthened guidelines for the preparation and review of manual reporting documents, and reissue to all staff involved in the processes.

Views of Responsible Officials 2019:

The University concurs with the finding.

Corrective Action Plan 2019:

SPAA Management held a meeting on January 17, 2019 to review the deficiencies identified on the four manual financial reports. As a result, the following corrective actions were taken:

The procedure on reporting was updated in January to strengthen emphasis on review of reports.

A SPAA Team Leaders meeting was held in January 2019 to discuss reports with emphasis on the importance of thorough review.

The audit finding and importance for review was discussed with SPAA Specialists in their March 2019 Meeting.

In April 2019, the office started development of an automated program to electronically prepare quarterly FFR's. The benefit for reporting accuracy is two-fold, as this program significantly reduces the need for manual report creation and allows for more time to review reports. The new system was implemented July 2019 for the second quarter FFR's.

A message was sent to all SPAA prior to the July 2019 reporting period clarifying the update in process and secondary review for all financial reports followed by formal training on September 4, 2019.

Implementation Date: July 2019

Responsible Person: Linda Haster

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS AT AUSTIN**

**Reference No. 2018-111
Subrecipient Monitoring**

Research and Development Cluster

Award years – See below

Award numbers – See below

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Subrecipient Audits

A pass-through entity must verify that a subrecipient that expends \$750,000 or more in federal awards during the subrecipient’s fiscal year obtains a single audit (Title 2, Code of Federal Regulations (CFR), Sections 200.331(f) and 200.501, and Office of Management and Budget Circular A-133, Subpart D, Section 400(d)).

Initial Year Written: 2018
Status: Partially Implemented

U.S. Department of Defense
National Science Foundation
U.S. Department of Energy
U.S. Department of Health and
Human Services
U.S. Department of Homeland
Security

For 16 (33 percent) of 48 subrecipients tested, the University of Texas at Austin (University) did not verify that the subrecipient obtained a single audit or that the subrecipient was exempt from that requirement. The University’s process during fiscal year 2018 was to verify that subrecipients obtained single audits for only subrecipients that had subaward amendments during fiscal year 2018. However, the University did not consistently follow that process. In addition, the University did not verify that a subrecipient obtained a single audit if the subrecipient did not have a subaward amendment, although the subaward was active during fiscal year 2018.

Not ensuring that all subrecipients obtain required audits increases the risk that deficiencies could go unaddressed.

The following awards were affected by the issue discussed above.

CFDA No.	CFDA Title	Award Number	Award Year
12.431	Basic Scientific Research	W911NF-14-1-0528	September 1, 2014 to February 28, 2019
47.041	Engineering Grants	CMMI-1520817	July 1, 2015 to June 30, 2020
47.041	Engineering Grants	EEC-1160494	September 1, 2012 to August 31, 2020
47.050	Geosciences	EAR-1322073	September 1, 2013 to August 31, 2018
47.050	Geosciences	EAR-1324760	August 1, 2013 to July 31, 2018
47.070	Computer and Information Science and Engineering	ACI-1341711	November 1, 2013 to October 31, 2019
47.076	Education and Human Resources	DRL-1420241	January 1, 2015 to December 31, 2018

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS AT AUSTIN**

CFDA No.	CFDA Title	Award Number	Award Year
81.049	Office of Science Financial Assistance Program	DE-FG02-03ER15430	August 1, 2003 to February 28, 2019
81.089	Fossil Energy Research and Development	DE-FE0026083	September 1, 2015 to August 31, 2019
81.089	Fossil Energy Research and Development	DE-FE0031558	April 1, 2018 to March 31, 2020
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	DE-EE0007658	January 1, 2017 to December 31, 2019
93.121	Oral Diseases and Disorders Research	5R01DE023193-05	July 19, 2013 to May 31, 2018
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health	5R21EB019646-02	March 15, 2015 to February 28, 2019
93.307	Minority Health and Health Disparities Research	5R21MD011431-02	August 14, 2017 to April 30, 2019
93.867	Vision Research	5R01EY017366-08	September 1, 2006 to July 31, 2018
97.044	Assistance to Firefighters Grant	EMW-2016-FP-0083	September 1, 2017 to August 31, 2019

Recommendation:

The University should strengthen controls to ensure that it verifies that subrecipients obtain single audits as required.

Views of Responsible Officials 2018:

The University concurs with the finding.

Corrective Action Plan 2018:

The newly-implemented Subawards Committee will implement a revised process of reviewing subrecipient audit statuses semiannually, with added involvement of the management team.

Views of Responsible Officials 2019:

The University concurs with the finding.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS AT AUSTIN**

Corrective Action Plan 2019:

The Subawards Committee has met and are in the initial stages of formalizing a comprehensive overhaul to streamline the audit collection processes including: reviewing past sub-recipients population for 2017 and 2018, creating a list of non-responsive subs, creating templates for follow-up on missing audit information, and creating a centralized location for data collection.

Management is continuing forward with the implementation phase of the correction action plan which will include updating policies and procedures related to the collection of audit information. Estimated completion is anticipated in the late summer of 2020 and/or fall of 2020.

Implementation Date: July 31, 2019 in part; corrective action continues

Responsible Person: Linda Haster

Reference No. 2018-112

Special Tests and Provisions – Key Personnel

Research and Development Cluster

Award years – See below

Award numbers – See below

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

A recipient of federal awards must obtain approval from federal awarding agencies for (1) changes to a key person specified in the application or the federal award, or (2) the disengagement from the project for more than three months or a 25 percent reduction in time devoted to the project by the approved project director or principal investigator (Title 2, Code of Federal Regulations (CFR), Section 200.308(c)(1)).

The University of Texas at Austin (University) did not consistently ensure that key personnel were involved in projects as required. Specifically, for 6 (10 percent) of 60 projects tested, the University was unable to demonstrate that the key personnel specified in the award agreement met the identified level of involvement for fiscal year 2018. The University did not obtain approval from the federal awarding agency for changes to the level of involvement for the key personnel for all 6 of those projects. The University asserted that level of involvement may vary throughout the project's period of performance; however, it could not provide documentation to support that those key personnel did not disengage from the project during fiscal year 2018.

Initial Year Written:	2018
Status:	Implemented

U.S. Department of Commerce
U.S. Department of Defense
National Science Foundation
U.S. Department of Energy
U.S. Department of Health and Human Services

Not obtaining prior approval of reductions in level of involvement, or disengagement from the project, for key personnel may result in federal sponsors being unaware of changes to key personnel.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS AT AUSTIN**

The following awards were affected by the issue discussed above.

CFDA No.	CFDA Title	Award Number	Award Year
11.000	U.S. Department of Commerce	2013-NE-2400 (the University received funds as a pass-through from the Nanoelectronics Research Corporation)	April 1, 2013 to December 31, 2017
12.431	Basic Scientific Research	W911NF-17-2-0180	September 8, 2017 to September 7, 2018
47.041	Engineering Grants	1760459	November 1, 2017 to October 31, 2018
47.070	Computer and Information Science and Engineering	OAC-1663578	October 1, 2017 to September 30, 2021
81.086	Conservation Research and Development	DE-EE0007762	October 1, 2016 to September 30, 2021
93.866	Aging Research	5R00AG040149-06	September 30, 2013 to June 30, 2019

Corrective Action:
Corrective action was taken.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS AT AUSTIN**

Reference No. 2017-143

Special Tests and Provisions – Enrollment Reporting

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162336; and CFDA 84.268, Federal Direct Student Loans, P268K172336

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Perkins Loan, Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis, (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended, or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 674.19(f), 685.309(b), and 682.610(c)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)). Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, chapter 1).

Initial Year Written:	2017
Status:	Partially Implemented

U.S. Department of Education

The University of Texas at Austin (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, chapter 3).

The University did not ensure that students with enrollment changes were accurately reported to NSLDS. Specifically, for 2 (3 percent) of 60 students tested with enrollment status changes, the University did not report the status change to NSLDS. Both of those students unofficially withdrew during the Fall 2016 term and, while the University reported the status changes to NSC, those status changes were never reported to NSLDS. Both of those students also unofficially withdrew during the Spring 2017 term, and the University determined that those students never attended that term. For one of those students, the University reported the student as withdrawn with an incorrect effective date. For the other student, the University never reported the withdrawal to NSLDS. The University accurately reported the statuses of both students to NSLDS after auditors brought those errors to its attention.

The University did not have an adequate monitoring process to ensure that student status changes were accurately reported to NSLDS. Not reporting student status changes accurately could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS AT AUSTIN**

Recommendations:

The University should:

- Accurately report status changes and effective dates to NSLDS.
- Establish and implement a monitoring process to ensure that the status changes it reports to NSC are accurately reported to NSLDS.

Views of Responsible Officials and Corrective Action Plan 2017:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

The University of Texas at Austin has adjusted the student information system software by expanding the search criteria to look for past semester withdrawal dates rather than relying on the last day of the previous semester when the institution has determined that the student is not enrolled in the given term. This will allow us to pick up the correct effective date of the withdrawal. The institution will take steps to identify students who are enrolled in the current semester but retroactively withdrew from a previous semester, and will manually update enrollment status and effective date using NSLDS web. NSC is aware of this issue and has this on their priority of enhancements. Once NSC fully supports the functionality of submitting stacked enrollments for students, we will discontinue to update NSLDS directly. NSC has been collaborating with Federal Student Aid (FSA) for clarification regarding reporting retroactive enrollment status changes and will be taking measures to address this issue in the near future.

Views of Responsible Officials and Corrective Action Plan 2018:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University has developed and implemented a corrective action to further improve the processes. The University of Texas at Austin has modified our business and technical processes to identify and report the final date of enrollment for all students identified in the unofficial withdrawal process who receive Federal Title IV financial aid each semester to the NSC. Our institution implemented this modified process retroactively for spring semester 2018 on October 3, 2018 and for summer semester 2018 on October 4, 2018. Previously, our institution's process identified and reported the final date of enrollment for all students identified in the unofficial withdrawal process who received Federal Title IV financial aid whose final date of enrollment was determined to be the 60% or less for the semester. Our new process allows us to report the effective date of withdrawal for all students receiving Title IV aid, regardless of time of withdrawal. Beginning with spring semester 2018 and going forward, each semester's effective date of withdrawal will be submitted to the NSC on a special file following the end of the semester. Based on this special file submission, the student's enrollment status and effective date fields for past semester withdrawals are updated and reported to the NSC, who in turn transmits this data to the NSLDS. Going forward we will continue this same iterative process and will verify that our institution has reported the retroactive withdrawal status to the NSLDS by our next scheduled enrollment submission after our Office of Financial Aid confirms the dates of withdrawal.

Views of Responsible Officials 2019:

The University acknowledges and agrees with the findings. Through analysis of the exceptions identified in the audit, the University has developed and implemented a corrective action to further improve the processes.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS AT AUSTIN**

Corrective Action Plan 2019:

The NSLDS database does not permit the stacking of enrollments (e.g., student withdrawn summer semester, student re-enrolled the subsequent/current fall semester). After an institution's current semester's first of term file has been processed by the NSC and the NSLDS, NSLDS does not accommodate stacking enrollment status and effective date records for students who are both unofficially withdrew in a previous semester (e.g., summer semester 2019) and re-enrolled in the current semester (e.g., fall semester 2019) at a single institution. Consequently, students who are identified as unofficially withdrawn in a past semester and re-enrolled in a current semester would not have their past semester's withdrawn enrollment status nor effective date records reported to the NSLDS.

To address this issue, the University of Texas at Austin has made additional modification to our business and technical processes to identify and report the final date of enrollment for all students identified in the unofficial withdrawal process, who receive Federal Title IV financial aid each semester, to the NSC and NSLDS. Our institution implemented this modified process for our summer semester 2019 unofficial withdrawal records on October 3, 2019. For students identified as unofficially withdrawn in summer 2019 and re-enrolled in fall 2019, our institution manually updated their enrollment statuses and effective date for both semesters using NSLDS web. Upon completion of these updates, our institution verified these students' enrollment statuses and effective dates were present and accurate in the NSLDS database. Our new process allows us to report the accurate enrollment status update and effective date of withdrawal for all students receiving Title IV aid, regardless of whether or not students re-enrolled in the current semester after unofficial withdrawing in the previous semester. Going forward we will continue this same iterative process after our Office of Scholarships and Financial Aid confirms the dates of withdrawal.

Implementation Date: October 3, 2019

Responsible Person: Eric Poch

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS AT EL PASO**

**Reference No. 2017-146
Special Tests and Provisions – Verification**

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164176; CFDA 84.033, Federal Work-Study Program, P033A164176; CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162338; CFDA 84.268, Federal Direct Student Loans, P268K172338; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172338

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, child support paid, Supplemental Nutrition Assistance Program benefits, education credits, individual retirement account deductions, other untaxed income, high school completion, and identity and statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, volume 80, number 123).

Initial Year Written:	2017
Status:	Implemented
U.S. Department of Education	

If an applicant is selected to verify AGI, income earned from work, or U.S. income tax paid, an institution must accept, in lieu of an income tax return or an Internal Revenue Service (IRS) form that lists tax account information if the individual for the specified year has not filed and, under IRS rules or other applicable government agency rules, is not required to file an income tax return, a statement signed by that individual certifying that he or she has not filed and is not required to file an income tax return for the specified aid year and certifying for that year that individual's sources of income earned from work as stated on the FAFSA and the amounts of income from each source (Title 34, CFR, Section 668.57).

When the verification of an applicant's eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the applicant's FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant's subsidized student financial assistance awards on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR) (Title 34, CFR, Section 668.59).

For 3 (5 percent) of 60 students tested, the University of Texas at El Paso (University) did not accurately verify all required items on the FAFSA; therefore, it did not subsequently request updated ISIRs as required. Specifically, for three students, the University did not accurately verify one or more of the following items: education credits, U.S. income taxes paid, or other untaxed income. Those errors occurred because of manual errors the University made during its verification process. When auditors brought those errors to the University's attention, the deadline to submit corrections for the award year had passed. However, the University performed procedures to correct information in its student financial assistance system and asserted the following: For two of those three students, the errors did not result in changes to students' EFCs or financial assistance awards; for the third student, the error resulted in a change in EFC and, as a result, the University overawarded a total of \$100 in Pell Grant funds. The University subsequently returned the overawarded amounts to the U.S. Department of Education. The University asserted that it had a process to review a sample of the verifications it performed; however, that process did not detect the errors discussed above.

Corrective Action:

Corrective action was taken.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS AT EL PASO**

Reference No. 2017-148

Special Tests and Provisions - Enrollment Reporting

(Prior Audit Issue – 2016-146)

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162338; and CFDA 84.268, Federal Direct Student Loans, P268K172338

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Perkins Loan, Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 674.19(f), 685.309(b), and 682.610(c)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)). Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, chapter 1).

Initial Year Written: 2016
Status: Partially Implemented

U.S. Department of Education

To protect a student's interest subsidy, institutions are required to report a graduated status for students who have completed their course of study (*NSLDS Enrollment Reporting Guide*, Appendix C and chapter 4, and *Dear Colleague Letter*, April 14, 2014 (GEN-14-07)). When a student completes one academic program and then enrolls in another academic program at the same institution, the institution must report two separate enrollment transactions: (1) one transaction showing the completion of the first program and its effective date and credential level and (2) another transaction showing the enrollment in the second program and its effective date (*NSLDS Enrollment Reporting Guide*, Appendix C, and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

The University of Texas at El Paso (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, chapter 3).

For 4 (7 percent) of 60 students tested, the University (1) did not report status changes to NSLDS when required, (2) did not accurately report effective dates of status changes to NSLDS, or (3) did not report status changes to NSLDS in a timely manner. Specifically, the University:

- Did not report one student's graduated status. The University reported that student's graduated status to NSC, but NSC did not report that status to NSLDS because that student enrolled in a subsequent term.
- Reported an incorrect effective date for one student who had a status change between two terms.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS AT EL PASO**

- Did not report two students' status changes in a timely manner. The status changes for those students were reported 61 and 64 days after their effective dates. According to the University, at the time those changes occurred, the University had not fully implemented its reporting schedule to ensure that changes were reported in a timely manner.

The University asserted that it had developed a monitoring process to ensure that student status changes were accurately reported to NSLDS; however, that process was not formalized or documented and did not detect the errors discussed above. Not reporting student status changes accurately and in a timely manner could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

Recommendations:

The University should:

- Accurately report status changes and effective dates to NSLDS in a timely manner.
- Implement a formal documented monitoring process to help ensure accurate reporting to NSLDS.

Views of Responsible Officials and Corrective Action Plan 2017:

The University concurs with the auditors' recommendations.

The University will continue to strengthen and monitor its enrollment reporting process to remain in compliance with these regulations.

Views of Responsible Officials and Corrective Action Plan 2018:

Upon the University's review of the auditors' findings, 2 students had incorrect status change dates. For both students, the graduation dates were reported late. However, these errors were not caused by the automated enrollment reporting procedures put into place last year as part of the Institution's corrective action plan for 2016-2017. But, instead, in both cases, the graduation date determination was late due to late submissions to the Registrar's Office.

The University will continue to strengthen and monitor its enrollment reporting processes to remain in compliance with these regulations.

2019 Update

The University accurately reported status changes to NSLDS for the 2018-2019 award year. However, for 4 (27 percent) of 15 students tested, the University did not report the status change in a timely manner.

Views of Responsible Officials 2019:

Upon the University's review of the auditors' findings, all four students are "unofficial withdrawals." In order to remain in compliance with federal regulations, the University will reinforce its enrollment reporting procedures as part of the Institution's Corrective Action Plan for 2019-2020.

Corrective Action Plan 2019:

The University will continue to strengthen and monitor the timeliness of its enrollment reporting and reinforce processes to remain in compliance with these regulations.

Implementation Date: December 2019

Responsible Persons: Gladys Chairez and Nohemi Gallarzo

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON**

**Reference No. 2018-113
Reporting**

Research and Development Cluster
Award years – See below
Award numbers – See below
Statistically valid sample – No and not intended to be a statistically valid sample
Type of finding – Significant Deficiency and Non-Compliance

Financial Reporting

Recipients are required to report financial information to ensure effective monitoring of federal awards (Title 2, Code of Federal Regulations (CFR), Section 200.327). Recipients use the Federal Financial Report Standard Form (SF-425), or alternate forms of financial reporting that report the same or similar information, to report financial activity to federal awarding agencies and pass-through entities. The U.S. Office of Management and Budget provides specific instructions for completing the SF-425, including definitions and requirements of key reporting elements.

Initial Year Written:	2018
Status:	Implemented
U.S. Department of Defense National Aeronautics and Space Administration	
U.S. Department of Health and Human Services	
U.S. Department of Homeland Security	

The University of Texas Health Science Center at Houston (Health Science Center) did not always ensure that its financial reports were accurate and complete. Specifically, for 18 (26 percent) of 69 reports tested, the Health Science Center incorrectly reported one or more of the following report elements: relevant project dates, including project period, reporting period, and/or indirect expense period dates; indirect expense information, including the indirect cost base amount and indirect cost amount charged; or unliquidated obligation amount.

The Health Science Center had a process in place to review and approve its financial reports prior to submission; however, that review and approval process was not sufficient to ensure that the financial reports were accurate and complete. Inaccurate information in financial reports increases the risk that federal agencies could rely on inaccurate information to manage and monitor their awards.

The following awards were affected by the reporting issues discussed above:

CFDA No.	CFDA Title	Award Number	Award Year
12.420	Military Medical Research and Development	W81XWH-17-1-0632	September 15, 2017 to September 14, 2018
43.003	Exploration	NNX15AE25G	February 14, 2015 to September 30, 2017
93.077	Family Smoking Prevention and Tobacco Control Act Regulatory Research	5P50CA180906-05	September 19, 2013 to August 31, 2019
93.242	Mental Health Research Grants	5R61MH110044-02	August 19, 2016 to September 27, 2017
93.243	Substance Abuse and Mental Health Services Projects of Regional and National	1U79SM080021-01	September 30, 2016 to September 29, 2021

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CFDA No.	CFDA Title	Award Number	Award Year
	Significance		
93.575	Child Care and Development Block Grant	2917INT014	February 1, 2017 to August 31, 2018
93.837	Cardiovascular Diseases Research	5UM1HL087318-12	January 1, 200, to February 28, 2019
93.839	Blood Diseases and Resources Research	4R01HL113304-05	April 1, 2012 to March 31, 2018
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	4K23NS079900-05	July 1, 2012 to June 30, 2017
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	7R21NS090422-03	January 1, 2016 to August 31, 2016
93.855	Allergy and Infectious Diseases Research	R01AI116039	February 10, 2015 to January 31, 2019
93.859	Biomedical Research and Research Training	4R01GM060419-17	September 20, 2013 to December 31, 2017
93.859	Biomedical Research and Research Training	5R01GM097290-05	April 1, 2011 to March 31, 2018
93.859	Biomedical Research and Research Training	4R01GM027750-37	April 1, 2008 to July 31, 2017
93.859	Biomedical Research and Research Training	4R01GM104290-04	June 15, 2013 to April 30, 2018
93.859	Biomedical Research and Research Training	4R01GM104411-04	April 1, 2013 to January 31, 2018
97.044	Assistance to Firefighters Grant	EMW-2013-FP-00983	August 1, 2014 to April 30, 2018

Corrective Action:
Corrective action was taken.

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Reference No. 2018-114

Subrecipient Monitoring

(Prior Audit Issues – 2015-145 and 2014-158)

Research and Development Cluster

Award years – See below

Award numbers – See below

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Award Identification

At the time of a subaward, the pass-through entity must communicate to the subrecipient: (1) the federal award information, including the catalog of federal domestic assistance (CFDA) number and title, federal award number, and whether the award is research and development; (2) all requirements imposed by the pass-through entity on the subrecipient so that the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the federal award; and (3) a requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements (Title 2, Code of Federal Regulations (CFR), Section 200.331(a), and U.S. Office of Management and Budget (OMB) Circular A-133, Subpart D, Section 400(d)).

Initial Year Written:	2014
Status:	Implemented

U.S. Department of Defense
U.S. Department of Labor
U.S. Department of Education
U.S. Department of Health and Human Services

For 24 (57 percent) of 42 subawards tested, the University of Texas Health Science Center at Houston (Health Science Center) did not accurately provide all required information to the subrecipient. The Health Science Center did not provide or provided inaccurate federal award information, including federal award number and date, CFDA number and title, or whether the award was research and development; or it did not include a clause in the subcontract to communicate the requirement that the subrecipient must permit the Health Science Center and auditors access to the subrecipient's records and financial statements as necessary.

While the Health Science Center used templates for its subawards and their amendments, those templates were not always sufficient to ensure that required information was included. Not providing all required award information increases the risk that subrecipients will not comply with all applicable statutes, regulations, and terms and conditions of the federal award.

Evaluation of Risk and Monitoring

Pass-through entities are required to evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. The pass-through entity may consider such factors as the subrecipient's prior experience with the same or similar subawards, the results of previous audits, whether the subrecipient has new personnel or new or substantially changed systems, and the extent and results of federal awarding agency monitoring (Title 2, CFR, Section 200.331(b)). The pass-through entity must monitor the activities of each subrecipient as necessary to ensure that a subaward is used for authorized purposes, in compliance with federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring must include (1) reviewing financial and performance reports, (2) following up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies, and (3) issuing a management decision for audit findings (Title 2, CFR, Section 200.331(d)).

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The Health Science Center uses a subrecipient risk assessment template that allows it to assess risk based on criteria such as amount of the subaward, the subrecipient's prior experience, and the results of previous audits. Based on the results of the risk assessment, the Health Science Center determines for the subrecipient an overall risk level of low, medium, or high. For low risk subrecipients, the Health Science Center's primary monitoring activity is reviewing subrecipient invoices to ensure they are reasonable and for allowable costs. For medium risk subrecipients, the Health Science Center requires that additional detail be included on subrecipient invoices. For high risk subrecipients, detailed invoices and quarterly technical progress reports are required from subrecipients.

For 7 (17 percent) of 42 subawards tested, the Health Science Center did not consistently monitor subrecipient activities to provide reasonable assurance that the subrecipients administered the subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward. Specifically:

- For 5 subawards, the Health Science Center did not perform a risk assessment to determine the level of monitoring activities necessary. As a result, auditors were unable to determine whether the Health Science Center performed monitoring activities in accordance with its policies.
- For 2 subawards, the Health Science Center determined that each subrecipient had an overall risk level of medium. However, the Health Science Center did not ensure that the invoices it received from those subrecipients included the level of detail required by its policies.

Insufficient monitoring of subrecipients increases the risk that the Health Science Center would not detect subrecipients' noncompliance with federal statutes, regulations, and the terms and conditions of the subaward.

Subrecipient Audits

A pass-through entity must verify that a subrecipient that expends \$750,000 or more in federal awards during the subrecipient's fiscal year obtains a single audit (Title 2, CFR, Sections 200.331(f) and 200.501, and OMB Circular A-133, Subpart D, Section 400(d)).

For 6 (17 percent) of 36 subrecipients tested, the Health Science Center did not verify that the subrecipient obtained a single audit or that the subrecipient was exempt from that requirement. The Health Science Center has a process to request audits from subrecipients on an annual basis; however, it did not consistently follow that process. Not ensuring that subrecipients obtain required audits increases the risk that deficiencies could go unaddressed.

The following awards were affected by the issues discussed above.

CFDA No.	CFDA Title	Award Number	Award Year
12.420	Military Medical Research and Development	W81XWH-16-1-0296	September 15, 2016 to September 14, 2019
17.401	International Labor Programs	IL-29677-16-75-K-48	September 1, 2016 to August 31, 2019
84.324	Research in Special Education	R324A120363	September 1, 2012 to August 31, 2018

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CFDA No.	CFDA Title	Award Number	Award Year
93.073	Birth Defects and Developmental Disabilities - Prevention and Surveillance	2016-049368-001A	May 1, 2016 to January 31, 2018
93.110	Maternal and Child Health Federal Consolidated Programs	6T04MC12785-10-01	June 1, 2009 to May 31, 2019
93.113	Environmental Health	5R01ES022165-05	September 12 2013, to April 30, 2019
93.121	Oral Diseases and Disorders Research	5R01DE024166-04	March 1, 2015 to February 29, 2020
93.135	Centers for Research and Demonstration for Health Promotion and Disease Prevention	6U48DP005002-04-03	September 30, 2014 to September 29, 2019
93.307	Minority Health and Health Disparities Research	5U24MD006941-05	September 20, 2011 to June 30, 2018
93.361	Nursing Research	5R01NR013707-05	June 7, 2013 to March 31, 2019
93.788	Opioid STR	HHS000113200001	February 1, 2018 to April 30, 2019
93.837	Cardiovascular Diseases Research	5U01HL077863-11	January 1, 2014 to December 31, 2018
93.837	Cardiovascular Diseases Research	5UM1HL087318-12	January 1, 2007, to February 28, 2019
93.837	Cardiovascular Diseases Research	5R01HL129191-04	July 2, 2015 to April 30, 2019
93.846	Arthritis, Musculoskeletal and Skin Diseases Research	5R01AR065445-06	May 6, 2014 to April 30, 2019
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	5R01DK081866-07	September 25, 2009 to August 31, 2019
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	U01NS062835	September 30, 2009 to April 30, 2019

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CFDA No.	CFDA Title	Award Number	Award Year
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	5R01NS080839-04	August 15, 2014 to January 31, 2019
93.855	Allergy and Infectious Diseases Research	5R33AI116208-04	September 1, 2014 to August 31, 2019
93.879	Medical Library Assistance	5R01LM011829-05	September 1, 2014 to August 31, 2019

Corrective Action:
Corrective action was taken.

**Reference No. 2018-115
Special Tests and Provisions – Key Personnel
Activities Allowed or Unallowed
Allowable Costs/Cost Principles**

Research and Development Cluster
Award years – See below
Award numbers – See below
Statistically valid sample – No and not intended to be a statistically valid sample
Type of finding – Significant Deficiency and Non-Compliance

Key Personnel

A recipient of federal awards must obtain approval from federal awarding agencies for (1) changes to a key person specified in the application or the federal award, or (2) the disengagement from the project for more than three months or a 25 percent reduction in time devoted to the project by the approved project director or principal investigator (Title 2, Code of Federal Regulations (CFR), Section 200.308(c)(1)).

Initial Year Written: 2018
Status: Implemented

U.S. Department of Health and Human Services

The University of Texas Health Science Center at Houston (Health Science Center) did not consistently ensure that key personnel were involved in projects as required. Specifically, for 4 (7 percent) of 60 projects tested, the key personnel specified in the award agreement did not meet the identified level of involvement for fiscal year 2018. The Health Science Center did not obtain approval from the federal awarding agency for the changes to the level of involvement for the key personnel for all 4 of those projects. The Health Science Center relies upon departments to identify changes to key personnel that require federal awarding agency approval. The Health Science Center’s policy requires departments to send requests for changes to key personnel to the Sponsored Projects Administration department for review and approval prior to sending the request to the federal awarding agency; however, the Health Science Center did not follow that process consistently.

Not obtaining prior approval of reductions in level of involvement for key personnel may result in federal sponsors being unaware of changes to key personnel.

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The following awards were affected by the issues discussed above.

CFDA No.	CFDA Title	Award Number	Award Year
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	5U01NS090259-04	September 1, 2015 to June 30, 2019
93.859	Biomedical Research and Research Training	5R01GM113212-03	December 5, 2014 to November 30, 2018
93.867	Vision Research	1P30EY028102-01	September 1, 2017 to June 30, 2022
93.879	Medical Library Assistance	5R01LM010681-08	May 31, 2010 to September 28, 2018

Other Compliance Areas

Although the general control weaknesses described below apply to activities allowed or unallowed and allowable costs/cost principles, auditors identified no compliance issues regarding those compliance requirements.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The Health Science Center did not have appropriate segregation of duties in its change management process for its time and effort certification application. The Health Science Center uses the services of a third-party contractor to host and maintain that application. All of the contractor's listed developers for the application have access to migrate changes to the application's production environment. The contractor maintains documentation of who developed and approved each change; however, it does not document the personnel who migrated the change. As a result, for all 10 changes tested, auditors were unable to confirm that the developer did not also migrate the change to the application's production environment.

Not maintaining appropriate segregation of duties or having appropriate controls to track the migration of code to the production environment increases the risk of unauthorized or unintended programming changes being made to critical information systems.

Corrective Action:

Corrective action was taken.

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**Reference No. 2017-150
Eligibility**

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A165159; CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162584; CFDA 84.268, Federal Direct Student Loans, P268K172584; CFDA 93.264, Nurse Faculty Loan Program, E01HP28779-02-00; CFDA 93.342, Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students, E31HP24333-02-00; and CFDA 93.364, Nursing Student Loans, Award Number Not Applicable

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student's cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code (USC), Chapter 28, Subchapter IV, Section 1087kk). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, USC, Chapter 28, Subchapter IV, Section 1087ll).

Initial Year Written:	2017
Status:	Implemented

U.S. Department of Education U.S. Department of Health and Human Services

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Record (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations (CFR), Sections 668.2, 673.5, and 685.301).

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution's minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, CFR, Section 668.2).

The University of Texas Health Science Center at Houston (Health Science Center) had established different COA budgets for undergraduate and graduate students based on residency, degree program, and period of enrollment. The Health Science Center set up the COA budgets in its student financial assistance system, PeopleSoft, only for full-time enrollment; it did not set up COA budgets for less-than-full-time enrollment. The formulas in PeopleSoft automatically determined which budget items are assigned to each student set up for the aid year, and the Health Science Center performed any subsequent adjustments manually.

For 27 (44 percent) of 62 students tested, the Health Science Center incorrectly or inconsistently calculated the student's COA. For each of those 27 students, the Health Science Center made one or more of the following errors in its budget determination:

- Assigned a full-time tuition and fees and/or books and supplies budget when the student was enrolled less than full-time.

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- Assigned a tuition and fees budget based on Texas resident tuition when the student was a non-resident.
- Assigned a loan fee budget when the student did not receive a direct loan or incorrectly calculated the loan fee budget amount.
- Did not consistently use its established COA budgets to determine the student's tuition and fees budget amount.

The errors discussed above occurred because the Health Science Center did not adequately design the controls over its budgeting process to ensure that it assigned COA budgets to students correctly and consistently. As a result of the COA errors discussed above, the Health Science Center overawarded two students a total of \$2,278 in direct loan assistance. After auditors brought those errors to the Health Science Center's attention, the Health Science Center returned the funds to the U.S. Department of Education; therefore, there were no questioned costs.

Corrective Action:
Corrective action was taken.

**Reference No. 2017-151
Special Tests and Provisions – Verification**

Student Financial Assistance Cluster
Award year – July 1, 2016, to June 30, 2017
Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A165159; CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162584; and CFDA 84.268, Federal Direct Student Loans, P268K172584
Statistically valid sample – No and not intended to be a statistically valid sample
Type of finding – Significant Deficiency and Non-Compliance

Verification of Applications

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income, U.S. income taxes paid, child support paid, Supplemental Nutrition Assistance Program benefits, education credits, individual retirement account deductions, other untaxed income, high school completion, and identity and statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, volume 80, number 123).

Initial Year Written:	2017
Status:	Implemented
U.S. Department of Education	

When the verification of an applicant's eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the applicant's FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant's subsidized student financial assistance awards on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR) (Title 34, CFR, Section 668.59).

For 2 (9 percent) of 23 students tested, the University of Texas Health Science Center at Houston (Health Science Center) did not accurately verify certain items on the FAFSA or made unsupported changes to FAFSA items. Specifically:

- The Health Science Center incorrectly verified one student's income earned from work and child support paid. As a result, that student's EFC was understated, which resulted in the Health Science Center overawarding \$100 in Federal Pell Grant assistance to that student.

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- The Health Science Center incorrectly added taxable interest income as untaxed income to one student's ISIR. As a result, that student's EFC was overstated. However, that student had already been awarded the maximum amount of need-based aid for which that student was eligible; therefore, no adjustment to the student's awards was necessary.

After auditors brought those errors to the Health Science Center's attention, it made corrections to those students' ISIRs and returned funds to the U.S. Department of Education as necessary; therefore, there were no questioned costs.

Those errors occurred because of manual errors the Health Science Center made during its verification process, and they went undetected because the Health Science Center did not have a documented and formal control to monitor the verification process.

Verification Policies and Procedures

An institution must establish and use written policies and procedures for verifying an applicant's FAFSA information. Those policies must include (1) the time period within which an applicant must provide any documentation requested by the institution in accordance with Title 34, CFR, Section 668.57; (2) the consequences of an applicant's failure to provide the requested documentation within the specified time period; (3) the method by which the institution notifies an applicant of the results of its verification if, as a result of verification, the applicant's EFC changes and that results in a change in the amount of the applicant's assistance under Title IV, Higher Education Act (HEA) of 1965 programs; (4) the procedures the institution will follow itself or the procedures the institution will require an applicant to follow to correct FAFSA information determined to be in error; and (5) the procedures for making referrals under Title 34, CFR, Section 668.16(g).

An institution's procedures must provide that it will furnish, in a timely manner, to each applicant whose FAFSA information is selected for verification a clear explanation of (1) the documentation needed to satisfy the verification requirements and (2) the applicant's responsibilities with respect to the verification of FAFSA information, including the deadlines for completing any required actions and the consequences of failing to complete any required action. An institution's procedures also must provide that an applicant whose FAFSA information is selected for verification is required to complete verification before the institution exercises any authority under Section 479A(a) of the HEA to make changes to the applicant's cost of attendance or to the values of the data items required to calculate the EFC (Title 34, CFR, Section 668.53).

The Health Science Center's verification policies and procedures did not include two of the required elements. Specifically, the Health Science Center's policies and procedures did not include:

- The method by which the institution notifies an applicant of the results of its verification if, as a result of verification, the applicant's EFC changes and that results in a change in the amount of the applicant's student financial assistance. The Health Science Center's policies and procedures indicated that the Health Science Center relied on the U.S. Department of Education to notify students of any changes that result from the verification process.
- A statement specifying that an applicant whose FAFSA information is selected for verification is required to complete verification before the institution makes changes based on professional judgment to the applicant's cost of attendance or to the values of the data items required to calculate the EFC.

Having incomplete policies and procedures increases the risk that the Health Science Center may not perform verification in compliance with requirements and that students may not be aware of the verification results.

Corrective Action:

Corrective action was taken.

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**Reference No. 2018-116
Activities Allowed or Unallowed
Allowable Costs/Cost Principles
Special Tests and Provisions – Key Personnel**

Research and Development Cluster
Award years – Multiple
Award numbers – Multiple
Statistically valid sample – No and not intended to be a statistically valid sample
Type of finding – Significant Deficiency

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, Code of Federal Regulations (CFR), Section 200.303).

Initial Year Written:	2018
Status:	Implemented
Federal agencies that award R&D funds	

The University of Texas Health Science Center at San Antonio (Health Science Center) did not have appropriate segregation of duties in its change management process for its time and effort certification application. The Health Science Center uses the services of a third-party contractor to host and maintain that application. All of the contractor's listed developers for the application have access to migrate changes to the application's production environment. The contractor maintains documentation of who developed and approved each change; however, it does not document the personnel who migrated the change. As a result, for all 10 changes tested, auditors were unable to confirm that the developer did not also migrate the change to the application's production environment. Not maintaining appropriate segregation of duties or having appropriate controls to track the migration of code to the production environment increases the risk of unauthorized or unintended programming changes being made to critical information systems.

Corrective Action:

Corrective action was taken.

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UNIVERSITY OF TEXAS AT SAN ANTONIO**

Reference No. 2017-161

**Special Tests and Provisions – Disbursements To or On Behalf of Students
Activities Allowed or Unallowed**

Cash Management

Eligibility

Reporting

Special Tests and Provisions – Verification

Special Tests and Provisions – Return of Title IV Funds

Special Tests and Provisions – Enrollment Reporting

Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)

Special Tests and Provisions – Institutional Eligibility

Student Financial Assistance Cluster

Award year – July 1, 2016, to June 30, 2017

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164169; CFDA 84.033, Federal Work-Study Program, P033A164169; CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P163294; CFDA 84.268, Federal Direct Student Loans, P268K173294; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T173294

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institutions are managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

Initial Year Written:	2017
Status:	Implemented
U.S. Department of Education	

The University did not appropriately restrict access to its student financial assistance system, Banner. Specifically:

- One employee had inappropriate access to budget tables, default disbursement dates, and funding rules. That employee transferred from the financial aid office to a different department within the University, but the University did not modify that employee's access. After auditors brought that issue to the University's attention, the University removed that employee's user account.
- Four former employees had inappropriate access to Banner. The University locked those employees' user accounts within an appropriate time frame after they separated from the University; however, it did not perform its quarterly inactive user account review process (which removes user accounts after three months of inactivity) during two quarters of the year. Auditors verified that the former employees did not access Banner after they separated from the University.

Allowing inappropriate or excessive access to a system increases the risk of inappropriate changes to the system.

Corrective Action:

Corrective action was taken.

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UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER**

**Reference No. 2018-117
Activities Allowed or Unallowed
Allowable Costs/Cost Principles
Program Income
Special Tests and Provisions – Key Personnel**

Research and Development Cluster
Award years – Multiple
Award numbers – Multiple
Statistically valid sample – No and not intended to be a statistically valid sample
Type of finding – Significant Deficiency

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, Code of Federal Regulations (CFR), Section 200.303).

Initial Year Written: 2018 Status: Partially Implemented Federal agencies that award R&D funds
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The University of Texas M.D. Anderson Cancer Center (Cancer Center) did not have appropriate segregation of duties in its change management process for its time and effort certification application. The Cancer Center uses the services of a third-party contractor to host and maintain that application. All of the contractor's listed developers for the application have access to migrate changes to the application's production environment. The contractor maintains documentation of who developed and approved each change; however, it does not document the personnel who migrated the change. As a result, for all 10 changes tested, auditors were unable to confirm that the developer did not also migrate the change to the application's production environment. Not maintaining appropriate segregation of duties or having appropriate controls to track the migration of code to the production environment increases the risk of unauthorized or unintended programming changes being made to critical information systems.

The Cancer Center did not appropriately restrict access to certain systems it uses to manage its research and development programs. Specifically, the Cancer Center did not remove the account for a user who was no longer employed with the Cancer Center. In addition, the Cancer Center did not conduct an effective user access review for all system levels to verify that access was appropriately limited to current employees. Allowing users inappropriate access to systems increases the risk of inappropriate changes to those systems.

Recommendation:

The Cancer Center should appropriately limit user access to current employees and strengthen its user access review process for all system levels.

Views of Responsible Officials 2018:

Systems Access:

The Cancer Center has implemented controls to limit user access to current employees and strengthened its user access review process. In March 2018, the Cancer Center implemented a new Identity Management System; the system is supported by reports that identify discrepancies between the Identity Management System and its active user directory. All discrepancies are investigated and remediated.

Corrective Action Plan 2018:

Systems Access:

The Cancer Center will implement a validation process between the Identity Management System and PeopleSoft and will investigate and remediate discrepancy reports.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER**

Views of Responsible Officials 2019:

Systems Access:

The Cancer Center implemented all corrective action documented in its Fiscal Year (FY) 2018 Management Response in September 2019. The Cancer Center requested that SAO not test prior year findings for Systems Access because retesting would have covered all of FY 2019 (September 2018 through August 2019), the time period before corrective action was fully implemented.

Corrective Action Plan 2019:

Systems Access:

Not applicable; all corrective action documented in the Cancer Center's FY 2018 Management Response was implemented by or before September 2019 and will be retested in FY 2020.

Implementation Date: September 2019

Responsible Person: Craig Owen

**Reference No. 2018-118
Cash Management**

Research and Development Cluster

Award years – Multiple

Award numbers – Multiple

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Interest on Advances

A non-federal entity must maintain advances of federal funds in interest-bearing accounts unless: (1) the non-federal entity receives less than \$120,000 in federal awards per year, (2) the best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on federal cash balances, or (3) the depository would require an average or minimum balance so high that it would not be feasible within the expected federal and non-federal cash resources (Title 2, Code of Federal Regulations (CFR), Section 200.305(b)(8)). Interest earned up to \$500 per year may be retained by the non-federal entity for administrative expense. Any additional interest earned on federal advance payments deposited in interest-bearing accounts must be remitted annually to the U.S. Department of Health and Human Services Payment Management System (Title 2, CFR, Section 200.305(b)(9)).

Initial Year Written: 2018
Status: Partially Implemented

Federal agencies that make
advances of R&D funds

The University of Texas M.D. Anderson Cancer Center (Cancer Center) did not identify, track, or remit to the U.S. Department of Health and Human Services interest it earned on federal funds received in advance of program expenses for fiscal year 2018. The Cancer Center previously had a process in place to track federal projects that receive advances of federal funds and to calculate and remit interest earned on those advances; however, it asserted that it discontinued that process due to a misinterpretation of federal guidance. Because the Cancer Center did not have a process in place to identify and track advances of federal funds, auditors were unable to determine the actual amount of interest that it would be required to remit, if any, to the federal government for fiscal year 2018.

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UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER**

Corrective Action:

Corrective action was taken.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The Cancer Center did not appropriately restrict access to certain systems it uses to manage its research and development programs. Specifically, the Cancer Center did not remove the account for a user who was no longer employed with the Cancer Center. In addition, the Cancer Center did not conduct an effective user access review for all system levels to verify that access was appropriately limited to current employees. Allowing users inappropriate access to systems increases the risk of inappropriate changes to those systems.

Recommendation:

The Cancer Center should appropriately limit user access to current employees and strengthen its user access review process for all system levels.

Views of Responsible Officials 2018:

Systems Access:

The Cancer Center has implemented controls to limit user access to current employees and strengthened its user access review process. In March 2018, the Cancer Center implemented a new Identity Management System; the system is supported by reports that identify discrepancies between the Identity Management System and its active user directory. All discrepancies are investigated and remediated.

Corrective Action Plan 2018:

Systems Access:

The Cancer Center will implement a validation process between the Identity Management System and PeopleSoft and will investigate and remediate discrepancy reports.

Views of Responsible Officials 2019:

Systems Access:

The Cancer Center implemented all corrective action documented in its FY 2018 Management Response in September 2019. The Cancer Center requested that SAO not test prior year findings for Systems Access because retesting would have covered all of FY 2019 (September 2018 through August 2019), the time period before corrective action was fully implemented.

Corrective Action Plan 2019:

Systems Access:

Not applicable; all corrective action documented in the Cancer Center's FY 2018 Management Response was implemented by or before September 2019 and will be retested in FY 2020.

Implementation Date: September 2019

Responsible Person: Craig Owen

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER**

**Reference No. 2018-119
Equipment and Real Property Management**

Research and Development Cluster

Award years – See below

Award numbers – See below

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Equipment

A recipient's property records for equipment acquired with federal funds must be maintained accurately and include all of the following: a description of the equipment; serial number or other identification number; the source of funding for the equipment, including the federal award identification number; whether title vests in the recipient or the federal government; acquisition date and cost of the equipment; the percentage of federal participation in the cost of the equipment; the location, use, and condition of the equipment; and ultimate disposition data, including the date of disposal and sale price (Title 2, Code of Federal Regulations (CFR), Section 200.313(d)(1)). A control system must be developed to ensure that adequate safeguards are in place to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft must be investigated (Title 2, CFR, Section 200.313(d)(3)).

Initial Year Written:	2018
Status:	Partially Implemented

U.S. Department of Defense
U.S. Department of Health and Human Services

The University of Texas M.D. Anderson Cancer Center (Cancer Center) did not maintain adequate property records for 15 (22 percent) of 68 equipment items tested. Specifically, for 9 items tested, the property records contained an inaccurate serial number for each item and for 6 items tested, the property records contained an incorrect location for each item. Those errors occurred because the Cancer Center either (1) did not enter information into its property records accurately or (2) because it did not always appropriately update its property records when conducting its annual inventory.

In addition, the Cancer Center did not always adequately safeguard its equipment. For 1 (1 percent) of 68 equipment items selected for physical inspection, the Cancer Center was unable to locate the item. The Cancer Center did not identify that the item was missing until auditors selected that item for testing.

Not maintaining accurate property records and not adequately safeguarding equipment increases the risk that equipment may be lost or stolen.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER**

The following awards were affected by the equipment issues discussed above:

CFDA No.	CFDA Title	Award Number	Award Year
12.420	Military Medical Research and Development	W81XWH-14-1-0218	July 15, 2014 to April 14, 2016
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health	UTA07-816 (the Cancer Center received funds as a pass-through from the University of Texas at Austin)	September 1, 2007 to February 28, 2013
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health	5R01EB000117-04	June 1, 2002 to March 31, 2008
93.393	Cancer Cause and Prevention Research	5R01CA160394-04	May 1, 2012, to March 31, 2016
93.395	Cancer Treatment Research	5P01CA124787-05	September 18, 2008 to August 31, 2014
93.395	Cancer Treatment Research	5UG1CA189828-03-MDA1 (the Cancer Center received funds as a pass-through from ECOG - ACRIN Medical Research Foundation, Inc.)	July 1, 2017 to July 31, 2019
93.395	Cancer Treatment Research	5U10CA010953-45	September 1, 1978 to December 31, 2014
93.395	Cancer Treatment Research	5R01CA182450-03	August 1, 2014 to July 31, 2018
93.395	Cancer Treatment Research	CBPO361W-00 (the Cancer Center received funds as a pass-through from the Frontier Science and Technology Research Foundation, Inc.)	August 1, 2014, to February 28, 2016
93.395	Cancer Treatment Research	5R01CA061508-15	September 17, 1993 to March 31, 2010
93.396	Cancer Biology Research	5R01CA111999-05	June 19, 2006 to April 30, 2011
93.397	Cancer Centers Support Grants	5P50CA097007-10	September 30, 2002 to July 31, 2015

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FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER**

CFDA No.	CFDA Title	Award Number	Award Year
93.397	Cancer Centers Support Grants	5P30CA016672-27	July 1, 1978 to June 30, 2003
93.701	Trans-NIH Recovery Act Research Support	5R01NS045602-07	April 1, 2003 to June 30, 2012
93.855	Allergy and Infectious Diseases Research	5R01AI063063-06	December 15, 2004 to November 30, 2009

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The Cancer Center did not appropriately restrict access to certain systems it uses to manage its research and development programs. Specifically, the Cancer Center did not remove the account for a user who was no longer employed with the Cancer Center. In addition, the Cancer Center did not conduct an effective user access review for all system levels to verify that access was appropriately limited to current employees. Allowing users inappropriate access to systems increases the risk of inappropriate changes to those systems.

Recommendations:

The Cancer Center should:

- Strengthen controls to ensure that it updates and maintains accurate property records.
- Strengthen controls to ensure that it adequately safeguards its equipment to prevent loss, damage, or theft of equipment.
- Appropriately limit user access to current employees and strengthen its user access review process for all system levels.

Views of Responsible Officials 2018:

Equipment and Real Property Management:

The Cancer Center agrees that accurate property records must be maintained for equipment acquired with federal funds. We also acknowledge that many institutional assets are primarily mobile throughout their functional lifecycles, rendering asset location a moving target.

We also wish to highlight that the item unable to be located is a rotor for a centrifuge that represents a small component of the overall centrifuge equipment.

Systems Access:

The Cancer Center has implemented controls to limit user access to current employees and strengthened its user access review process. In March 2018, the Cancer Center implemented a new Identity Management System; the system is supported by reports that identify discrepancies between the Identity Management System and its active user directory. All discrepancies are investigated and remediated.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER**

Corrective Action Plan 2018:

Equipment and Real Property Management:

- *The Cancer Center will continue to emphasize the use of bar code scanners for asset data collection during the receiving and tagging process to alleviate the use of manual data entry to capture serial numbers by providing additional training to Asset Control and Receiving staff.*
- *The Cancer Center will communicate with Principal Investigators and departmental staff regarding the need to update Asset Management when assets are moved.*

Systems Access:

The Cancer Center will implement a validation process between the Identity Management System and PeopleSoft and will investigate and remediate discrepancy reports.

Views of Responsible Officials 2019:

Equipment and Real Property Management:

The Cancer Center agrees that accurate property records must be maintained for equipment acquired with federal funds. We also acknowledge that many institutional assets are primarily mobile throughout their functional lifecycles, rendering asset location a moving target.

Complete accuracy in data capture is an ongoing goal and objective of the Cancer Center. Aligned with guidance prescribed in Part 6 of 2 CFR Part 200, Appendix XI (the Compliance Supplement), the Cancer Center continuously seeks to apply “the most appropriate and cost-effective internal control in a given environment or circumstance, to provide reasonable assurance of compliance with Federal program requirements.”

Systems Access:

The Cancer Center implemented all corrective action documented in its FY 2018 Management Response in September 2019. The Cancer Center requested that SAO not test prior year findings for Systems Access because retesting would have covered all of FY 2019 (September 2018 through August 2019), the time period before corrective action was fully implemented.

Corrective Action Plan 2019:

Equipment and Real Property Management:

- *The Cancer Center will continue to emphasize the use of bar code scanners for asset data collection during the receiving and tagging process to alleviate the use of manual data entry to capture serial numbers by providing training to Asset Control and Receiving staff.*
- *The Cancer Center will communicate with Principal Investigators and departmental staff regarding the need to update Asset Management when assets are moved.*

Implementation Date: Ongoing throughout FY 19 and FY 20

Responsible Person: Michael Keneker

Systems Access:

Not applicable; all corrective action documented in the Cancer Center’s FY 2018 Management Response was implemented by or before September 2019 and will be retested in FY 2020.

Implementation Date: September 2019

Responsible Person: Craig Owen

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER**

**Reference No. 2018-120
Period of Performance**

Research and Development Cluster

Award years – See below

Award numbers – See below

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Period of Performance

A recipient may charge to a federal award only allowable costs incurred during the period of performance and any costs incurred before the federal award that were authorized by the federal awarding agency or pass-through entity (Title 2, Code of Federal Regulations (CFR), Section 200.309). Costs must be necessary and reasonable for the performance of the federal award to be allowable (Title 2, CFR, Section 200.403(a)).

Initial Year Written:	2018
Status:	Partially Implemented

U.S. Department of Defense
U.S. Department of Health and Human Services

The University of Texas M.D. Anderson Cancer Center (Cancer Center) did not always ensure that costs charged to federal awards were allowable and/or incurred within the period of performance. For 8 (13 percent) of 60 transactions tested, the Cancer Center incurred the cost after the period of performance for the federal award or incurred the cost within the period of performance but the cost was unallowable. Specifically:

- For 2 transactions, the federal award was amended to shorten the period of performance. When the Cancer Center received the amendment, it did not update its financial system with the new project end date, which allowed costs to continue to post to the account. This resulted in a total of \$4,580 in questioned costs associated with award number W81XWH-16-1-0126.
- For 2 transactions, an order was placed for items after the period of performance. The Cancer Center asserted that this was due to an oversight by the principal investigator. For one of those transactions, the Cancer Center subsequently transferred the costs to a non-federal account; therefore, there are no questioned costs. For the other transaction, the error resulted in a total of \$618 in questioned costs associated with award number 5R01CA159042-05.
- For 4 transactions, an order was placed for items within the last few days or on the last day of the period of performance. Although those costs were incurred within the period of performance, those costs were not allowable for the federal award. The Cancer Center asserted that this was due to an oversight by the principal investigator. This resulted in a total of \$1,673 in questioned costs associated with award number 12-00482 and \$2,392 in questioned costs associated with award number THE-177821-03.

**STATE OF TEXAS
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FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER**

The following awards were affected by the period of performance issues discussed above:

CFDA No.	CFDA Title	Award Number	Award Year
12.420	Military Medical Research and Development	W81XWH-16-1-0126	September 30, 2016 to September 29, 2017
93.394	Cancer Detection and Diagnosis Research	5R01CA159042-05	March 1, 2011 to February 28, 2018
93.395	Cancer Treatment Research	12-00482 (the Cancer Center received funds as a pass-through from the New York University School of Medicine)	July 1, 2017 to June 30, 2018
93.855	Allergy and Infectious Diseases Research	THE-177821-03 (the Cancer Center received funds as a pass-through from the Mayo Clinic)	June 1, 2016 to February 28, 2018

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The Cancer Center did not appropriately restrict access to certain systems it uses to manage its research and development programs. Specifically, the Cancer Center did not remove the account for a user who was no longer employed with the Cancer Center. In addition, the Cancer Center did not conduct an effective user access review for all system levels to verify that access was appropriately limited to current employees. Allowing users inappropriate access to systems increases the risk of inappropriate changes to those systems.

Recommendations:

The Cancer Center should:

- Develop and implement a process to ensure that it complies with all period of performance requirements for federal awards.
- Appropriately limit user access to current employees and strengthen its user access review process for all system levels.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER**

Views of Responsible Officials 2018:

Period of Performance:

The Cancer Center agrees that all charges must comport with Department of Health and Human Services Hospital Cost Principles for Federally Sponsored Research Activities (Cost Principles) as promulgated in 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Appendix IX. We agree that charges incurred near the end of the award period require additional review, oversight, and justification to ensure compliance with the Cost Principles considering Period of Performance regulations. We also recognize that research continues up to the award end date, and as such, not all charges incurred near, at, or after the award end date are, by their nature, unallowable. We will implement a revised process considering all of these factors.

Systems Access:

The Cancer Center has implemented controls to limit user access to current employees and strengthened its user access review process. In March 2018, the Cancer Center implemented a new Identity Management System; the system is supported by reports that identify discrepancies between the Identity Management System and its active user directory. All discrepancies are investigated and remediated.

Corrective Action Plan 2018:

Period of Performance:

- The Cancer Center will remove/refund each questioned cost from its respective award.
- The Cancer Center is developing workflow to ensure high-risk direct charge and cost transfer transactions are reviewed and approved centrally the Grants and Contracts Accounting Office (GCA). In conjunction with these updated processes and GCA responsibilities, training will be deployed to re-educate GCA staff on the Cost Principles and Period of Performance regulations.
- The Cancer Center is conducting institution training to educate Principal Investigators and departmental staff on award closeout regulations, roles, and responsibilities.
- The Cancer Center is conducting training, developing processes, and developing supporting tools to reduce the likelihood that award set-up and amendment transactions are entered into the financial system incorrectly.

Systems Access:

The Cancer Center will implement a validation process between the Identity Management System and PeopleSoft and will investigate and remediate discrepancy reports.

Views of Responsible Officials 2019:

Period of Performance:

The Cancer Center implemented all corrective action documented in its FY 2018 Management Response by or before June 2019. The Cancer Center requested that SAO not test prior year findings for Period of Performance because retesting would have covered all of FY 2019 (September 2018 through August 2019), including the time period before corrective action was fully implemented.

Systems Access:

The Cancer Center implemented all corrective action documented in its FY 2018 Management Response in September 2019. The Cancer Center requested that SAO not test prior year findings for Systems Access because retesting would have covered all of FY 2019 (September 2018 through August 2019), the time period before corrective action was fully implemented.

Corrective Action Plan 2019:

Period of Performance:

Not applicable; all corrective action documented in the Cancer Center's FY 2018 Management Response was implemented by or before June 2019 and will be retested in FY 2020.

Implementation Date: June 2019

Responsible Person: Michael Keneker

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER**

Systems Access:

Not applicable; all corrective action documented in the Cancer Center's FY 2018 Management Response was implemented by or before September 2019 and will be retested in FY 2020.

Implementation Date: September 2019

Responsible Person: Craig Owen

**Reference No. 2018-121
Reporting**

Research and Development Cluster

Award years – See below

Award numbers – See below

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Financial Reporting

Recipients are required to report financial information to ensure effective monitoring of federal awards (Title 2, Code of Federal Regulations (CFR), Section 200.327). Recipients use the Federal Financial Report Standard Form (SF-425), or alternate forms of financial reporting that report the same or similar information, to report financial activity to federal awarding agencies and pass-through entities. The U.S. Office of Management and Budget provides specific instructions for completing the SF-425, including definitions and requirements of key reporting elements.

Initial Year Written: 2018
Status: Partially implemented

U.S. Department of Defense
U.S. Department of Health and
Human Services

The University of Texas M.D. Anderson Cancer Center (Cancer Center) did not ensure that its financial reports were accurate and complete for 22 (58 percent) of 38 reports tested. Specifically:

- For 11 reports, the Cancer Center incorrectly reported project date information, including the project period date and the indirect cost rate period.
- For 6 reports, the Cancer Center incorrectly reported financial information, including the federal funds authorized, federal share of expenditures, federal share of unliquidated obligations, indirect cost amount, and the indirect cost base amount.
- For 5 reports, the Cancer Center incorrectly reported both project date information and financial information.

While the Cancer Center reviewed its financial reports prior to submission, that review process was not sufficient to ensure that the financial reports were accurate and complete. Inaccurate information in financial reports increases the risk that federal agencies could rely on inaccurate information to manage and monitor their awards.

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FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER**

The following awards were affected by the reporting issues discussed above:

CFDA No.	CFDA Title	Award Number	Award Year
12.420	Military Medical Research and Development	W81XWH-14-1-0554	September 22, 2014 to September 21, 2018
12.420	Military Medical Research and Development	W81XWH-17-1-0611	September 1, 2017 to August 31, 2019
12.420	Military Medical Research and Development	W81XWH-15-1-0140	September 15, 2015 to September 14, 2018
12.420	Military Medical Research and Development	W81XWH-16-1-0717	September 30, 2016 to September 29, 2019
12.420	Military Medical Research and Development	W81XWH-15-1-0482	September 30, 2015 to September 29, 2018
12.420	Military Medical Research and Development	W81XWH-14-1-0109	September 15, 2014 to September 14, 2019
12.420	Military Medical Research and Development	W81XWH-14-1-0576	September 30, 2014 to September 29, 2017
12.420	Military Medical Research and Development	W81XWH-15-1-0662	September 21, 2015 to June 20, 2018
12.420	Military Medical Research and Development	W81XWH-16-1-0289	September 15, 2016 to September 14, 2019
12.420	Military Medical Research and Development	W81XWH-15-1-0142	August 15, 2015 to August 14, 2018
93.279	Drug Abuse and Addiction Research Programs	5K01DA034752-05	June 1, 2013 to June 2, 2017
93.393	Cancer Cause and Prevention Research	5R01CA109298-13	July 1, 2004 to July 31, 2017
93.393	Cancer Cause and Prevention Research	5R01CA169603-05	April 1, 2013 to March 31, 2018

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER**

CFDA No.	CFDA Title	Award Number	Award Year
93.393	Cancer Cause and Prevention Research	5R01CA087546-16	July 1, 2000 to March 31, 2018
93.394	Cancer Detection and Diagnosis Research	5U01CA111302-10	September 28, 2004 to June 30, 2017
93.396	Cancer Biology Research	5P01CA117969-12	December 1, 2005 to March 31, 2021
93.397	Cancer Centers Support Grants	4U54CA096300-14	August 16, 2002 to August 31, 2018
93.398	Cancer Research Manpower	5T32CA009599-29	May 25, 1994 to January 31, 2018
93.398	Cancer Research Manpower	4R25CA056452-24	July 3, 2013 to June 30, 2018
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	5R01NS081684-04	September 1, 2012 to May 31, 2017
93.859	Biomedical Research and Research Training	4R01GM084459-14	January 1, 2003 to November 30, 2017
93.867	Vision Research	4R01EY011930-18	August 1, 1997 to April 30, 2017

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The Cancer Center did not appropriately restrict access to certain systems it uses to manage its research and development programs. Specifically, the Cancer Center did not remove the account for a user who was no longer employed with the Cancer Center. In addition, the Cancer Center did not conduct an effective user access review for all system levels to verify that access was appropriately limited to current employees. Allowing users inappropriate access to systems increases the risk of inappropriate changes to those systems.

Recommendations:

The Cancer Center should:

- Strengthen controls to ensure that the federal financial reports it submits are complete and accurate.
- Appropriately limit user access to current employees and strengthen its user access review process for all system levels.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER**

Views of Responsible Officials 2018:

Reporting:

The Cancer Center agrees and acknowledges that accuracy in reporting is necessary. While accurate reporting is important across the board, we see the severity and impact of financial data as being more critical than administrative/demographic data.

We also wish to highlight that no unallowable charges were incurred by applicable sponsoring agencies as a result of inaccurate financial reports.

Systems Access:

The Cancer Center has implemented controls to limit user access to current employees and strengthened its user access review process. In March 2018, the Cancer Center implemented a new Identity Management System; the system is supported by reports that identify discrepancies between the Identity Management System and its active user directory. All discrepancies are investigated and remediated.

Corrective Action Plan 2018:

Reporting:

- *The Cancer Center has developed training to further educate GCA staff on federal financial reporting regulations.*
- *The Cancer Center is developing a process to enhance its monitoring of federal financial reports by increasing the number of reports that are reviewed by Management prior to submission.*

Systems Access:

The Cancer Center will implement a validation process between the Identity Management System and PeopleSoft and will investigate and remediate discrepancy reports.

Views of Responsible Officials 2019:

Reporting:

The Cancer Center implemented all corrective action documented in its FY 2018 Management Response by or before March 2019. The Cancer Center requested that SAO not test prior year findings for Reporting because retesting would have covered all of FY 2019 (September 2018 through August 2019), including the time period before corrective action was fully implemented.

Systems Access:

The Cancer Center implemented all corrective action documented in its FY 2018 Management Response in September 2019. The Cancer Center requested that SAO not test prior year findings for Systems Access because retesting would have covered all of FY 2019 (September 2018 through August 2019), the time period before corrective action was fully implemented.

Corrective Action Plan 2019:

Reporting:

Not applicable; all corrective action documented in the Cancer Center's FY 2018 Management Response was implemented by or before March 2019 and will be retested in FY 2020.

Implementation Date: March 2019

Responsible Person: Michael Keneker

Systems Access:

Not applicable; all corrective action documented in the Cancer Center's FY 2018 Management Response was implemented by or before September 2019 and will be retested in FY 2020.

Implementation Date: September 2019

Responsible Person: Craig Owen

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON**

Reference No. 2018-122

Cash Management

Period of Performance

Procurement and Suspension and Debarment

(Prior Audit Issues – 2017-040 and 2016-043)

Research and Development Cluster

Award years – See below

Award numbers – See below

Non-Major Program:

CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Award year – 2008

Award number – 1791DRTX

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Interest on Advances

A non-federal entity must maintain advances of federal funds in interest-bearing accounts unless: (1) the non-federal entity receives less than \$120,000 in federal awards per year, (2) the best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on federal cash balances, or (3) the depository would require an average or minimum balance so high that it would not be feasible within the expected federal and non-federal cash resources (Title 2, Code of Federal Regulations (CFR), Section 200.305(b)(8)). Interest earned up to \$500 per year may be retained by the non-federal entity for administrative expense. Any additional interest earned on federal advance payments deposited in interest-bearing accounts must be remitted annually to the U.S. Department of Health and Human Services Payment Management System (Title 2, CFR, Section 200.305(b)(9)).

Initial Year Written:	2016
Status:	Implemented
U.S. Department of Defense	

The University of Texas Medical Branch at Galveston (Medical Branch) did not correctly calculate the amount of interest it was required to remit to the U.S. Department of Health and Human Services. Specifically, the Medical Branch separately tracked and calculated the amount of interest to remit for each project that received advances of federal funds. It also separately retained an amount for administrative expense for each project. Instead, it should have calculated the total amount of interest earned for all projects and retained \$500 for administrative expense for the Medical Branch as a whole.

In addition, the Medical Branch did not correctly calculate the full amount of interest earned because when it calculated the interest earned, it netted the positive cash balances of projects for which it received advances with the negative cash balances of projects that had expenditures that preceded the federal advances. Instead, it should have calculated the interest earned only on the advances of federal funds.

As a result of the issues described above, the Medical Branch should have remitted an additional \$1,306 in interest.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON**

The following awards were affected by the issues discussed above.

CFDA No.	CFDA Title	Award Number	Award Year
12.420	Military Medical Research and Development	W81XWH-12-1-0429	September 27, 2012 to September 26, 2017
12.420	Military Medical Research and Development	W81XWH-12-1-0598	September 30, 2012 to September 29, 2016
12.420	Military Medical Research and Development	W81XWH-12-2-0086	September 14, 2012 to September 13, 2017
12.420	Military Medical Research and Development	W81XWH-13-1-0492	September 30, 2013 to September 29, 2018
12.420	Military Medical Research and Development	W81XWH-14-2-0160	September 15, 2014 to September 14, 2018
12.420	Military Medical Research and Development	W81XWH-14-2-0161	September 30, 2014 to September 29, 2018
12.420	Military Medical Research and Development	W81XWH-14-2-0162	September 30, 2014 to September 29, 2018
12.420	Military Medical Research and Development	W81XWH-14-2-0195	September 30, 2014 to September 29, 2018
12.420	Military Medical Research and Development	W81XWH-15-1-0143	July 1, 2015 to June 30, 2019
12.420	Military Medical Research and Development	W81XWH-15-1-0372	September 30, 2015 to March 29, 2018

Other Compliance Areas and Non-Major Program

Although the general control weaknesses described below apply to period of performance and procurement and suspension and debarment, auditors identified no compliance issues regarding those compliance requirements. The general control weaknesses described below also apply to CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters).

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON**

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The Medical Branch did not appropriately restrict access to a tool in its information technology system that allows users to modify data in the production environment. When the Medical Branch upgraded the system, it inadvertently granted inappropriate access to that tool to employees who did not need that access. The Medical Branch removed the inappropriate access after auditors brought the issue to its attention. Inappropriate access increases the risk of unauthorized or unintended modification to production data.

Corrective Action:

Corrective action was taken.

Reference No. 2018-123

Equipment and Real Property Management

Research and Development Cluster

Award years – See below

Award numbers – See below

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Equipment

A recipient's property records for equipment acquired with federal funds must be maintained accurately and include all of the following: a description of the equipment; serial number or other identification number; the source of funding for the equipment, including the federal award identification number; whether title vests in the recipient or the federal government; acquisition date and cost of the equipment; the percentage of federal participation in the cost of the equipment; the location, use, and condition of the equipment; and ultimate disposition data, including the date of disposal and sale price (Title 2, Code of Federal Regulations (CFR), Section 200.313(d)(1)). A control system must be developed to ensure that adequate safeguards are in place to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft must be investigated (Title 2, CFR, Section 200.313(d)(3)).

Initial Year Written:	2018
Status:	Partially Implemented

National Aeronautics and Space Administration
National Science Foundation
U.S. Department of Health and Human Services
U.S. Agency for International Development

Equipment is defined as tangible personal property, including information technology systems, having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the recipient for financial statement purposes or \$5,000. Information technology systems are defined to include computing hardware, firmware, and software (Title 2, CFR, Sections 200.33 and 200.58).

The University of Texas Medical Branch at Galveston (Medical Branch) did not maintain complete and accurate property records. Specifically:

- The Medical Branch did not include in its property records the use and condition of the equipment and whether title vests in the Medical Branch or federal government for all equipment items tested. The Medical Branch asserted that it does not track this information in its asset management system.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON**

- For 16 (22 percent) of 72 equipment items tested, the property record was inaccurate for one or more of the following required elements: item location, serial number or other identification number, or disposition information. Those errors occurred because the Medical Branch either (1) did not enter property records accurately and completely into its asset management system or (2) did not always follow its policies and procedures to update property records as needed.
- For 5 (42 percent) of 12 equipment disposals tested, the Medical Branch improperly removed the items from its property records. Those items were all computer software items purchased with federal awards. The Medical Branch removed those items from its asset management system because it incorrectly identified them as not having to be tracked as equipment. The Medical Branch provided a list of computer software it removed from its asset management system, and auditors identified an additional 13 items purchased with federal funds that the Medical Branch removed from its property records.
- For 4 (33 percent) of 12 equipment disposals reviewed, the Medical Branch did not maintain in its property records the funding source information, including the catalog of federal domestic assistance (CFDA) number, federal awarding agency, and federal award number. Without federal award information, auditors were unable to determine if the Medical Branch followed any applicable federal awarding agency disposition instructions.

In addition, the Medical Branch did not always adequately safeguard its equipment. For 5 (7 percent) of 72 equipment items selected for physical inspection, the Medical Branch was unable to locate the item. The Medical Branch asserted that 4 of those items were moved to other locations; however, it was unable to provide documentation supporting those relocations. Auditors were unable to confirm that those items were adequately safeguarded. The Medical Branch did not identify that 1 item was missing until auditors selected that item for testing.

Not maintaining complete and accurate property records and not adequately safeguarding equipment increases the risk that equipment may be lost, stolen, or improperly disposed.

The following awards were affected by the issues discussed above.

CFDA No.	CFDA Title	Award Number	Award Year
43.001	Science	Unknown	Unknown
47.000	National Science Foundation	NSFDACS119442 (the Medical Branch received funds as a pass-through from Lockheed Martin Corporation)	March 31, 2012 to March 30, 2025
93.000	U.S. Department of Health and Human Services	N01-AI-40097/HHSN266	September 30, 2004 to September 30, 2010
93.084	Prevention of Disease, Disability, and Death by Infectious Diseases	5U01CK000512-02	December 30, 2016 to December 29, 2021
93.242	Mental Health Research Grants	5U01MH083507-05	June 5, 2008 to April 30, 2013

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON**

CFDA No.	CFDA Title	Award Number	Award Year
93.350	National Center for Advancing Translational Sciences	5UL1TR001439-04	August 18, 2015 to March 31, 2020
93.837	Cardiovascular Diseases Research	5R01HL119869-05	August 9, 2013 to July 1, 2017
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	5P01NS39161	January 11, 2001 to December 31, 2007
93.855	Allergy and Infectious Diseases Research	5UC7AI094660-07	May 1, 2016 to April 30, 2021
93.855	Allergy and Infectious Diseases Research	5R01AI087643	December 15, 2010 to November 30, 2016
93.855	Allergy and Infectious Diseases Research	5UC7AI1070083-05	May 3, 2006 to April 20, 2012
93.866	Aging Research	5P30AG024832-05	June 15, 2005 to May 31, 2010
98.001	USAID Foreign Assistance for Programs Overseas	AIDOAAA1300084 (the Medical Branch received funds as a pass-through from the University of Texas at El Paso)	September 27, 2013 to September 26, 2017

Other awards were affected by the issues discussed above; however, because the Medical Branch did not maintain the award information, a complete list of awards affected could not be determined.

Recommendations:

The Medical Branch should:

- Strengthen controls to ensure that it updates and maintains accurate property records for all equipment acquired with federal funds and that its property records include all required information.
- Strengthen controls to ensure that it adequately safeguards its equipment to prevent loss or theft of equipment.

Views of Responsible Officials 2018:

Equipment and Real Property Management:

Management agrees with the auditor's recommendation.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON**

Corrective Action Plan 2018:

Equipment and Real Property Management:

UTMB will update its procedures and provide training to asset custodians to ensure the assets are in proper condition and adequately safeguarded. In addition, UTMB will update its procedures so that the records reflect the use and condition, title and federal award information of the assets.

Views of Responsible Officials 2019:

Management agrees with the auditor's recommendation.

Corrective Action Plan 2019:

The Medical Branch updated its procedures so that the records reflect the title and federal award information of the assets. In addition, the Medical Branch will finalize its procedures and training to ensure the assets are in proper condition, adequately safeguarded and reflected in the property records.

Implementation Date: February 2020

Responsible Person: Michael Linton

General Controls:

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The Medical Branch did not appropriately restrict access to a tool in its information technology system that allows users to modify data in the production environment. When the Medical Branch upgraded the system, it inadvertently granted inappropriate access to that tool to employees who did not need that access. The Medical Branch removed the inappropriate access after auditors brought the issue to its attention. Inappropriate access increases the risk of unauthorized or unintended modification to production data.

Corrective Action:

Corrective action was taken.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON**

**Reference No. 2018-124
Reporting**

Research and Development Cluster

Award years – See below

Award numbers – See below

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Financial Reporting

Recipients are required to report financial information to ensure effective monitoring of federal awards (Title 2, Code of Federal Regulations (CFR), Section 200.327). Recipients use the Federal Financial Report Standard Form (SF-425), or alternate forms of financial reporting that report the same or similar information, to report financial activity to federal awarding agencies and pass-through entities. The U.S. Office of Management and Budget provides specific instructions for completing the SF-425, including definitions and requirements of key reporting elements.

Initial Year Written:	2018
Status:	Partially Implemented

U.S. Department of Defense
U.S. Department of Health and Human Services
U.S. Agency for International Development

The University of Texas Medical Branch at Galveston (Medical Branch) did not ensure that its financial reports were accurate and complete. For 7 (18 percent) of 40 reports tested, the Medical Branch incorrectly reported one or more reporting elements. Specifically:

- For 3 reports tested, the Medical Branch did not report federally authorized funds that had been incurred but not yet paid as unliquidated obligations. Those errors occurred because the Medical Branch's practice was to not report encumbrances as unliquidated obligations.
- For 3 reports tested, the Medical Branch incorrectly reported the effective period for the indirect cost rate. Also, it did not complete the reporting period end date for 1 of those 3 reports. Those errors occurred because of manual errors the Medical Branch made when preparing the financial reports.
- For 1 report tested, the Medical Branch did not correctly report the total federal funds authorized as of the reporting period end date because of a manual error the Medical Branch made when preparing that financial report.

In addition, while the Medical Branch had a process in place to review and approve financial reports prior to submission, that review and approval process was not sufficient to ensure that the financial reports were accurate and complete. Inaccurate information in financial reports increases the risk that federal agencies and pass-through entities could rely on inaccurate information to manage and monitor their awards.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON**

The following awards were affected by the reporting issues discussed above:

CFDA No.	CFDA Title	Award Number	Award Year
12.360	Research on Chemical and Biological Defense	HDTRA117C0009	February 1, 2017 to April 30, 2019
12.420	Military Medical Research and Development	W81XWH-14-2-0195	September 30, 2014 to September 29, 2018
93.855	Allergy and Infectious Diseases Research	5R01AI132323-02	June 20, 2017 to May 31, 2018
93.855	Allergy and Infectious Diseases Research	5U01AI115577-03	June 15, 2016 to May 31, 2020
93.855	Allergy and Infectious Diseases Research	5U19AI109711-04	March 1, 2014 to February 28, 2019
98.001	USAID Foreign Assistance for Programs Overseas	AIDOAAA1400010	May 1, 2017 to October 15, 2018

Recommendation:

The Medical Branch should strengthen controls to ensure that the financial reports it submits are complete and accurate.

Views of Responsible Officials 2018:

Reporting:

The Medical Branch acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the Medical Branch is working to develop and implement corrective actions to ensure compliance.

Corrective Action Plan 2018:

Reporting:

The Medical Branch will strengthen controls by reviewing and revising the procedures for preparation and review of financial reports to ensure their accuracy.

Views of Responsible Officials 2019:

The Medical Branch acknowledges and agrees with the finding and is working to develop and implement corrective actions to ensure compliance.

Corrective Action Plan 2019:

The Medical Branch will develop training to ensure financial reports are accurately prepared and reviewed.

Implementation Date: May 2020

Responsible Person: Claudia Delgado

General Controls:

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

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The Medical Branch did not appropriately restrict access to a tool in its information technology system that allows users to modify data in the production environment. When the Medical Branch upgraded the system, it inadvertently granted inappropriate access to that tool to employees who did not need that access. The Medical Branch removed the inappropriate access after auditors brought the issue to its attention. Inappropriate access increases the risk of unauthorized or unintended modification to production data.

Corrective Action:

Corrective action was taken.

Reference No. 2018-125

Special Tests and Provisions – Key Personnel

Activities Allowed or Unallowed

Allowable Costs/Cost Principles

(Prior Audit Issues – 2017-040 and 2016-043)

Research and Development Cluster

Award years – See below

Award numbers – See below

Non-Major Program:

CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Award year – 2008

Award number – 1791DRTX

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Key Personnel

A recipient of federal awards must obtain approval from federal awarding agencies for (1) changes to a key person specified in the application or the federal award, or (2) the disengagement from the project for more than three months or a 25 percent reduction in time devoted to the project by the approved project director or principal investigator (Title 2, Code of Federal Regulations (CFR), Section 200.308(c)(1)).

Initial Year Written: 2016
Status: Partially Implemented

U.S. Department of Defense
National Science Foundation
U.S. Department of Health and
Human Services

The University of Texas Medical Branch at Galveston (Medical Branch) did not consistently ensure that key personnel were involved in projects as required. Specifically, for 8 (13 percent) of 60 projects tested, the key personnel specified in the award agreement did not meet the identified level of involvement for fiscal year 2018. The Medical Branch did not obtain approval from the federal awarding agency for changes to the level of involvement for the key personnel for all 8 of those projects. Those errors occurred because the Medical Branch

Not obtaining prior approval for reductions in the level of involvement, or disengagement from the project, for key personnel may result in federal sponsors being unaware of changes to key personnel.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON**

The following awards were affected by the issue discussed above:

CFDA No.	CFDA Title	Award Number	Award Year
12.420	Military Medical Research and Development	W81XWH-09-2-0194 (the Medical Branch received funds as a pass-through from the American Burn Association)	September 30, 2009 to October 29, 2018
12.800	Air Force Defense Research Sciences Program	010847-003 (the Medical Branch received funds as a pass-through from the University of Cincinnati)	March 21, 2017 to March 20, 2019
47.049	Mathematical and Physical Sciences	DMS-1361318	September 1, 2014 to August 31, 2018
93.279	Drug Abuse and Addiction Research Programs	5R01DA040621-03	July 1, 2016 to June 30, 2021
93.350	National Center for Advancing Translational Sciences	5UL1TR001439-04	August 18, 2015 to March 31, 2020
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	5R01NS096305-03	February 1, 2016 to January 31, 2021
93.855	Allergy and Infectious Diseases Research	5P01AI062885-10	July 1, 2005 to August 31, 2018
93.866	Aging Research	5R01AG054025-03	July 15, 2016 to March 31, 2021

Recommendation:

The Medical Branch should strengthen its processes for identifying changes to key personnel requiring approval from the federal sponsor and ensure that it requests approval from the federal sponsor prior to those changes taking effect.

Views of Responsible Officials 2018:

The UTMB agrees with the findings.

Corrective Action Plan 2018:

The UTMB Office of Sponsored Programs will develop and deliver training that is specific to management of commitments on sponsored projects to research faculty, department-based grant administrators and Research Services staff.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON**

Views of Responsible Officials 2019:

The Medical Branch agrees with the findings.

Corrective Action Plan 2019:

The Medical Branch will deliver training to research faculty, department-based grant administrators and Research Services staff.

Implementation Date: December 2020

Responsible Person: Claudia Delgado

Other Compliance Areas and Non-Major Program:

Although the general control weaknesses described below apply to activities allowed or unallowed and allowable costs/cost principles, auditors identified no compliance issues regarding those compliance requirements. The general control weaknesses described below also apply to CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters).

General Controls:

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The Medical Branch did not have appropriate segregation of duties in its change management process for its time and effort certification application. The Medical Center uses the services of a third-party contractor to host and maintain that application. All of the contractor's listed developers for the application have access to migrate changes to the application's production environment. The contractor maintains documentation of who developed and approved each change; however, it does not document the personnel who migrated the change. As a result, for all 10 changes tested, auditors were unable to confirm that the developer did not also migrate the change to the application's production environment. Not maintaining appropriate segregation of duties or having appropriate controls to track the migration of code to the production environment increases the risk of unauthorized or unintended programming changes being made to critical information systems.

The Medical Branch did not appropriately restrict access to a tool in its information technology system that allows users to modify data in the production environment. When the Medical Branch upgraded the system, it inadvertently granted inappropriate access to that tool to employees who did not need that access. The Medical Branch removed the inappropriate access after auditors brought the issue to its attention. Inappropriate access increases the risk of unauthorized or unintended modification to production data.

Corrective Action:

Corrective action was taken.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER**

**Reference No. 2018-126
Equipment and Real Property Management**
(Prior Audit Issue – 2015-153)

Research and Development Cluster

Award years – See below

Award numbers – See below

Statistically valid sample – No and not intended to be a statistically valid sample

Type of finding – Significant Deficiency and Non-Compliance

Equipment

A recipient's property records for equipment acquired with federal funds must be maintained accurately and include all of the following: a description of the equipment; serial number or other identification number; the source of funding for the equipment, including the federal award identification number; whether title vests in the recipient or the federal government; acquisition date and cost of the equipment; the percentage of federal participation in the cost of the equipment; the location, use, and condition of the equipment; and ultimate disposition data, including the date of disposal and sale price (Title 2, Code of Federal Regulations (CFR), Section 200.313(d)(1)). A control system must be developed to ensure that adequate safeguards are in place to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft must be investigated (Title 2, CFR, Section 200.313(d)(3)).

Initial Year Written:	2015
Status:	Implemented

National Science Foundation U.S. Department of Health and Human Services
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The University of Texas Southwestern Medical Center (Medical Center) did not maintain accurate property records for 19 (31 percent) of 62 equipment items tested. Specifically:

- For 5 items, the property records contained an incorrect location for the item. For 2 of those items, the property records were not updated to reflect that the items were transferred to another university when the principal investigator transferred. For 2 of those items, the property records were not updated to indicate that the item was traded-in for credit toward the purchase of a new equipment item. For 1 of those items, the property record indicated that the item was located in a storage closet; however, that item was in use. Those errors occurred because the Medical Center did not always follow its process to inform the asset management department when an item was relocated or disposed. For all 5 items, the Medical Center was able to provide documentation of the item's disposition or it was able to locate the item for physical inspection.
- For 14 items, the property records contained an inaccurate serial number. Those errors occurred because the Medical Center either (1) did not enter information into its property records accurately or (2) did not always appropriately update its property records when conducting its annual inventory. For all 14 items, the Medical Center was able to identify the item through other means, such as the description of the equipment, and it was able to locate the item for physical inspection.

In addition, the Medical Center did not always adequately safeguard its equipment. For 1 (2 percent) of 56 equipment items selected for physical inspection, the Medical Center was unable to locate the item. The Medical Center did not identify that the item was missing until auditors selected that item for testing.

Not maintaining accurate property records and not adequately safeguarding equipment increases the risk that equipment may be lost, stolen, or improperly disposed.

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER**

The following awards were affected by the equipment issues discussed above:

CFDA No.	CFDA Title	Award Number	Award Year
47.074	Biological Sciences	1615938	August 1, 2016 to July 31, 2019
93.000	U.S. Department of Health and Human Services	N01HV028185	September 30, 2002 to December 31, 2011
93.242	Mental Health Research Grants	5R01MH081060-05	April 15, 2008 to September 29, 2013
93.310	Trans-NIH Research Support	1DP2OD001886-01	September 30, 2007 to August 31, 2012
93.351	Research Infrastructure Programs	1S10OD018094-01A1	April 1, 2015 to March 31, 2016
93.393	Cancer Cause and Prevention Research	5R01CA154805-05	December 1, 2012 to June 26, 2017
93.395	Cancer Treatment Research	2P01CA095471-06	September 1, 2007 to July 31, 2013
93.701	Trans-NIH Recovery Act Research Support	3R01DK0389384-S1	September 5, 2009 to August 31, 2010
93.701	Trans-NIH Recovery Act Research Support	3R01DK046993-16S1	January 1, 2010 to March 31, 2010
93.701	Trans-NIH Recovery Act Research Support	3R37DK049835-14S1	January 5, 2010 to March 31, 2010
93.701	Trans-NIH Recovery Act Research Support	1S10RR029731-01	May 20, 2010 to May 19, 2012
93.701	Trans-NIH Recovery Act Research Support	1P30EY020799-01	June 1, 2010 to August 31, 2011
93.837	Cardiovascular Diseases Research	5R01HL067256-09	April 1, 2007 to March 31, 2013
93.837	Cardiovascular Diseases Research	5P01HL020948-35	July 1, 2007 to June 26, 2017
93.838	Lung Diseases Research	5R01HL114977-02	September 1, 2012 to July 31, 2013
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	5R01DK079862-05	August 6, 2007 to July 31, 2014
93.855	Allergy and Infectious Diseases Research	5R01AI090599-05	September 15, 2010 to August 31, 2017

**STATE OF TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019
UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER**

CFDA No.	CFDA Title	Award Number	Award Year
93.859	Biomedical Research and Research Training	R01GM073165	May 1, 2014 to April 30, 2019

Corrective Action:
Corrective action was taken.

Reference No. 2018-127
Period of Performance
(Prior Audit Issue – 2015-154)

Research and Development Cluster
Award years – See below
Award numbers – See below
Statistically valid sample – No and not intended to be a statistically valid sample
Type of finding – Significant Deficiency and Non-Compliance

A recipient may charge to a federal award only allowable costs incurred during the period of performance and any costs incurred before the federal award that were authorized by the federal awarding agency or pass-through entity (Title 2, Code of Federal Regulations (CFR), Section 200.309). Unless the federal awarding agency or pass-through entity authorizes an extension, a recipient must liquidate all obligations incurred under the federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the federal award (Title 2, CFR, Section 200.343(b)).

Initial Year Written: 2015
Status: Implemented

U.S. Department of Defense
U.S. Department of Health and Human Services

The University of Texas Southwestern Medical Center (Medical Center) did not ensure that all costs charged to federal awards were incurred within the period of performance and did not always liquidate its obligations within the required time frame. Specifically, for 3 (5 percent) of 61 transactions tested, the Medical Center incurred the cost after the period of performance for the federal award. Those 3 transactions totaling \$26,431 occurred between 16 days and 73 days after the end of the award's period of performance. For one of those transactions, the Medical Center also did not liquidate the obligation within the required time frame. The Medical Center subsequently transferred those costs to non-federal accounts; therefore, there are no questioned costs.

In addition, for 1 (2 percent) of 61 transactions tested, the Medical Center incurred the cost within the period of performance; however, it did not liquidate the obligation within the required time frame. The Medical Center asserted that it did not pay the invoice associated with that transaction in a timely manner due to an issue in its financial system.

Not properly closing out awards increases the risk that unallowable costs could be charged to federal awards.

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UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER**

The following awards were affected by the period of performance issues discussed above:

CFDA No.	CFDA Title	Award Number	Award Year
12.420	Military Medical Research and Development	W81XWH-14-1-0328	September 15 2014, to April 30, 2018
93.393	Cancer Cause and Prevention Research	5R00CA160640-05	August 15, 2012 to January 31, 2018
93.866	Aging Research	16091646-04 (the Medical Center received funds as a pass-through from the Joan & Sanford I. Weill Medical College of Cornell University)	May 1, 2016 to April 30, 2018

Corrective Action:
Corrective action was taken.

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CORRECTIVE ACTION PLAN
FEDERAL PORTION OF STATEWIDE SINGLE AUDIT REPORT
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**STATE OF TEXAS
CORRECTIVE ACTION PLAN
YEAR ENDED AUGUST 31, 2019**

Section III – Corrective Action Plan

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511, state, “At the completion of the audit, the auditee must prepare, in a document separate from the auditor’s findings, a corrective action plan to address each audit finding included in the current year auditor’s reports.” As part of this responsibility, the auditees’ corrective action plans are presented below.



TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

Views of Responsible Officials: TDA management agrees with the concept that system controls are necessary. The TDA ISO, IT and Program staff will continue to follow and adhere to all posted agency policies and procedures as they pertain to "Quarterly Security Access Reviews" for all in-scope agency applications.

Corrective Action Plan: TDA will ensure quarterly security access reviews are performed, CAMPS users and F&N Pentaho administrative accounts are reviewed and performed according to the agency's posted policies. TDA Corrective Actions are detailed below:

Quarterly Security Access Reviews:

- 1.) The PATHS application has been upgraded and now uses AD for credentialing.
- 2.) IT and the ISO have collaborated to create tools, scripts and reports, which are now scheduled and/or automated to help ensure consistency and overall compliance.
- 3.) The ISO will be reviewing all training materials previously provided to TDA managers charged with reviewing their staff's access rights and groups. The additional training will take place to ensure all managers understand the requirements needed to effectively evaluate and approve quarterly access reviews as well as the AD groups and relationships.

Terminated CAMPS users:

1. TDA IT will continue to follow and adhere to posted agency policies and procedures as they pertain to employee separations and terminations in AD. TDA IT acted correctly and timely regarding processing the termination requests received from HR in a timely manner for these two users and will continue to work with the other impacted business areas of the agency to ensure timely ticket submission to TDA IT is performed regarding any future separations and/or terminations in AD.
2. The CAMPS application has been decommissioned.
3. The (2) users listed with access did not have static IPs matching the range needed along with a current TDA email account, which would have had to be in place in an effort to submit or attempt to make a change to the CAMPS application.
4. The (2) users also lacked any access to the TEST, DEV and PROD environments and had no elevated user's rights, which could have allowed them any opportunity to upload or push any potentially requested changes into any of the agency's environments.

F&N Pentaho "Administrative Account".

5. The (1) shared administrative account(s) has been terminated, disabled and new dev/ops processes were put in place to eliminate shared administrative accounts moving forward.

Implementation Dates: All CAMPS & F&N Pentaho user access issues were resolved and completed on or around August 2019 (Items 2 & 3). All quarterly security access reviews (Item 1) were resumed on or around September 2019 and all new ISO instructions and training will be completed by August 2020.

Responsible Persons:

Wes Williams, Information Security Officer, William Butch Grote, Information Resources Manager / Chief Information Officer, and Melissa Dozier Gonzales, Director for F&N Program Support



TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

Views of Responsible Officials:

TDA management agrees with the concept that system controls are necessary. We have process and procedures in place, but we will refine those procedures to incorporate a formal review of the SOC reports and strengthen our related complementary controls.

Corrective Action Plan:

TDA will develop procedures and a standard template to document the review of the SOC reports, identification of the related complementary controls, testing of those controls and determine any residual risk as it relates to the services provided.

TDA will conduct the review of SOC reports at least annually.

Implementation Dates:

Establish procedures and a review template. April 2020

Review the SOC reports and document the review annually.

Responsible Persons:

Wes Williams, Information Security Officer, William Butch Grote, Information Resources Manager / Chief Information Officer, and Melissa Dozier Gonzales, Director for F&N Program Support



Texas Department of Family and Protective Services

Commissioner
Jaime Masters

Reference No. 2019-003

Views of Responsible Officials:

In October 2019, DFPS observed a declining number of children in the “reasonable candidates for foster care” case count methodology. This was attributed to an issue identified with the IMPACT system. As a result reallocation for Q4 could not be completed until this issue was resolved. A correction to the system was implemented in late December 2019. The data warehouse refresh was completed in February 2020, allowing DFPS to move forward with Q4 reallocation using the new counts.

Corrective Action Plan:

DFPS plans to process the Q4 reallocations within the next 30 days.

Implementation Date: March 6, 2020

Responsible Person: Kristen Norris

Finding No. 2019-004

Views of Responsible Officials:

DFPS will continue to work in enhancing the automation with the applications within IMPACT for eligibility.

Corrective Action Plan:

DFPS will reassess automation between authorization of participant eligibility and the applications within IMPACT that determine eligibility, and assess, as necessary, for any other automations as applicable to the program. DFPS staff will be researching implementation approaches to determine next steps to release in the 4th quarter FY 2021. In addition, DFPS will ensure that INV/AR staff receive ongoing communication/training regarding EA and Timely Documentation.

Implementation Date: Ongoing communication – will vary, first communication by June 1, 2020; IMPACT changes by August 31, 2021

Responsible Person: Gwen Gray



HHSC Management Responses to CLA for the Single Audit Reported findings at the Health and Human Services Commission

Reference No. 2019-005

Views of Responsible Officials:

Agree

Corrective Action Plan:

Change Management:

HHSC will remove access to migrate production program changes from development staff. PeopleSoft migration training and system access will be given to non-development staff to achieve the separation of duties requirement. Program changes would then be promoted only by non-development staff.

User Access:

HHSC will take two actions. The first is to move all privileged access to a small number of emergency accounts. Emergency accounts are required to allow for recovery from a system outage or issue within the timelines expected by program.

Second, user accounts will be reviewed quarterly to ensure only the emergency accounts have privileged access. Any other existing privileged accounts will have their privileged access removed.

Implementation Dates: Change Management: June 30, 2020
User Access: June 30, 2020

Responsible Persons: Leatha Marr, Director of IT Applications

Reference No. 2019-006

Views of Responsible Officials:

HHSC acknowledges and agrees with the finding.

Corrective Action Plan:

The Cost Allocation Team will add a step to the annual expenditure and budget analysis to check for old Dept IDs that get re-activated without a notification to Cost Allocation through the Dept ID setup process. (Quality Control)

The Cost Allocation Team will make the Project ID fields in Section VI and Exhibit IV-2 use the exact same naming and numbering conventions so that the files can be electronically checked to ensure that all Dept IDs in one file are in the other file and that all Project IDs are the same in both files for each Dept ID. (Quality Control)

The Cost Allocation Team will coordinate with the Budget Team to help ensure that budget analysts who are assigned to Dept IDs have procedures in place to ensure that setups or changes that they have requested have been completed in CAPPs-Fin, CAPPs-HR (when applicable), COGNOS, speed charts (or any other reference crosswalks used by Financial Services or program staff), and the PACAP (when applicable). (Quality Control)

The roll-out/implementation of the Electronic Dept-ID form along with concurrent training with all participants in the Dept ID routing/approval process will occur soon. This will help prevent future miscommunications and errors in completing the Dept-ID set up. (Prevention)

The Cost Allocation Team will add narrative to the PACAP that explains how HHSC may use state general revenue in place of federal funds in any award to prevent the agency from overcharging federal funds. The Budget Team is responsible for notifying the Fund Accounting Team when a federal fund source needs to be switched to a GR in lieu of counterpart.

HHSC will enhance communication between key stakeholders including the Budget Team, the Accounting Team, and the Cost Allocation Team to help ensure the necessary review of project ID fund source percentages.

The Accounting Team has updated its factor calculation and reallocation desk procedures to include language specific to always using the current CHIP FMAP rate in effect during the month in which a factor that contains the CHIP and GRCHIP fund sources is being calculated regardless of which month is being calculated.

Implementation Date: December 31, 2020

*Responsible Persons: Justin Pickens, HHSC Budget
Paula Reed, Accounting
Racheal Kane, Cost Allocation*

Reference No. 2019-007

Views of Responsible Officials:

Agree

Corrective Action Plan:

In accordance with CMS requirements, HHSC has secured annual assessment services with Guidehouse (formally PWC). This independent assessment team will review HHSC compliance with the Information Security Controls for password-based authentication (IA-05-01), which include the password controls for the service accounts and password policy. This review will also include user account review and service account review and include monitoring of last logon activity.

This annual CMS assessment will be completed by June 30, 2020. Upon completion of the annual report and potential corrective action plan and risk level report HHSC will perform a business impact analysis to consider business functionality. The business impact analysis will include addressing the controls in the table below.

POAM IDs	Control ID	Weakness Description
TIERS_2018_D_0381	AC-02	Service accounts are not reviewed within every 180 days
TIERS_2018_D_0360 TIERS_2018_D_0418 TIERS_2018_D_0419	IA-05	Passwords do not comply with IA-05-1 settings

The review of service accounts and password policies will change from an annual review to 180-day (bi-annual) review initially. This policy will be documented within HHSC IT policies, standards, processes, and procedures. HHS will be reviewing the expiration policy for the service accounts as part of the business impact analysis to determine that appropriate frequency.

In accordance with AC-02, all user accounts, with the exception of service accounts, are evaluated based on the last login date every night. A warning email notification is sent to the account owner if an account has not logged in to the system for last 50 days. If the owner does not login within the following 10 days, the user account is then suspended, and a final email notification is sent to the account owner and to the owner's supervisor. All user accounts are also reviewed annually as required by the annual account review. Service accounts are part of a semi-annual account review and will be suspended if there is no conformation for the continuous need of these accounts from the responsible account owner.

Implementation Date:

Perform a password-based authentication review (includes service account and password policy review) every 180 days: July 31, 2020

Perform and Complete a Business Impact Analysis: December 31, 2020

*Responsible Persons: Joe (Marty) Martinez, Director, HHS TIERS Infrastructure and Operations
Lorie Ramirez, Director, HHS Data Center Services
Walter Romanowski, Audit Team Lead – ITBO
Federal/State Coordination*

Reference No. 2019-008

Views of Responsible Officials:

The HHSC Chief Financial Officer Area agrees with the IT system error noted and that time and effort not initial paid with a sole source are not certified in the FSS-CFO system but instead certified via the agency's expenditure transfer process as corrections.

Corrective Action Plan:

The HHSC CFO Area will continue to provide training related to sole source certification requirements and process.

The HHSC Chief Financial Officer Area will develop Quality Controls to validate the FSS-CFO system is identifying all appropriation information for certification.

The HHSC Chief Financial Officer Area will enhance the current certification process to better consolidate certification information, affirmations from managers and corrections.

Implementation Date:

Establish Quality Controls for FSS-CFO Sole Source Certification function – May 1, 2020.

Responsible Person: Sheila Hyde, Manager, Office of the CFO

Reference No. 2019-009

Views of Responsible Officials:

Health and Human Services Commission (HHSC) agrees with the finding and has fully implemented a corrective action plan to address the recommendations.

Corrective Action Plan:

HHSC management concurs with the recommendation to continue to provide training to employees, supervisors and management, to ensure compliance of internal procedures, and state and federal regulations. HHSC Procurement and Contracting Services (PCS) has implemented several improvements, including checklist updates to ensure compliance with internal policies and procedures, Comptroller of Public Accounts (CPA) guidelines and state law. The checklist also requires a review and management signature after the completion of the procurement to insure all steps were followed and documented correctly. The HHSC Compliance and Quality Control (CQC) team reviews various stages of the solicitation process, manages the evaluation tool and scoring process, and reviews, revises and creates processes and procedures to ensure compliance with state law and the CPA State of Texas Procurement and Contract Management Guide.

HHSC PCS has provided trainings for purchasing staff on the policies and procedures that have been reviewed and updated by CQC. HHSC PCS utilizes its CAPPS Financials automated system to process procurements which distinguishes the roles of program vs buyer-during the procurement process

The corrective action for the findings of the reviewed POs with Dates of Procurement ranging from 9/1/2017 to 11/29/2018 has been fully implemented.

PCS updated the PCS 150 and 160 Checklists for greater clarification with versions specific to each type of procurement in May 2019. PCS staff were trained on the new forms in May and June of 2019. PCS management continues to review documentation used by purchasers to ensure they comply with internal procedures, Comptroller of Public Accounts regulations and state law and trains purchasers on any required updates.

Trainings on updated policies and procedures were offered in November of 2019 and completed in December of 2019. PCS will continue to target trainings as needed.

CAPPS Financials 9.2 system provides segregation of the agency's business processes related to the requisition, purchasing, solicitation and contract creation processes. The new system ensures pre-procurement planning and initiation is correctly documented and handled by program staff before being assigned to a procurement professional for processing.

Implementation Date: *Implemented December 31, 2019*

Responsible Person: *Linda Dominguez, PCS Audit and Review Team Lead
Glenn Garvey, Deputy Associate Commissioner, PCS*

Reference No. 2019-010

Views of Responsible Officials:

HHSC concurs that the policy needs to be updated to reflect the current review process.

Corrective Action Plan:

HHSC WIC management will update their review process to formally document the receipt of workpapers from HHSC-OIG.

Implementation Date: *March 6, 2020*

Responsible Person: *LaDon Woodson, Manager, WIC*

Reference No. 2019-011

Views of Responsible Officials:

Agreement

Corrective Action Plan:

Asset Management Office will coordinate with Federal Funds Office to expand on developed training. The Asset Management Office will provide training to designated asset inventory coordinators, employees, including supervisory-level employees, to ensure compliance with State policy and federal regulations related to asset management. The Federal Funds Office will provide training to HHSC staff who manage federal awards to ensure compliance with federal requirements.

Implementation Dates: *August 31, 2020*

Responsible Persons: *Monica Reyes, Deputy Director, Asset Management
Jackson Kramer, Director, Asset Management*

Reference No. 2019-012

Views of Responsible Officials:

HHSC agrees with the finding related to EBT system to TIERS client benefit issuance reconciliation. TIERS benefit issuance requests are sent to EBT via automated interface and EBT returns an acknowledgement for each record. Records that do not match generate issuance exceptions which are reconciled on a daily basis. Additionally, HHSC has processes in place to reconcile benefits issued in TIERS and EBT on a daily basis through issuance summary reports with the EBT vendor. HHSC will strengthen existing processes by adding a reconciliation of benefit issuance summaries between EBT and TIERS on a monthly basis.

Corrective Action Plan: To address the finding, HHSC will develop and implement a reconciliation process and reconcile past months going back to the start of the current fiscal year. Additionally, HHSC will implement management oversight of the process to ensure compliance.

Implementation Dates: Determine data needed: April 30, 2020
Develop and document processes: May 15, 2020
Train staff: May 31, 2020
Implement monthly reconciliation: June 30, 2020 (for May 2020)
Implement management oversight: July 31, 2020
Reconcile past months to September 2019: August 31, 2020

Responsible Persons: Todd Byrnes, Associate Commissioner, Eligibility Operations

Reference No. 2019-013

Views of Responsible Officials:

CAPM agrees with the finding.

Corrective Action Plan:

CAPM will develop and implement an SOP (Standard Operating Procedure) document to include assessing the service auditor's opinion, identified control exceptions and the service provider's response, complementary user entity controls, and reliance on subservice providers.

Implementation Dates: May 1, 2020

Responsible Person: Michael Blood, Director, Contract Administration
Dana Collins, Director, Contract Administration and
Provider Monitoring

Reference No. 2019-014

Views of Responsible Officials:

Agree

Corrective Action Plan:

HHSC will create a formal project following Project Management Office guidelines and assign a project manager from the Applications team who will report monthly through established project management processes on completion of risk assessments and track required remediation efforts.

HHSC has hired two security analysts and one business analyst dedicated to conducting risk assessments for internal Medicaid-funded systems and coordinating risk assessments by vendor-managed systems which receive Medicaid funding. The team will continue to complete risk assessments with the following charges:

- A goal of completion of eight or more assessments per quarter has been established.
- Remediation items identified during assessments will be assigned to the appropriate support team and prioritized through established change management processes.
- Development of a biannual schedule for on-going assessments by August 31, 2020.
- Completion of assessments on remaining systems is targeted for December 31, 2020.

Implementation Dates: December 31, 2020

Responsible Persons: P.J. Fritsche, HHSC IT Director, Medical and Social
Services Applications
Thuy Cao, Chief Information Security Officer

Reference No. 2019-015

Views of Responsible Officials:

CAPM agrees with and has as of December 2019 fully complied with the Acute Care Recommendation.

Corrective Action Plan:

Acute Care - Accenture State Healthcare Services (the service organization) performs monthly checks on all providers per contract requirement PRV-0405. HHSC validated that Accenture is fulfilling its requirements via Functional Requirement review PRVENMNT001, which was completed in December 2019.

Implementation Dates: December 11, 2019

*Responsible Persons: Michael Blood, Director, Contract Administration
Dana Collins, Director, Contract Administration and
Provider Monitoring*

Reference No. 2019-016

Views of Responsible Officials:

Concurs with the finding.

Corrective Action Plan:

Will ensure that the 10% administrative cap calculation is reinstated into the process.

Implementation Date: May 31, 2020

Responsible Persons: Randolph Lovejoy, Deputy Budget Director

Reference No. 2019-017

Views of Responsible Officials:

In accordance with The Centers for Medicare and Medicaid (CMS) approved Sustainability Plan, Texas ended MFPD enrollment December 31, 2017, with the entitlement period continuing for the following 12 months.

MFPD was modeled after the Texas Promoting Independence initiative, the state's model to transition people from institutional services to community settings. Texas implemented MFPD with sustainability in mind, using its own waiver structure. Over the course of the project, functions such as informed consent and verifying eligibility for the demonstration were transferred through contract changes to the entities performing service coordination or transition planning. The contracts are to be monitored by the specific HHSC division issuing the contract.

The informed consent form was used to obtain permission to be in the national evaluation. During the evaluation, DADS/HHSC monitored those closely each month. The evaluation ended in September 2017. The consent form also identified unique demonstration services. Those services were incorporated into the service array and are now available to anyone who transitions from an institution to STAR+PLUS HCBS or HCS.

Verifying MFPD eligibility continues to be important. For people in HCS, the LIDDAs were required to determine eligibility. For members enrolled in STAR+PLUS HCBS, the MCOs check eligibility, the PSU is required to verify eligibility before entering the MFPS code.

Corrective Action Plan:

To improve internal controls, program staff will:

- Coordinate with the LIDDA, Program Support Unit, Managed Care Contract Compliance and Oversight, and Money Follows the Person Demonstration staff to clarify roles and responsibilities for MFP demonstration enrollment, verification of demonstration qualifications, and monitoring. September 30, 2020*
- Revise the Informed Consent Form (Form 1580) to add signature of MCO and LIDDA service coordinators to sign they verified the person's qualifications and request the form be securely emailed to a program email address to reduce the reliance on a staff member or FAX machine. June 2020*
- Provide training to MCO and LIDDA staff on obtaining informed consent to participate in the MFP demonstration. November 2020*

Implementation Date: November 30, 2020

Responsible Persons: Michelle Erwin, Interim Deputy Associate Commissioner for Medicaid/CHIP Program & Policy

Reference No. 2019-018

Views of Responsible Officials:

The prosecuting authority's payment voucher was divided between the two programs involved in the beneficiary prosecution case (Medicaid and the Supplemental Nutrition Assistance Program). However, the wrong budget code (the one assigned with TANF) was associated with the Medicaid portion of the invoice allocation.

Corrective Action Plan:

In order to better prevent further recurrence, OIG's Benefits Program Integrity (BPI) division will develop and implement a job aid to supplement the OIG's 'Invoice Processing and Receiving Goods' policy, which will better guide staff and managers who process and verify invoices on what to look for when confirming

appropriate billing and payment (including the definitions of each budget code, what they are for, and tips for verifying that the proper budget codes are associated with invoice payment) to ensure compliance with federal Allowable Costs/Cost Principles regulations.

Implementation Dates: April 1, 2020

Responsible Persons: Diane Salisbury, Deputy IG of Benefits Program Integrity

Reference No. 2019-019

Views of Responsible Officials:

HHSC agrees with the finding. After a thorough review of both cases, HHSC determined the PRA was likely obtained, but not imaged for document retention. The client demonstrates knowledge of the requirements by complying with all requirements over the past three years. The case missing the school attendance verification was completed while school in the Houston Independent School District was not in session for Spring Break and the eligibility advisor followed policy in place for summer breaks.

Corrective Action Plan:

HHSC will send written reminders to eligibility staff on the importance of document imaging and school attendance verification policy.

Implementation Dates: August 31, 2020

Responsible Persons: Todd Byrnes, Associate Commissioner, Eligibility Operations

Reference No. 2019-020

Views of Responsible Officials:

HHSC agrees with the finding.

Corrective Action Plan:

HHSC will conduct an end-to-end review of the sanctions process to identify and implement any needed changes to the business process, training, or system.

*Implementation Dates: Complete Review: August 31, 2020
Implement Process Changes: January 31, 2021
Implement Training: February 28, 2021*

Implement System Changes: February 28, 2021

Responsible Persons: Todd Byrnes, Associate Commissioner, Eligibility Operations

Reference No. 2019-021

Views of Responsible Officials:

HHSC agrees with the finding.

Corrective Action Plan:

HHSC will conduct an end-to-end review of the sanctions process to identify and implement any needed changes to the business process, training, or system.

*Implementation Dates: Complete Review: August 31, 2020
Implement Process Changes: January 31, 2021
Implement Training: February 28, 2021
Implement System Changes: February 28, 2021*

Responsible Persons: Todd Byrnes, Associate Commissioner, Eligibility Operations

Reference No. 2019-022

Views of Responsible Officials:

HHSC CADS acknowledges the finding that one record had an incorrect birth date and work participation status code.

Corrective Action Plan:

Programming changes have been made to the report syntax to ensure that an individual's reported date of birth is based on HHSC data. The quick reference guide for Work Participation codes has been corrected to match the official ACF-199 coding scheme. Staff have been trained on the updated documents and instructed to review the updated syntax and reference document prior to each report to ensure any necessary programming edits have been made and documented.

Implementation Date: February 28, 2020

Responsible Person: Carlos Garza, Research Specialist, Strategic Decision Support

Kathleen Yeoman, Research Specialist, Strategic Decision Support

Reference No. 2018-012

Views of Responsible Officials:

Health and Human Services Commission (HHSC) agrees with the 2019 update; reflecting partial implementation compared to last year.

The HHS Federal Funds Indirect Cost Rate (ICR) Group developed the basic infrastructure for accepting, negotiating, and acknowledging rates for the Health and Human Services Commission and the Department of State Health Services (DSHS). The approved indirect cost rate is applicable across all cost reimbursement contracts.

The HHS System Indirect Cost Rate Group is currently coordinating with program contracting areas to educate subrecipients regarding the new process and bring the subawards into compliance with federal, state, and agency requirements. Subrecipients using an unapproved method to recover indirect costs are required to obtain an approved indirect cost rate using one of the following methods:

- *Federal Negotiated ICR,*
- *Other State Agency Negotiated ICR,*
- *10% De Minimis, or*
- *Negotiate an ICR with HHS COS*

Subrecipients are being outreached using a phased approach to complete an online ICR Questionnaire via the Grantee Landing Page over the next fiscal year. Once a rate is issued, the letter is sent to all associated Texas HHS program contract managers and the signed letter is sent to SCOR for uploading to the "Contractors" library. The program contracting areas are required to update contracts once a rate is established.

The following activities have been completed:

- *Updated Grantee Uniform Term and Conditions*
- *Update Signature Document to include guidelines for indirect costs*
- *Established an Indirect Cost Rate Questionnaire to identify the grantees intentions regarding indirect costs*
- *Developed External training to notify subrecipients of the new requirements*
- *Developed Internal training regarding indirect cost rates*
- *Held RoundTable to discuss changes related to the indirect cost rate process*
- *Held internal stakeholder meeting to discuss impacts of changes*
- *Developed procedures for negotiating indirect cost rates*

This is an ongoing project that is in the process of implementation.

HHSC IDD-Behavioral Health Services (IDD-BHS) updated and implemented policies and procedures addressing documentation of Unit Director review and approval.

Additionally, HHS fully implemented the solution approved by KPMG to address the finding related to notifying subrecipients of the CFDA number at disbursement. Effective March 2019, HHS PCS Contract Oversight and Support implemented the process for sending HHSC subrecipients an annual expenditure report by CFDA number after the grantee's fiscal year end. Annual Expenditure reports were sent to subrecipients in accordance with the Annual Expenditure Report to Grantees Business Procedure. PCS COS continues to send annual expenditure notifications.

Corrective Action Plan - 2019:

HHS Federal Funds System Indirect Cost Rate Group will complete the Indirect Cost Rate Process of accepting, negotiating and acknowledging indirect cost rates for IDD-BHS cost reimbursement contracts. HHSC IDD-BHS will incorporate approved indirect cost rates into contracts. Additionally, IDD-BHS will complete contract closeouts for 2015, 2016, 2017 and 2018.

Implementation Dates: September 30, 2022

*Responsible Persons: Christina Lundy, Manager, HHSC Indirect Cost Rate Group
Roderick Swan, Associate Commissioner, HHSC IDD-BH Contract Operations
Sonja Gaines, Deputy Executive Commissioner, HHSC IDD-BHS*

Reference No. 2018-014

Views of Responsible Officials:

Health and Human Services Commission (HHSC) agrees with the finding.

Corrective Action Plan:

FCO coordinated with HHSC Fiscal Management to include indirect cost rates in the Aging contracts. HHSC is working to approve rates and amend contracts to incorporate rate approval letters. The first set of contracts are scheduled to be executed by April 30, 2020. This was initially scheduled to be completed before October 1, 2019. However, due to the timing of the approved rates, the information was incorporated into the amendments slated for execution by April 30, 2020.

Implementation Dates: April 30, 2020

Responsible Persons: Julie Beisert-Smith, Associate Commissioner

Reference No. 2017-021

Views of Responsible Officials:

Health and Human Services Commission (HHSC) agrees with the 2019 update.

The HHS Federal Funds Indirect Cost Rate Group developed the basic infrastructure for accepting, negotiating, and acknowledging rates for the Health and Human Services Commission and the Department of State Health Services (DSHS). The approved indirect cost rate is applicable across all cost reimbursement contracts.

The HHS System Indirect Cost Rate (ICR) Group is currently coordinating with program contracting areas to educate subrecipients regarding the new process and bring the subawards into compliance with federal, state, and agency requirements. Subrecipients using an unapproved method to recover indirect costs are required to obtain an approved indirect cost rate using one of the following methods:

- *Federal Negotiated ICR,*
- *Other State Agency Negotiated ICR,*
- *10% De Minimis, or*
- *Negotiate an ICR with HHS COS*

Subrecipients are being outreached using a phased approach to complete an online ICR Questionnaire via the Grantee Landing Page over the next fiscal year. Once a rate is issued, the letter is sent to all associated Texas HHS program contract managers and the signed letter is sent to SCOR for uploading to the "Contractors" library. The program contracting areas are required to update contracts once a rate is established.

The following activities have been completed:

- *Updated Grantee Uniform Term and Conditions*
- *Update Signature Document to include guidelines for indirect costs*
- *Established an Indirect Cost Rate Questionnaire to identify the grantees intentions regarding indirect costs*
- *Developed External training to notify subrecipients of the new requirements*
- *Developed Internal training regarding indirect cost rates*
- *Held RoundTable to discuss changes related to the indirect cost rate process*
- *Held internal stakeholder meeting to discuss impacts of changes*
- *Developed procedures for negotiating indirect cost rates*

This is an ongoing project that is in the process of implementation.

HHSC IDD-Behavioral Health Services (IDD-BHS) Substance Use Disorder (SUD) contracts reprocured effective 9/1/2019 and contain language regarding the indirect cost rate process. Draft documents for other SUD procurements, pending or active, contain similar language.

In January 2019, HHS consulted with KPMG regarding the practice of monitoring fee for service contracts as cost reimbursement contracts. KPMG advised that HHS assess the requirements of the program, the monitoring practices for services, and how the costs were considered when setting the rates. The discussion reiterated that by utilizing an appropriate costing method (e.g., cost reports) to set rates, it is not necessary to conduct a review of costs through the type of review where fee for service payments are treated as a billing rate and actual costs of the program are reconciled. To mitigate risk, KPMG advised that HHS can document the methods of programmatic oversight used and the work of Rate Analysis Department (RAD) to demonstrate that HHS has appropriate monitoring procedures to comply with state and federal requirements. IDD-BH Contract Operations Quality Management Unit conducts onsite and desk reviews to determine compliance with contracts, grants, laws, regulations, policies and procedures.

Corrective Action Plan:

HHS Federal Funds System Indirect Cost Rate Group will complete the Indirect Cost Rate Process of accepting, negotiating and acknowledging indirect cost rates for IDD-BHS cost reimbursement contracts. HHSC IDD-BHS will incorporate approved indirect cost rates into contracts.

Implementation Dates: September 30, 2022

*Responsible Persons: Christina Lundy, Manager, HHSC Indirect Cost Rate Group
Roderick Swan, Associate Commissioner, HHSC IDD-BH Contract Operations
Sonja Gaines, Deputy Executive Commissioner, HHSC IDD-BH*

Reference No. 02-23

Views of Responsible Officials:

FEMA and HHSC staff continues to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed a collection process.

Corrective Action Plan:

FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of November 21, 2019, a total of \$736,242.45 in principal has been collected. The remaining balance is \$393,075.40.

Implementation Dates: Ongoing

*Responsible Persons: Valerie Cunningham, Operations Manager, Emergency Management
Russell Cook, Director, Emergency and Risk Management*



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CFDA 93.568 – Low-Income Home Energy Assistance
Award year – October 1, 2018 to September 30, 2019
Award number – G-1901TXLIEA
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency and Non-compliance

Per 2 CFR 200.303, the Texas Department of Housing and Community Affairs (TDHCA) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Table with 2 columns: Questioned Cost, U.S. Department of Health and Human Services. Value: \$0

TDHCA must submit the LIHEAP Performance Data Form (OMB No 0970-0449) each year regarding the prior Federal fiscal year. Module 1 of the report is the Grantee Survey that covers sources and allocation of funding. Module 2 of the report is regarding performance metrics, mostly related to home energy burden targeting and reduction, as well as the continuity of home energy service.

Audit procedures included tracing and agreeing amounts from the supporting schedules generated from PeopleSoft and the Community Affairs Contract System to the 2019 LIHEAP Performance Data Form. The following line items did not agree to the supporting schedules for amounts reported in Module 2:

- Part V.B Line 4: Average Annual Main Heating Fuel Bill for Propane and Other Fuels
Part V.B Line 5: Average Annual Electricity Bill for All Households and Electricity
Part V.C Line 4: Average Annual Main Heating Fuel Bill for High Burden Households for Other Fuels
Part VI.A Line 2: Fuel Delivered to Home that Ran Out of Fuel for All Occurrences, Propane and Other Fuels
Part VI.A Line 3: Repair/ Replacement of Inoperable Home Energy Equipment for Propane and Other Fuels
Part VII.A Line 1: Past Due Notice or Utility Disconnect Notice for All Occurrences and Electricity

Line items that are calculations based on the amounts above were also incorrect as a result of the errors identified.

Incorrect reporting was due to transcription and calculation errors as data is manually transcribed onto the LIHEAP Performance Data Form. Management made all corrections to the report prior to submission.

Recommendation:

TDHCA should enhance review controls over the LIHEAP Performance Data Form. Reviews should include verifying that the data is transcribed completely and accurately from supporting schedules and calculated correctly in accordance with the Performance Data Form Instructions.

Views of Responsible Officials: Texas Department of Housing and Community Affairs agrees with the finding.

Corrective Action Plan: Staff will immediately request automation of the query of the data and implement a tiered review prior to the submission of next year LIHEAP Performance Data Report. Final reported figures will be verified by the Team Lead and Manager of Fiscal & Reporting prior to submission.

Implementation Date: June 1, 2020
Responsible Person: Cathy Jung, Manager of Fiscal & Reporting





KEN PAXTON
ATTORNEY GENERAL OF TEXAS

February 19, 2020

CliftonLarsonAllen LLP
Attention: Georgie Ortiz
6501 Americas Parkway NE, Suite 500
Albuquerque, NM 87110

Re: Management Response for State of Texas Statewide Single Audit Federal Portion of the Medicaid Fraud Cluster for the year ending August 31, 2019

The Office of the Attorney General (OAG) submits the following in response to CliftonLarsonAllen LLP in connection with their examination of the Statewide Single Audit Federal Portion components of the Medicaid Fraud Cluster.

The OAG agrees with the reporting observations and recommendation identified in Attachment A related to user account access reviews. The OAG will implement quality control checks to ensure periodic performance of user account access reviews as specified in established OAG Information Security Policy (ISP). The OAG completed the required 2020 active directory and mainframe accounting system user access reviews. Future reviews will be conducted at least annually per the OAG ISP. User access reviews may be executed more frequently for privileged and system user accounts.

Implementation Date:

Continuous Process - Confirmation review complete as of February 19, 2020.

Responsible Persons:

Stephen Paxman

If you have any questions regarding this response or any other matter relating to this audit, please do not hesitate to contact me at 512/936-0737.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen Paxman", written over a white background.

Stephen Paxman
Information Technology Services Division Chief
Office of the Attorney General



Reference No. 2018-029

(Prior Audit Issues – 2017-029, 2016-030 and 2015-036)

CFDA 93.917 – HIV Care Formula Grants

Award years – April 1, 2018 to March 31, 2019 and April 1, 2017 to March 31, 2018

Award numbers – X07HA00054-28 and X07HA00054-27

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample

Type of finding – Significant Deficiency and Non-Compliance

Management Response

Views of Responsible Officials - 2019:

DSHS accepts that the finding needs to be carried forward from 2018. Four cases in 2018 were not recertified in a timely manner due to the program's HIV2000 database. The program currently is receiving a code uplift of HIV2000. This uplift will be completed by the end of April 2020. This code uplift is expected to resolve the issues with HIV2000. However, we will need to run quality assurance reports to ensure that the database is functioning properly.

Corrective Action Plan - 2019: In 2018, the program plan was to run additional outlier reports to identify individuals that the due date for recertifications may be missing. This report would identify the cases that will require additional manual review to determine appropriate timing for recertifications. The creation of this report has proven to be more time-intensive than originally expected. The TB/HIV/STD Program Informatics and Evaluation Group is working to create a Tableau report that will allow program staff to review outliers on a monthly basis. This report will be used with the existing database and will continue to be used after the code uplift for quality assurance purposes.

Implementation Date: April 30, 2020

Responsible Person: Rachel Sanor, Texas HIV Medication Program Manager



Commissioner Mike Morath

1701 North Congress Avenue • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • tea.texas.gov

February 14, 2020

Ms. Bhakti Patel, Principal, Assurance
CLA (CliftonLarsonAllen LLP)
9901 IH-10 West, Suite 350
San Antonio, Texas 78230

Dear Ms. Patel:

Subject: 2019 single audit as related to the Career and Technical Grant (CFDA 84.048)

Below is the Texas Education Agency's formal response to Allowable Costs/Cost Principles related to finding associated with the Career and Technical Grant (CFDA 84.048.)

Audit Finding:

Texas Education Agency

Reference No. 2019-025

Per CFDA 84.048 – Career and Technical Education – Basic Grants to States (Perkins IV)
Award years – July 1, 2017 to September 30, 2019 and July 1, 2018 to September 30, 2020
Award numbers – V048A170043 and V048A180043 – 18A
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency

Questioned Cost:	\$0
U.S. Department of Education	

Per 2 CFR 200.303, Texas Education Agency (TEA) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each of its Federal programs. Title 2 Code of Federal Regulations Section 200.430 Compensation – Personal Services sets standards for payroll documentation, which include

- (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
 - (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
 - (ii) Be incorporated into the official records of the non-Federal entity;
 - (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);
 - (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the

- non-Federal entity's written policy;
- (v) Comply with established accounting policies and practices of the non-Federal entity and
 - (vi) Reserved]
 - (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
 - (viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:
 - (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;
 - (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and
 - (C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

TEA's payroll process ensures only allowable salaries are charged to the federal program by reallocating costs on a quarterly basis through the Cost Allocation Feeder System for employees included in its cost allocation method plan. The reallocation reflects differences between budgeted time allocations and actual time allocations reported by employees in the time and effort system. For employees not included in the cost allocation method plan, TEA's payroll process requires that employees' time be certified by their supervisor through a time and effort certification. Time and effort is entered into TEA's time and effort system by the employee and electronically approved by their supervisor.

Of the 40 payroll and payroll-related samples tested, one employee, who was not included in the cost allocation method plan, did not have a time and effort certification approved by their supervisor. The error was a result of an oversight by the supervisor to complete the certification.

Recommendation:

TEA should strengthen controls in place to ensure time and effort certifications are reviewed and approved by each employee's supervisor.

Agency Response:

Views of Responsible Officials:

The Texas Education Agency (TEA) agrees with the recommendation. To address the Budget Division's need to strengthen controls, Budget management has met to discuss the need for a delinquent supervisory report to be created and generated from the existing Time & Effort System.

Corrective Action Plan:

The Texas Education Agency is developing a process to identify Time and Effort entries that do not have supervisory certification. Review for delinquent certifications will be performed on a quarterly basis. Supervisors will be notified and required to certify within a respective due date.


Implementation Date:

The anticipated completion date to implement the corrective action is August 31,2020.

Responsible Person(s):

Budget Director is currently vacant
In the Director's absence, the Assistant Budget Director, Patricia Molina

Please let me know if you have any further questions.



Patricia Molina
Assistant Budget Director
Budget and Planning Division
Texas Education Agency
Patricia.Molina@tea.texas.gov
(512) 463-7115



Texas Higher Education
COORDINATING BOARD
Academic Affairs and Workforce Education
P. O. Box 12788 Austin, Texas 78711 • 1200 East Anderson Lane 78752

February 19, 2020

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Bhakti Patel
CliftonLarsonAllen LLP
9901 IH-10 West, Ste. 350
San Antonio, TX 782300

Dear Ms. Patel:

This letter responds to the following recommendation by CliftonLarsonAllen for Career and Technical Education, CFDA 84.048, as part of the 2019 Texas Single Audit:

THECB's template NOGA does not contain fields for the grant's federal award date or whether the grant is considered research development. For five (5) out of five (5) NOGA's tested, the grant's federal award date or whether the grant was considered research and development was not included. In fiscal year 2019, THECB passed through approximately 97.6% of Career and Technical Education funds to subrecipients. Providing incomplete information to subrecipients may result in inaccurate reporting by the subrecipients and ultimately by THECB.

Views of Responsible Officials:

THECB agrees with the recommendation.

Corrective Action Plan:

THECB will integrate the federal award date and identification of whether a grant is considered research and development into the Perkins subrecipient NOGA template.

Implementation Date:

July 15, 2020

Responsible Person:

Melinda Nobles

Sincerely,

Ray Martinez III, J.D.
Deputy Commissioner
Academic Affairs and Workforce Education

Texas Workforce Commission

A Member of Texas Workforce Solutions

Bryan Daniel, Chairman
Commissioner Representing
the Public

Julian Alvarez
Commissioner Representing
Labor

Aaron Demerson
Commissioner Representing
Employers

Edward Serna
Executive Director

Reference No. 2019-027

Views of Responsible Officials:

Texas Workforce Commission (TWC) agrees with the finding. TWC will strengthen procedures to ensure WRAPS access reviews are completed, reviews will include privileged and service accounts with employee access restricted to authorized personnel in accordance with their respective job duties.

Corrective Action Plan:

A Standard Operating Procedure (SOP) will be developed to document the process:

- to ensure that access to WRAPS by TWC employees is limited in accordance with their job duties;
- for reviewing service accounts to ensure only service accounts with a business purpose are maintained; and
- that privilege access is restricted to authorized personnel in accordance with their respective job duties.

The WRAPS security group will modify the access to the shared account, PSBATCH, to not allow that user account to migrate code to production. Separate user accounts will be created for each system administrator that will allow them to migrate code to production. That way, TWC will be able to identify which system administrator migrated code. Those accounts will be set up with passwords that expire as per the TWC policy. PSBATCH will continue to be used to schedule and run batch jobs. The system administrators will continue to share that account and access to that account will be limited to the application system administrators.

Implementation Dates: March 31, 2020

Responsible Persons: Jorge Guerra and Pat Gutierrez

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February 21, 2020

CliftonLarsonAllen LLP
6501 Americas Parkway NE, Suite 500
Albuquerque, NM 87110

Subject: Management Responses – 2019 Federal Compliance Single Audit

Reference No. 2018-038
Allowable Costs/Cost Principles
Cash Management
Matching, Level of Effort, Earmarking
Period of Performance
Reporting
Special Tests and Provisions – Wage Rate Requirements
Special Tests and Provisions – Utilities
Special Tests and Provisions – Project Approvals
Special Tests and Provisions – Value Engineering
Special Tests and Provisions – Quality Assurance

CFDA 20.106 – Airport Improvement Program
Award years – various
Award numbers – various

Highway Planning and Construction Cluster
Award years – various
Award numbers – various

Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency

Per 2 CFR 200.303, Texas Department of Transportation (TxDOT) must establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. TxDOT utilizes the following applications in managing activities in its Highway Planning and Construction Cluster and Airport Improvement Program, all of which were in scope for the fiscal year 2018 single audit:

- PeopleSoft's General Ledger (ERP) - financial management application for all programs.
- Site Manager - highway construction management application.
- Right of Way Information System (ROWIS) – application to facilitate right of way management, mapping and tracking for highway projects.

Initial Year Written: 2018 Status: U.S. Department of Transportation – Federal Highway Administration U.S. Department of Transportation – Federal Aviation Administration
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- LCPTracker (LCP) – application to facilitate contractor wage rate reporting for highway projects.
- Design and Construction Information System (DCIS) – application for planning, programming, and developing highway construction projects.
- EGrants AIP – application to facilitate funding and assist with managing state and federal grant funding for airport maintenance and improvement projects.

TxDOT has an Informational Technology (IT) Security Manual, which establishes policies/procedures for areas such as information security roles and responsibilities, change management, access criteria for provisioning new hires and terminations, password security, etc. In managing and maintaining the various IT applications, TxDOT utilizes third parties to assist with managing their IT infrastructure. In addition, several applications are managed by the respective software vendors. During the performance of the 2018 single audit, the following matters were noted with regard to infrastructure, third party management, and access. There were no significant observations for change management.

IT Infrastructure and Third-Party Risk Management

TxDOT outsources the maintenance and management of their IT infrastructure and certain applications to third parties. In addition, some of the third parties have further outsourced to additional parties. However, the risks associated with these applications remains the responsibility of TxDOT. TxDOT does not consistently monitor the third parties for compliance with laws and regulations and mitigations of the outsourced/third party risks. As part of monitoring third parties, TxDOT should evaluate information technology policies utilized as compared to TxDOT policies and/or the contracts. If appropriate, policy exceptions should be documented and approved in the event the third party is not able to comply with TxDOT policies. In addition, TxDOT should retain a right of audit related to these third parties and their subcontractors.

For certain applications, TxDOT was unable to readily identify the servers in use and/or the process owners with responsibility for maintaining the applications. TxDOT should maintain a current inventory of all applications, primary point of contact, related infrastructure and if applicable, the related third parties.

Access

There were areas of access noncompliance with TxDOT policies across all applications noted. These include:

- *Passwords* – TxDOT has policies and procedures in place regarding passwords including password length, complexity, and/or expirations. For all of the above applications, passwords are not configured in accordance with policy for at least one of the requirements.
- *User Access Reviews* – TxDOT did not perform periodic full user access reviews for ERP, Site Manager, LCP, DCIS and EGrants AIP. TxDOT policy requires an annual user access reviews to validate application and access levels.
- *Terminations* – TxDOT did not remove access for terminated employees to the various applications or access was not removed in three business days. For some applications, last log in dates were able to be provided to mitigate the risk of inappropriate access. For the ERP application, authentication is linked to active directory; however, last login dates were not provided. For the DCIS application, none of the terminated employees had administrative access to DCIS. Also, TxDOT policy does not specify a timeframe to disable application user access for terminated employees or contractors after their termination date. Provisioning of new hires was found to comply with policy.

- *Administrative Access* – Inappropriate or excessive administrative functions on any production applications results in the risk of unauthorized changes to applications and data. Inappropriate administrative access was noted as follows:
 - ERP – Five administrators with server access.
 - EGrants AIP – Seven administrators with application access.

Views of Responsible Officials - 2018:

The Department concurs with the Audit recommendation

Corrective Action Plan - 2018:

Information Technology Division (ITD) will work with TxDOT application business owners, on-site contractors and third-party contractors to ensure that processes and procedures are aligned to the recommendation of the audit. A documented plan to ensure alignment of processes and procedures will be developed to include the following considerations:

- document applications to identify:
 - infrastructure of application (access model, servers associated with environment (e.g. – development, user testing, production application owners – showing owning organization and point(s) of contact; application management point(s) of contact
 - third-party vendor(s), if applicable – showing vendor information and involvement with the system
 - users and rights associated with:
 - infrastructure access (e.g. – server access)
 - database access
 - evidence that access criteria and user reviews are completed and documented, or exceptions have been noted and escalated appropriately
- ensure coordination on application risk(s) by:
 - working with the business owner and ITD Security to:
 - document potential risk(s) in the risk register
 - identify potential resolution(s) through mitigation(s) or remediation(s) per the risk register process
 - identify resolution date(s)
- receive sign off from business owner and ITD security on any risk or risk mitigation / remediation
- coordinate with HR regarding the off-boardings and transfers of TxDOT employees by:
 - seeking agreement from HR to establish reporting to notify managers / supervisors on actions that occur after the fact
 - continuing to utilize reports from HR showing future terminations to ensure that we are performing termination actions in a timely manner
- define documents that are required for mission critical applications
 - identify documents that are required for these applications to be approved through our Change Advisory Board (CAB)
 - identify review cycles for these applications to ensure application information remains accurate
- ensure that documentation and associated artifacts are stored in a location that is accessible by appropriate, authorized personnel

ITD will begin with the identified applications in this document and extend these processes and procedures to other mission critical applications. This effort will ensure that applications maintain proper controls and accesses through iterative reviews. Processes and procedures will provide for appropriate escalations to prevent tasks from going on without completion. All decisions and reviews will have documented sign offs to provide evidence of review. As part of this effort, ITD will assess opportunities to automate processes when appropriate.

Views of Responsible Officials - 2019:

The Department concurs with the Audit recommendations.

Corrective Action Plan - 2019:

Action Item 1: Document application details to include owners, infrastructure, vendors, user rights, and user reviews of the applications noted in the finding.

Status: In Progress – Estimated completion June 15, 2020.

Summary: Documentation of the six applications noted in the finding is ongoing. The initial data collected has been focused on the assets the systems reside on and exchange data with. An inventory of vendors that access TxDOT's data within these applications and an assessment of the risk the vendors pose to TxDOT data is underway.

The identification and assessment of the risk is dependent on the Categorization effort being led by AT&T as part of a project currently underway.

Responsible person: Steven Pryor, Information Security Officer, Information Technology Division

Action Item 2: Document risks to the in-scope applications, the risk mitigation or remediation plans, and business owner acceptance of residual risks.

Status: In Progress – Estimated completion October 30, 2020.

Summary: A NIST-based risk management program is in development to include updating the TxDOT security requirements that the systems must comply with, to include access control requirements. Additionally, TxDOT is refining its risk register and developing a process for tracking findings, plans of action and milestones, and owner acceptance of residual risk. The in-scope applications are being assessed against the new requirements and the identified risks are being documented in the new risk register.

This will be addressed as a separate risk assessment project and is contingent on the Categorization effort currently being led by AT&T as part of a project currently underway. A project to complete risk assessments has been identified and funded.

Responsible person: Steven Pryor, Information Security Officer, Information Technology Division

Action Item 3: Develop a process for removing/changing access during employee off-boarding and transfers.

Status: Implemented – January 16, 2020.

Summary: There is a process in place to ensure that all off-boarding and transfers are being processed appropriately. Any areas of non-compliance will be documented and tracked in the risk register until remediated.

Responsible person: George Higginbotham, IT Operations Section Manager, Information Technology Division

Action Item 4: Identify required change documents for critical applications, to include periodic reviews of application documentation to ensure it is accurate.

Status: In Progress – Estimated completion October 30, 2020.

Summary: Application changes are approved by a standing change board that includes a voting member from Information Security. The process is being evaluated to ensure that security documentation for critical applications is included. The change process has not been formalized; however, the process has been identified and is currently undergoing further evaluation and refinement.

Responsible person: George Higginbotham, IT Operations Section Manager, Information Technology Division

Action Item 5: Store all documents and artifacts in a repository that is accessible by appropriate authorized personnel.

Status: In Progress – Estimated completion March 31, 2021.

Summary: Documents that are associated with the security of the application are stored in the TxDOT ServiceNow instance as part of the change ticket which are associated with the application. Future state will have the system inventory in ServiceNow that will include a document repository for current system documentation. Completion is based on the contract review cycle for ServiceNow. The required module is currently not active, and we are in the process of negotiating/evaluating this tool. Security is currently building out the inventory. Until TxDOTNow is complete, Security is looking at the mechanisms to use SharePoint in the interim.

Responsible person: Steven Pryor, Information Security Officer, Information Technology Division

Reference No. 2018-043
Special Tests and Provisions - Value Engineering

Highway Planning and Construction Cluster Award year - N/A
 Award number - N/A

Statistically valid sample - No and Not Intended to be a Statistically Valid Sample
 Type of finding - Significant Deficiency

State departments of transportation are required to establish a Value Engineering (VE) program and ensure that a VE analysis is performed on all applicable projects. The program should include procedures to approve or reject recommendations and for monitoring to ensure that resulting, approved recommendations are incorporated into the plans, specifications, and estimate. Applicable projects are (a) projects located on the national highway system (NHS) with an estimated total project cost of \$50 million or more that utilize Federal-aid highway program funding; (b) bridge projects located on the NHS with an estimated total cost of \$40 million or more that utilize Federal-aid highway program funding; and (c) any other projects that the FHWA determines to be appropriate. Projects utilizing the design build method of construction do not require a VE analysis (23 USC 106(e)(5)). Critical elements of VE programs include identification of a State VE coordinator; establishment of a VE policy, and documented VE procedures, including requirements to identify applicable projects, verify required VE analyses are completed on State DOT and subrecipient projects; and monitor, assess, and report on the performance of the VE program (23 USC 106(e); 23 CFR part 627).

Initial Year Written: 2018 Status: U.S. Department of Transportation - Federal Highway Administration

Per 2 CFR 200.303, Texas Department of Transportation (TxDOT) must also establish and maintain effective internal controls over Federal awards that provide reasonable assurance they are managing Federal awards in compliance with Federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

TxDOT's VE Coordinator has historically reviewed all projects that may require a VE study and informed the districts of the potential need to complete a VE study. The review was completed in 2018 but was not sent to the districts due to retirement of the VE Coordinator. Additionally, the VE Coordinator has historically tracked the progress of VE studies to completion. This control was not performed in 2018 due to the turnover noted. Also, the districts could not consistently provide documentation that VE recommendations were tracked and implemented. The districts were able to evidence changes to schematics and other evidence regarding VE recommendations, but did not have documentation that there was a review process to ensure all accepted changes were made to the project. No compliance exceptions were noted.

Views of Responsible Officials - 2018:

As the audit pointed out in the recommendation, the Design Division, together with Administration, will implement additional measures to more proactively track the status and implementation of VE recommendations. These will be in addition to the standard yearly notification of the VE program requirements, and list of projects near VE threshold that are provided to the Districts (most recently provided to Districts in Dec. 2018).

Corrective Action Plan - 2018:

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- Planned update to Form 1002 to incorporate check boxes for VE study necessity, and whether one was conducted.
- Conduct Peer Exchanges with selected Districts in order to determine the range of practices on the incorporation of VE studies, and how they track recommendations from the VE study that are incorporated into the plans.
- Provide a quarterly follow-up communication to Districts emphasizing the VE project thresholds, and program reporting requirements.
- Coordinate with the future planned update of TxDOT Connect to incorporate flagging/tracking of VE study needs into the future system.

2019 Update: During FY 2019, the VE coordinator position was filled and the yearly review of projects that are at or near the VE threshold were sent. However, the corrective actions regarding the tracking of the implementation of the recommendations that were a result of the VE analysis of the project was not implemented before year end.

Views of Responsible Officials - 2019:

TxDOT's Design Division continued the implementation of measures to proactively track the status and implementation of VE recommendations. These were in addition to the standard yearly notification of the VE program requirements and list of projects near VE threshold that are provided to the Districts (most recently provided to Districts in Nov. 2019).

Corrective Action Plan - 2019:

Action plan was implemented by November 2019. The annual notification memo, quarterly communications and the monitoring and tracking activities will be ongoing.

Implementation Date: November 2019

Responsible Person: Jane C. Lundquist, Transportation Engineer, Design Division