

# Annual Financial Report

FISCAL YEAR 2019



Railroad Commission of Texas

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Christi Craddick  
Commissioner

Wayne Christian  
Chairman

Ryan Sitton  
Commissioner

**ANNUAL FINANCIAL REPORT**

**UNAUDITED**

**RAILROAD COMMISSION OF TEXAS**  
**Austin, Texas**

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**Year Ended August 31, 2019**



# RAILROAD COMMISSION OF TEXAS

October 22<sup>nd</sup>, 2019

Honorable Greg Abbott, Governor  
Honorable Glenn Hegar, Comptroller  
Sarah Keyton, Assistant Director, Legislative Budget Board  
John McGeady, Assistant Director, Legislative Budget Board  
Lisa R. Collier, First Assistant State Auditor, CPA, CPE, CIDA

Ladies and Gentlemen:

We are pleased to submit the annual financial report of the Railroad Commission of Texas for the year ended August 31, 2019, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Comptroller of Public Accounts.

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

If you have any questions, please contact Mr. Corey Crawford at (512) 463-5011. Mr. Crawford may also be contacted for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

A handwritten signature in black ink, appearing to be "Wayne Christian", written over a horizontal line.

Wayne Christian, Chairman

A handwritten signature in black ink, appearing to be "Christi Craddick", written over a horizontal line.

Christi Craddick, Commissioner

A handwritten signature in blue ink, appearing to be "Ryan Sitton", written over a horizontal line.

Ryan Sitton, Commissioner

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RAILROAD COMMISSION OF TEXAS (455)

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**RAILROAD COMMISSION OF TEXAS (455)**

## **Combined Financial Statements**

# UNAUDITED

## RAILROAD COMMISSION OF TEXAS (455)

### Exhibit I - Combined Balance Sheet/Statement of Net Assets - Governmental Funds

For the Fiscal Year Ended August 31, 2019

	Governmental Fund Types				
	General Funds	Governmental Funds Total	Capital Asset Adjustments	Long-Term Liabilities Adjustments	Statement of Net Assets
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents:					
Cash in State Treasury	\$ 57,669,673.69	\$ 57,669,673.69	\$ -	\$ -	\$ 57,669,673.69
Legislative Appropriations	10,552,445.20	10,552,445.20	-	-	10,552,445.20
Federal Receivables	587,145.52	587,145.52	-	-	587,145.52
Due from Other Agencies	416,577.03	416,577.03	-	-	416,577.03
Consumable Inventories	-	-	-	-	-
Prepaid Items	-	-	-	-	-
Total Current Assets	<u>\$ 69,225,841.44</u>	<u>\$ 69,225,841.44</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,225,841.44</u>
Non-Current Assets:					
Capital Assets (Note 2):					
Depreciable:					
Buildings and Building Improvements	\$ -	\$ -	\$ 313,458.40	\$ -	\$ 313,458.40
Less Accumulated Depreciation	-	-	(157,292.43)	-	(157,292.43)
Furniture and Equipment	-	-	3,147,244.51	-	3,147,244.51
Less Accumulated Depreciation	-	-	(2,747,470.68)	-	(2,747,470.68)
Vehicles, Boats, and Aircraft	-	-	8,977,034.65	-	8,977,034.65
Less Accumulated Depreciation	-	-	(4,714,909.60)	-	(4,714,909.60)
Amortizable:					
Computer Software	-	-	13,360,985.35	-	13,360,985.35
Less Accumulated Amortization	-	-	(10,812,341.41)	-	(10,812,341.41)
Total Non-Current Assets	<u>-</u>	<u>-</u>	<u>7,366,708.79</u>	<u>-</u>	<u>7,366,708.79</u>
Total Assets	<u>\$ 69,225,841.44</u>	<u>\$ 69,225,841.44</u>	<u>\$ 7,366,708.79</u>	<u>\$ -</u>	<u>\$ 76,592,550.23</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Current Liabilities:					
Payables from:					
Accounts Payable	\$ 17,136,915.87	\$ 17,136,915.87	\$ -	\$ -	\$ 17,136,915.87
Payroll Payable	5,520,668.60	5,520,668.60	-	-	5,520,668.60
Claims and Judgments Payable (Note 5)	-	-	-	7,644.00	7,644.00
Employees' Compensable Leave (Note 5)	-	-	-	3,227,476.55	3,227,476.55
Pollution Remediation Obligation (Note 5)	-	-	-	14,824,024.52	14,824,024.52
Total Current Liabilities	<u>\$ 22,657,584.47</u>	<u>\$ 22,657,584.47</u>	<u>\$ -</u>	<u>\$ 18,059,145.07</u>	<u>\$ 40,716,729.54</u>
Non-Current Liabilities:					
Employees' Compensable Leave (Note 5)	-	-	-	2,072,552.82	2,072,552.82
Total Non-Current Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,072,552.82</u>	<u>\$ 2,072,552.82</u>
Total Liabilities	<u>\$ 22,657,584.47</u>	<u>\$ 22,657,584.47</u>	<u>\$ -</u>	<u>\$ 20,131,697.89</u>	<u>\$ 42,789,282.36</u>
<b>Fund Financial Statement - Fund</b>					
Fund Balances (Deficits):					
Nonspendable	\$ -	-			-
Restricted	10,655,228.61	10,655,228.61			10,655,228.61
Committed	31,200,460.41	31,200,460.41			31,200,460.41
Unassigned	4,712,567.95	4,712,567.95			4,712,567.95
Total Fund Balances	<u>\$ 46,568,256.97</u>	<u>\$ 46,568,256.97</u>			<u>\$ 46,568,256.97</u>
Total Liabilities and Fund Balances	<u>\$ 69,225,841.44</u>	<u>\$ 69,225,841.44</u>			
<b>Government-wide Statement - Net Assets</b>					
Net Assets:					
Invested in Capital Assets,					
Net of Related Debt			\$ 7,366,708.79		\$ 7,366,708.79
Restricted for:					
Employee Benefits				(5,300,029.37)	(5,300,029.37)
Pollution Remediation Obligation				(14,824,024.52)	(14,824,024.52)
Claims and Judgments				(7,644.00)	(7,644.00)
Total Net Assets			<u>\$ 7,366,708.79</u>	<u>\$ (20,131,697.89)</u>	<u>\$ 33,803,267.87</u>

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

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**RAILROAD COMMISSION OF TEXAS (455)**

**Exhibit II - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances /  
Statement of Activities - Governmental Funds**

For the Fiscal Year Ended August 31, 2019

	General Fund	Governmental Funds Total	Capital Asset Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
<b>REVENUES</b>					
Legislative Appropriations:					
Original Appropriations	\$ 30,550,661.00	\$ 30,550,661.00	\$ -	\$ -	\$ 30,550,661.00
Additional Appropriations	9,656,211.11	9,656,211.11	-	-	9,656,211.11
Federal Revenue (Fed Sch 1A)	8,422,356.00	8,422,356.00	-	-	8,422,356.00
Federal Pass Through Revenue (Fed Sch 1A)	-	-	-	-	-
State Grant Pass Through Revenue (Sch 1B)	-	-	-	-	-
Licenses, Fees and Permits	89,360,447.45	89,360,447.45	-	-	89,360,447.45
Interest, Dividend & Other Income	1,258.36	1,258.36	-	-	1,258.36
Settlement of Claims	14,558.01	14,558.01	-	-	14,558.01
Sales of Goods and Services	2,733,474.59	2,733,474.59	-	-	2,733,474.59
Other	319,245.50	319,245.50	-	-	319,245.50
Total Revenues	<u>\$ 141,058,212.02</u>	<u>\$ 141,058,212.02</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,058,212.02</u>
<b>EXPENDITURES</b>					
Salaries and Wages	\$ 49,144,954.15	\$ 49,144,954.15	\$ -	\$ 1,104,712.96	\$ 50,249,667.11
Payroll Related Costs	16,972,771.94	16,972,771.94	-	-	16,972,771.94
Professional Fees and Services	9,791,948.08	9,791,948.08	-	-	9,791,948.08
Travel	995,256.84	995,256.84	-	-	995,256.84
Materials and Supplies	2,690,641.52	2,690,641.52	-	-	2,690,641.52
Communication and Utilities	731,471.86	731,471.86	-	-	731,471.86
Repairs and Maintenance	365,472.33	365,472.33	-	-	365,472.33
Rentals and Leases	1,073,180.81	1,073,180.81	-	-	1,073,180.81
Printing and Reproduction	1,129,429.29	1,129,429.29	-	-	1,129,429.29
Claims and Judgements	5,288.00	5,288.00	-	7,644.00	12,932.00
Other Expenditures	72,705,586.38	72,705,586.38	-	-	72,705,586.38
Capital Outlay (Note 2)	2,682,814.40	2,682,814.40	(2,682,814.40)	-	-
Amortization Expense (Note 2)	-	-	2,548,642.56	-	2,548,642.56
Depreciation Expense (Note 2)	-	-	1,199,720.34	-	1,199,720.34
Adjustments (Note 2)	-	-	39.00	-	39.00
Pollution Remediation Obligation (Note 5)	-	-	-	1,465,682.87	1,465,682.87
Total Expenditures/Expenses	<u>\$ 158,288,815.60</u>	<u>\$ 158,288,815.60</u>	<u>\$ 1,065,587.50</u>	<u>\$ 2,578,039.83</u>	<u>\$ 161,932,442.93</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (17,230,603.58)</u>	<u>\$ (17,230,603.58)</u>	<u>\$ (1,065,587.50)</u>	<u>\$ (2,578,039.83)</u>	<u>\$ (20,874,230.91)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Capital Assets	\$ 277,593.47	\$ 277,593.47	\$ (277,593.47)	\$ -	\$ -
Cash Transfers In	1,614,356.14	1,614,356.14	-	-	1,614,356.14
Cash Transfers Out	(1,927,621.24)	(1,927,621.24)	(44,760.39)	-	(1,972,381.63)
Appropriations Lapsed	185.12	185.12	-	-	185.12
Gain (Loss) on Sale of Capital Assets	-	-	246,670.43	-	246,670.43
Total other financing sources and uses	<u>\$ (35,486.51)</u>	<u>\$ (35,486.51)</u>	<u>\$ (75,683.43)</u>	<u>\$ -</u>	<u>\$ (111,169.94)</u>
Net Change in Fund Balances/Net Assets	<u>\$ (17,266,090.09)</u>	<u>\$ (17,266,090.09)</u>	<u>\$ (1,141,270.93)</u>	<u>\$ (2,578,039.83)</u>	<u>\$ (20,985,400.85)</u>
<b>Fund Financial Statement - Fund Balances</b>					
Fund Balances - September 1, 2018	\$ 63,834,347.06	\$ 63,834,347.06			\$ 63,834,347.06
Restatements	-	-			-
Fund Balances - September 1, 2018, as Restated	<u>63,834,347.06</u>	<u>63,834,347.06</u>			<u>63,834,347.06</u>
Fund Balances - August 31, 2019	<u>\$ 46,568,256.97</u>	<u>\$ 46,568,256.97</u>	<u>\$ (1,141,270.93)</u>	<u>\$ (2,578,039.83)</u>	<u>\$ 42,848,946.21</u>
<b>Government-wide Statement - Net Assets</b>					
Change in Net Assets		<u>\$ 46,568,256.97</u>	<u>\$ (1,141,270.93)</u>	<u>\$ (2,578,039.83)</u>	<u>\$ 42,848,946.21</u>
Net Assets - September 1, 2018			<u>8,507,979.72</u>	<u>(17,553,658.06)</u>	<u>(9,045,678.34)</u>
Net Assets - August 31, 2019		<u>\$ 46,568,256.97</u>	<u>\$ 7,366,708.79</u>	<u>\$ (20,131,697.89)</u>	<u>33,803,267.87</u>

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

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**RAILROAD COMMISSION OF TEXAS (455)**

**Exhibit VI - Combined Statement of Net Assets - Fiduciary Funds**

For the Fiscal Year Ended August 31, 2019

	<b>Agency Funds</b>	<b>Totals</b>
<b>ASSETS</b>		
Current		
Cash in the State Treasury	\$ 83,894,892.75	\$ 83,894,892.75
Total Current Assets	83,894,892.75	83,894,892.75
<b>Total Assets</b>	<b>\$ 83,894,892.75</b>	<b>\$ 83,894,892.75</b>
<b>LIABILITIES</b>		
Current		
Accounts Payable	\$ -	\$ -
Funds Held for Others	83,894,892.75	83,894,892.75
Total Current Liabilities	83,894,892.75	83,894,892.75
<b>Total Liabilities</b>	<b>\$ 83,894,892.75</b>	<b>\$ 83,894,892.75</b>
<b>NET ASSETS</b>		
<b>Total Net Assets</b>	<b>\$ -</b>	<b>\$ -</b>

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



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**RAILROAD COMMISSION OF TEXAS (455)**

## **Notes to the Financial Statements**

RAILROAD COMMISSION OF TEXAS (455)

Notes to the Financial Statements

**NOTE 1: Summary of Significant Accounting Policies**

**Entity**

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The Railroad Commission of Texas is an agency of the state of Texas and its financial records complies with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*.

The Commission was established in 1891 and operates under the state constitution and other enabling statutes. The operations of the Commission are conducted under the direction of three Commissioners who are elected by popular vote to serve overlapping six-year terms. The Commission is a regulatory agency with enforcement powers in areas dealing primarily with oil and natural gas, alternative fuels, gas utilities, pipeline safety, and environmental protection. In addition to its headquarters located in the William B. Travis State Office Building in Austin, the Commission maintains offices throughout the State.

The Commission is a component unit of the statewide reporting entity, which will be audited.

**GASB 34**

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

There are no component units within the Commission.

**Fund Structure**

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

***Governmental Fund Types and Government-Wide Adjustment Fund Types***

**General Revenue Funds**

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

Oil and Gas Regulation and Cleanup Fund (Fund 5155) – This General Revenue Dedicated fund was established by Chapter 81 of the Natural Resources Code.

**Capital Assets Adjustment Fund Type**

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

## RAILROAD COMMISSION OF TEXAS (455)

### Long-Term Liabilities Adjustment Fund Type

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

### ***Fiduciary Fund Types***

#### Agency Funds

TexaSaver 401(k) Trust (Fund 0942) accounts for tax-deferred portion of salaries of state employees in accordance with the provisions of IRC Section 401(k).

Fin Sec Closure of Comm Disp. Facility (Fund 5145) accounts for cash deposits provided by oil & gas operators to comply with financial security requirements under Natural Resources Code §91.109.

Inactive Well Blanket Trust (Fund 5146) accounts for cash deposits provided by oil & gas operators to comply on an organizational basis with inactive well requirements under Natural Resources Code §89.023(a)(3)(E).

Inactive Well Individual Trust (Fund 5147) accounts for cash deposits provided by oil & gas operators to comply on a per-well basis with inactive well requirements under Natural Resources Code §89.023(a)(3)(E).

Inactive Well Escrow Trust (Fund 5148) accounts for cash deposits provided by oil & gas operators to comply with inactive well requirements under Natural Resources Code §89.023(a)(3)(F).

P5 Cash Option Trust (Fund 5149) accounts for the cash deposits provided by oil and gas operators to meet the statewide financial assurance requirements mandated by Natural Resources Code §91.104.

### **Basis of Accounting**

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

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

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

Basis conversion adjustment fund types convert modified accrued basis to full accrued basis of accounting. The following activities are recognized in these fund types:

- Capital assets
- Accumulated depreciation
- Unpaid employee compensable leave
- Capital leases
- Long-term claims and judgments
- Full accrual revenues and expenses
- Pension amounts in governmental activities

RAILROAD COMMISSION OF TEXAS (455)

**BUDGET AND BUDGETARY ACCOUNTING**

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The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). The Commissioners adopt an annual operating budget consistent with these appropriations. Encumbrance accounting is utilized for budgetary control purposes.

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

**ASSETS, LIABILITIES, AND FUND BALANCES / NET ASSETS**

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**ASSETS**

Cash and Cash Equivalents

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

Inventories and Prepaid Items

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally using the last-in, first-out method. The consumption method of accounting is used to account for inventories and prepaid items that appear in the governmental and proprietary fund types. The cost of these items is expensed when the items are used or consumed.

Capital Assets

Assets that meet the reporting threshold and useful life are capitalized. The capitalization threshold and the estimated useful life vary depending on the asset type. These assets are capitalized at cost or, if purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets (such as works of art and historical treasures) are not depreciated. Road and highway infrastructure are depreciated over the estimate of average useful live of a grouping of assets using composite method. Other depreciable assets are depreciated over the estimated useful life of the asset using the straight-line method.

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

**LIABILITIES**

Accounts Payable

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

Employees' Compensable Leave Balances

## RAILROAD COMMISSION OF TEXAS (455)

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

### Pollution Remediation Obligation

A pollution remediation obligation refers to a government's responsibility to address the current or potential detrimental effects of existing pollution through such activities as environmental assessments or cleanups. The Commission recognizes this liability when it begins to clean up pollution or conducts related remediation activities to the extent that the government is legally obligated to complete those activities.

### **FUND BALANCE / NET POSITION**

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

Railroad Commission of Texas uses resources in the following order:

- When both restricted and unrestricted resources are available, use:
  1. Restricted resources
  2. Unrestricted resources (as they are needed)
- When only unrestricted resources are available for use in governmental funds, use:
  1. Committed resources
  2. Assigned resources
  3. Unassigned resources

### Fund Balance Components

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

- Nonspendable fund balance includes amounts not available to be spent because they are either:
  - Not in spendable form
  - Legally or contractually required to be maintained intact.
- Restricted fund balance includes those resources that have constraints placed on their use through external parties or by law through constitutional provisions.
- Committed fund balance can be used only for specific purposes pursuant to constraints imposed through legislation passed into law by a formal action of the Texas Legislature, the state's highest level of decision making authority.
- Assigned fund balance includes amounts constrained by the state's intent to be used for specific purposes, but the constraints do not meet the requirements to be reported as restricted or committed. Intent is expressed by either:
  - The Texas Legislature

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### RAILROAD COMMISSION OF TEXAS (455)

- A body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that was not restricted, committed or assigned to specific purposes within the general fund.

#### Restricted Net Assets

Restricted net assets result when constraints placed on net asset use are imposed by law through constitutional provisions or enabling legislation. This represents approved and authorized orders to expend funds for plugging abandoned wells and cleanup of sites, pursuant to Chapter 89, Texas Natural Resource Code, and for site remediation pursuant to Chapter 91, Texas Natural Resource Code.

#### Unrestricted Net Assets

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

### **INTERFUND ACTIVITIES AND TRANSACTIONS**

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The agency has the following types of transactions between funds:

- Transfers – Legally required transfers that are reported when incurred as “transfers in” by the recipient fund and as “transfers out” by the disbursing fund.
- Reimbursements – Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements

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**NOTE 2: Capital Assets**

	PRIMARY GOVERNMENT				Balance 8/31/2019
	Balance 9/1/2018	Adjustments	Additions	Deletions	
<b>Depreciable Assets:</b>					
Buildings and Building Improvements	313,458.40	-	-	-	313,458.40
Furniture and Equipment	3,028,475.36	(33.00)	180,501.40	(61,699.25)	3,147,244.51
Vehicle, Boats & Aircraft	7,408,898.84	(6.00)	2,502,313.00	(934,171.19)	8,977,034.65
<b>Total Depreciable Assets at Historical Cost</b>	10,750,832.60	(39.00)	2,682,814.40	(995,870.44)	12,437,737.56
<b>Less Accumulated Depreciation for:</b>					
Buildings and Improvements	(148,820.55)	-	(8,471.88)	-	(157,292.43)
Furniture and Equipment	(2,609,297.07)	-	(194,636.41)	56,462.80	(2,747,470.68)
Vehicles, Boats & Aircraft	(4,582,021.76)	-	(996,612.05)	863,724.21	(4,714,909.60)
<b>Total Accumulated Depreciation</b>	(7,340,139.38)		(1,199,720.34)	920,187.01	(7,619,672.71)
<b>Depreciable Assets, Net</b>	3,410,693.22	(39.00)	1,483,094.06	(75,683.43)	4,818,064.85
<b>Amortizable Assets – Intangible:</b>					
Computer Software - Intangible	13,360,985.35	-	-	-	13,360,985.35
<b>Total Intangible Assets at Historical Cost</b>	13,360,985.35	-	-	-	13,360,985.35
<b>Less Accumulated Amortization for:</b>					
Computer Software - Intangible	(8,263,698.85)	-	(2,548,642.56)	-	(10,812,341.41)
<b>Total Accumulated Amortization</b>	(8,263,698.85)	-	(2,548,642.56)	-	(10,812,341.41)
<b>Amortizable Assets, Net</b>	5,097,286.50	-	(2,548,642.56)	-	2,548,643.94
<b>Governmental Activities Capital Assets, Net</b>	8,507,979.72	(39.00)	(1,065,548.50)	(75,683.43)	7,366,708.79

**NOTE 3: Deposits, Investments and Repurchase Agreements**

Not applicable.

**NOTE 4: Short-Term Debt**

Not applicable.

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**RAILROAD COMMISSION OF TEXAS (455)**

**NOTE 5: Long-Term Liabilities**

**Changes in Long-Term Liabilities**

During the year ended August 31, 2019, the following changes occurred in liabilities.

<b>Governmental Activities</b>	<b>Balance 9/1/2018</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 8/31/2019</b>	<b>Amounts Due Within One Year</b>	<b>Amounts Due Thereafter</b>
Employees' Compensable Leave	\$4,195,316.41	\$5,534,181.65	\$4,429,468.69	\$5,300,029.37	\$3,227,476.55	\$2,072,552.82
Pollution Remediation Obligation	13,358,341.65	61,085,129.00	59,619,446.13	14,824,024.52	14,824,024.52	0.00
Claims and Judgments	0.00	12,932.00	5,288.00	7,644.00	7,644.00	0.00
<b>Total Governmental Activities</b>	<b>\$17,553,658.06</b>	<b>\$66,632,242.65</b>	<b>\$64,054,202.82</b>	<b>\$20,131,697.89</b>	<b>\$18,059,145.07</b>	<b>\$2,072,552.82</b>

**Employees' Compensable Leave**

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

Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The obligation is usually paid from the same funding source (s) from what the employee's salary or wage compensation was paid.

**Pollution Remediation Obligations**

The Railroad Commission of Texas recognizes a pollution remediation obligation when it commences, or legally obligates itself to commence, cleanup activities. 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 at year end.

Under Texas Natural Resource Code §89.043, the Railroad Commission may plug abandoned wells 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 August 31, 2019, with an estimated cost of \$5,665,094.67.

Under Texas Natural Resource Code §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 August 31, 2019, with an estimated cost of \$8,756,050.85. Funding for these programs come from regulatory and permit fees paid by the oil and gas industry.

Under the Texas Surface Coal Mining and Reclamation Act, the Railroad Commission administers funds from the U.S. Department of the Interior for the Abandoned Mine Land Reclamation Program.



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The Commission has two projects on-going as of August 31, 2019, with an estimated cost of \$402,879.00.

**Claims & Judgments**

The Attorney General's Claims Section assisted in settling three claims on the Commission's behalf during FY 2019, without resort to litigation, arising from motor vehicle accidents involving Commission employees acting within the course and scope of their employment. As of FY 2019, there were total of three claims from vehicle accidents.

Claimant Farmers Texas County Mutual Insurance Co received \$4,288.00 and Claimant Ghassan Khalil received \$1,000.00. Claimant Sequoia Financial Services a/s/o Randy G Cloud Jr will receive \$7,644.00.

**NOTE 6: Bonded Indebtedness**

Not applicable.

**NOTE 7: Derivative Instruments**

Not applicable.

**NOTE 8: Leases**

Not applicable.

**NOTE 7: Derivative Instruments**

Not applicable.

**NOTE 8: Leases**

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

Fund Type	
General Fund	\$36,978.68
General Revenue Dedicated – Fund 5155	644,269.59
Federal Fund	9,586.32
<b>Totals – Memorandum Only</b>	<b>\$690,834.59</b>

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**RAILROAD COMMISSION OF TEXAS (455)**

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

Year Ended August 31,	
2020	\$659,282.43
2021	658,356.82
2022	588,700.98
2023	418,424.95
2024	421,039.75
FY 2025 - 2029	1,287,278.22
<b>Total Minimum Future Lease Rental Payments</b>	<b>\$4,033,083.15</b>

***NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan***

Not applicable.

***NOTE 10: Deferred Compensation***

Not applicable.

***NOTE 11: Post-Employment Health Care and Life Insurance Benefits***

Not applicable.

***NOTE 12: Interfund Activity and Transactions***

Not applicable.

***NOTE 13: Continuance Subject to Review***

The Commission is subject to Chapter 325, Texas Government Code. Unless continued in existence by the Legislature, the Commission is abolished September 1, 2029.

***NOTE 14: Adjustments to Fund Balances and Net Position***

## RAILROAD COMMISSION OF TEXAS (455)

Not applicable.

**NOTE 15: Contingent Liabilities**

The Commission is a party to numerous lawsuits that have generally arisen out of the regulation of various segments of the energy industry, claims made by former employees, and motor vehicle accidents involving Commission employees on official business. Some of these lawsuits involve enforcement actions initiated by the Commission to collect penalties for violations of the Commission's rules. Other cases are appeals of administrative orders issued by the Commission and represent little or no potential for monetary recovery against the Commission.

**NOTE 16: Subsequent Events**

There are no subsequent events to report.

**NOTE 17: Risk Management**

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

The Commission assumes substantially all risks due to the performance of its duties. Currently, there are two purchases of commercial insurance. The agency is not involved in any risk pools with other government entities. The Commission participates in the State Office of Risk Management's (SORM) Risk Management and Worker's Compensation Coverage Program.

Two insurance policies have been purchased through SORM:

- Public Officials Liability Insurance Policy (Effective 12/11/2018 – 9/1/2019).  
Premium: \$19,537.
- Volunteer Insurance Policy (Effective 7/1/2018 – 7/1/2020).  
Premium: \$199.85.

The agency's liabilities are reported when it is both probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Changes in the balances of the Commission's claims liabilities during fiscal years 2018 and 2019 were:

	Beginning Balance	Increases	Decreases	Ending Balance
2018	\$0.00	\$100,702.10	\$100,702.10	\$0.00
2019	\$0.00	\$12,932.00	\$5,288.00	\$7,644.00

RAILROAD COMMISSION OF TEXAS (455)

**NOTE 18: Management Discussion and Analysis**

The license, fees, and permits in the Oil and Gas Regulation Cleanup fund increased by \$7 million. This increase was primarily due to the new fees collected under House Bill 1818 from the 85<sup>th</sup> Legislature and a 19% increase the Oil and Gas Regulatory Fees collected by the Comptroller. The Commission continues to monitor the prices of oil and gas as they have a significant impact the permitting revenue.

The expenditures in the Other Expenditures category doubled over the prior year due to increased environmental cleanup activities. The Commission plugged over 1,700 abandoned oil wells during FY 2019 and engaged in the cleanup of several large oil and gas sites.

**NOTE 19: The Financial Reporting Entity**

Not applicable.

**NOTE 20: Stewardship, Compliance and Accountability**

As of October 1, 2019, management is unaware of any issues that affected stewardship, compliance, or accountability.

**NOTE 22: Donor Restricted Endowments**

Not applicable.

**NOTE 23: Extraordinary and Special Items**

Not applicable.

**NOTE 24: Disaggregation of Receivable and Payable Balances**

Not applicable.

**NOTE 25: Termination Benefits**

Railroad Commission of Texas had voluntary and involuntary terminations in fiscal year 2019. The Commission did not provide any termination benefits to employees beyond the COBRA program which is administered by ERS.

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RAILROAD COMMISSION OF TEXAS (455)

***NOTE 26: Segment Information***

Not applicable.

***NOTE 27: Service Concession Arrangements***

Not applicable.

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

Not applicable.

***NOTE 29: Troubled Debt Restructuring***

Not applicable.

***NOTE 30: Non-Exchange Financial Guarantees***

Not applicable.

***NOTE 31: Tax Abatements***

Not applicable.

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**RAILROAD COMMISSION OF TEXAS (455)**

**NOTE 32: Fund Balances**

<b>GAAP Fund</b>	<b>Fund</b>	<b>AFR 54 Class</b>	<b>Citation</b>	<b>Comments</b>
0001	0001	Nonspendable	GASB 54 (6)	This fund includes consumable inventories and prepaid items that were not expended in FY 2019.
0454	0454	Restricted	Federally Appropriated	Federal funds, restrictions are externally imposed by federal government agencies.
0599	0599	Unassigned	State Appropriated	Economic Stabilization Fund appropriated for well plugging program.
0827	0827	Committed	Natural Resources Code Sec. 121.003	State funds, restrictions are established in the Texas Natural Resources Code.
5041	5041	Restricted	Federal CFDA 66.433, 81.086, 15.668, 66.817, 20.700, and 15.250.	Federal funds, restrictions are externally imposed by federal government agencies.
5155	5155	Committed	Natural Resources Code Sec. 81.068	State funds, restrictions are established in the Texas Natural Resources Code.

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**RAILROAD COMMISSION OF TEXAS (455)**

## **Combining Financial Statements – Exhibits**

**UNAUDITED**

**RAILROAD COMMISSION OF TEXAS (455)**

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

For the Fiscal Year Ended August 31, 2019

	General Revenue		Consolidated Accounts					
	General Revenue Fund (0001) U/F (0001)	Land Reclamation Fund (0454) U/F (0454)	Economic Stabilization Fund (0599) U/F (0599)	Anthropogenic Carbon Dioxide Fund (0827) U/F (0827)	Unappropriated General Revenue EFF (1000) U/F (1000)	Federal Fund (5041) U/F (5041)	Oil and Gas Regulation and Cleanup Fund (5155) U/F (5155)	Total
<b>ASSETS</b>								
Current Assets:								
Cash and Cash Equivalents:								
Cash in State Treasury	\$ -	\$ 412,815.02	\$ -	\$ 51,839.10	\$ -	\$ 9,787,834.01	\$ 47,417,185.56	\$ 57,669,673.69
Legislative Appropriations	10,552,445.20	-	-	-	-	-	-	10,552,445.20
Federal Receivables	-	-	-	-	194,635.54	392,509.98	-	587,145.52
Due from Other Agencies	-	-	416,577.03	-	-	-	-	416,577.03
Consumable Inventories	-	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-
Total Current Assets	<u>\$ 10,552,445.20</u>	<u>\$ 412,815.02</u>	<u>\$ 416,577.03</u>	<u>\$ 51,839.10</u>	<u>\$ 194,635.54</u>	<u>\$ 10,180,343.99</u>	<u>\$ 47,417,185.56</u>	<u>\$ 69,225,841.44</u>
Total Assets	<u>\$ 10,552,445.20</u>	<u>\$ 412,815.02</u>	<u>\$ 416,577.03</u>	<u>\$ 51,839.10</u>	<u>\$ 194,635.54</u>	<u>\$ 10,180,343.99</u>	<u>\$ 47,417,185.56</u>	<u>\$ 69,225,841.44</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Current Liabilities:								
Payables from:								
Accounts Payable	\$ 331,757.70	\$ -	\$ 416,577.03	\$ -	\$ -	\$ 6,165.69	\$ 16,382,415.45	\$ 17,136,915.87
Payroll Payable	5,088,502.41	-	-	-	-	126,400.25	305,765.94	5,520,668.60
Total Current Liabilities	<u>\$ 5,420,260.11</u>	<u>\$ -</u>	<u>\$ 416,577.03</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,565.94</u>	<u>\$ 16,688,181.39</u>	<u>\$ 22,657,584.47</u>
Total Liabilities	<u>\$ 5,420,260.11</u>	<u>\$ -</u>	<u>\$ 416,577.03</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,565.94</u>	<u>\$ 16,688,181.39</u>	<u>\$ 22,657,584.47</u>
Fund Balances (Deficits):								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	412,815.02	-	-	194,635.54	10,047,778.05	-	10,655,228.61
Committed	419,617.14	-	-	51,839.10	-	-	30,729,004.17	31,200,460.41
Unassigned	4,712,567.95	-	-	-	-	-	-	4,712,567.95
Total Fund Balances	<u>\$ 5,132,185.09</u>	<u>\$ 412,815.02</u>	<u>\$ -</u>	<u>\$ 51,839.10</u>	<u>\$ 194,635.54</u>	<u>\$ 10,047,778.05</u>	<u>\$ 30,729,004.17</u>	<u>\$ 46,568,256.97</u>
Total Liabilities and Fund Balances	<u>\$ 10,552,445.20</u>	<u>\$ 412,815.02</u>	<u>\$ 416,577.03</u>	<u>\$ 51,839.10</u>	<u>\$ 194,635.54</u>	<u>\$ 10,180,343.99</u>	<u>\$ 47,417,185.56</u>	<u>\$ 69,225,841.44</u>

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



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## RAILROAD COMMISSION OF TEXAS (455)

### Exhibit A-2 - Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

#### All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2019

	General Revenue	Consolidated Accounts						
	General Revenue Fund (0001) U/F (0001)	Land Reclamation Fund (0454) U/F (0454)	Economic Stabilization Fund Fund (0599) U/F (0599)	Anthropogenic Carbon Dioxide Fund (0827) U/F (0827)	Unappropriated General Revenue EFF (1000) U/F (1000)	Federal Fund (5041) U/F (5041)	Oil and Gas Regulation and Cleanup Fund (5155) U/F (5155)	Total
<b>REVENUES</b>								
Legislative Appropriations:								
Original Appropriations	\$ 30,550,661.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,550,661.00
Additional Appropriations	9,656,211.11	-	-	-	-	-	-	9,656,211.11
Federal Revenue (Fed Sch 1A)	-	-	-	-	1,762,807.40	5,017,061.36	1,642,487.24	8,422,356.00
Federal Pass Through Revenue (Fed Sch 1A)	-	-	-	-	-	-	-	-
State Grant Pass Through Revenue (Sch 1B)	-	-	-	-	-	-	-	-
Licenses, Fees and Permits	2,237,080.75	-	-	-	-	-	87,123,366.70	89,360,447.45
Interest, Dividend & Other Income	-	-	-	1,228.60	-	-	29.76	1,258.36
Settlement of Claims	14,558.01	-	-	-	-	-	-	14,558.01
Sales of Goods and Services	13,956.63	-	-	-	-	-	2,719,517.96	2,733,474.59
Other	316,356.53	-	-	-	-	-	2,888.97	319,245.50
<b>Total Revenues</b>	<b>\$ 42,788,824.03</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,228.60</b>	<b>\$ 1,762,807.40</b>	<b>\$ 5,017,061.36</b>	<b>\$ 91,488,290.63</b>	<b>\$ 141,058,212.02</b>
<b>EXPENDITURES</b>								
Salaries and Wages	\$ 32,570,013.18	\$ -	\$ -	\$ -	\$ -	\$ 1,577,596.40	\$ 14,997,344.57	\$ 49,144,954.15
Payroll Related Costs	9,676,754.74	-	-	-	-	482,439.80	6,813,577.40	16,972,771.94
Professional Fees and Services	2,627,395.95	-	-	-	-	68,081.21	7,096,470.92	9,791,948.08
Travel	290,897.91	-	-	-	-	70,700.77	633,658.16	995,256.84
Materials and Supplies	406,833.50	-	-	-	-	50,515.17	2,233,292.85	2,690,641.52
Communication and Utilities	283,950.88	-	-	-	-	19,730.52	427,790.46	731,471.86
Repairs and Maintenance	269,217.86	-	-	-	-	10,788.09	85,466.38	365,472.33
Rentals and Leases	393,465.56	-	-	-	-	13,616.36	666,098.89	1,073,180.81
Printing and Reproduction	511,541.55	-	-	-	-	5,073.28	612,814.46	1,129,429.29
Claims and Judgements	5,288.00	-	-	-	-	-	-	5,288.00
Other Expenditures	1,137,171.97	-	1,614,356.14	-	-	128,975.23	69,825,083.04	72,705,586.38
Capital Outlay	1,955,129.50	-	-	-	-	16,132.50	711,552.40	2,682,814.40
<b>Total Expenditures</b>	<b>\$ 50,127,660.60</b>	<b>\$ -</b>	<b>\$ 1,614,356.14</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,443,649.33</b>	<b>\$ 104,103,149.53</b>	<b>\$ 158,288,815.60</b>
 Excess (Deficiency) of Revenues over Expenditures	 \$ (7,338,836.57)	 \$ -	 \$ (1,614,356.14)	 \$ 1,228.60	 \$ 1,762,807.40	 \$ 2,573,412.03	 \$ (12,614,858.90)	 \$ (17,230,603.58)
<b>OTHER FINANCING SOURCES (USES)</b>								
Sale of Capital Assets	\$ 277,570.72	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22.75	\$ 277,593.47
Cash Transfers In	-	-	1,614,356.14	-	-	-	-	1,614,356.14
Cash Transfers Out	(359,449.38)	-	-	-	(1,568,171.86)	-	-	(1,927,621.24)
Appropriations Lapsed	185.12	-	-	-	-	-	-	185.12
<b>Total other financing sources and uses</b>	<b>\$ (81,693.54)</b>	<b>\$ -</b>	<b>\$ 1,614,356.14</b>	<b>\$ -</b>	<b>\$ (1,568,171.86)</b>	<b>\$ -</b>	<b>\$ 22.75</b>	<b>\$ (35,486.51)</b>
 Net Change in Fund Balances	 \$ (7,420,530.11)	 \$ -	 \$ -	 \$ 1,228.60	 \$ 194,635.54	 \$ 2,573,412.03	 \$ (12,614,836.15)	 \$ (17,266,090.09)
<b>Fund Financial Statement - Fund Balances</b>								
Fund Balances, September 1, 2018	\$ 12,552,715.20	\$ 412,815.02	\$ -	\$ 50,610.50	\$ -	\$ 7,474,366.02	\$ 43,343,840.32	\$ 63,834,347.06
Restatements	-	-	-	-	-	-	-	-
Fund Balances, September 1, 2018, as Restated	\$ 12,552,715.20	\$ 412,815.02	\$ -	\$ 50,610.50	\$ -	\$ 7,474,366.02	\$ 43,343,840.32	\$ 63,834,347.06
 Fund Balances - August 31, 2019	 \$ 5,132,185.09	 \$ 412,815.02	 \$ -	 \$ 51,839.10	 \$ 194,635.54	 \$ 10,047,778.05	 \$ 30,729,004.17	 \$ 46,568,256.97

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

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## RAILROAD COMMISSION OF TEXAS (455)

### Exhibit J-1 Combining Statement of Changes in Assets and Liabilities - Agency Funds

For the Fiscal Year Ended August 31, 2019

	Beginning Balance September 1, 2018	Additions	Deductions	Ending Balance August 31, 2019
<b>Trust Accounts: Fund 5145, 5146, 5147, 5148, 5149</b>				
<b>ASSETS</b>				
Current				
Cash in the State Treasury	\$ 77,479,127.46	\$ 92,053,026.38	\$ 85,718,968.12	\$ 83,813,185.72
Total Assets	<u>\$ 77,479,127.46</u>	<u>\$ 92,053,026.38</u>	<u>\$ 85,718,968.12</u>	<u>\$ 83,813,185.72</u>
<b>LIABILITIES</b>				
Current				
Accounts Payable	\$ 250,000.00	\$ 4,900,365.60	\$ 5,150,365.60	\$ -
Funds Held for Others	77,229,127.46	14,798,898.92	8,214,840.66	83,813,185.72
Total Liabilities	<u>\$ 77,229,127.46</u>	<u>\$ 19,699,264.52</u>	<u>\$ 13,365,206.26</u>	<u>\$ 83,813,185.72</u>
<b>Child Support Employee Deducts (0807)</b>				
<b>ASSETS</b>				
Current				
Cash in the State Treasury	\$ 14,448.22	\$ 185,541.07	\$ 186,534.84	\$ 13,454.45
Total Assets	<u>\$ 14,448.22</u>	<u>\$ 185,541.07</u>	<u>\$ 186,534.84</u>	<u>\$ 13,454.45</u>
<b>LIABILITIES</b>				
Current				
Accounts Payable	\$ -	\$ 171,583.62	\$ 171,583.62	\$ -
Funds Held for Others	14,448.22	185,541.07	186,534.84	13,454.45
Total Liabilities	<u>\$ 14,448.22</u>	<u>\$ 357,124.69</u>	<u>\$ 358,118.46</u>	<u>\$ 13,454.45</u>
<b>Suspense Fund (0900) U/F (0900)</b>				
<b>ASSETS</b>				
Current				
Cash in the State Treasury	\$ 96,015.00	\$ 9,118,845.64	\$ 9,146,608.06	\$ 68,252.58
Total Assets	<u>\$ 96,015.00</u>	<u>\$ 9,118,845.64</u>	<u>\$ 9,146,608.06</u>	<u>\$ 68,252.58</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ 96,015.00	\$ 9,118,845.64	\$ 9,146,608.06	\$ 68,252.58
Total Liabilities	<u>\$ 96,015.00</u>	<u>\$ 9,118,845.64</u>	<u>\$ 9,146,608.06</u>	<u>\$ 68,252.58</u>
<b>USPS - Overpayments to Employees (0900) U/F (9015)</b>				
<b>ASSETS</b>				
Current				
Cash in the State Treasury	\$ -	\$ 4,282.93	\$ 4,282.93	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 4,282.93</u>	<u>\$ 4,282.93</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ -	\$ 4,282.93	\$ 4,282.93	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 4,282.93</u>	<u>\$ 4,282.93</u>	<u>\$ -</u>
<b>Direct Deposit Correction (0980)</b>				
<b>ASSETS</b>				
Current				
Cash in the State Treasury	\$ -	\$ 5,777.23	\$ 5,777.23	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 5,777.23</u>	<u>\$ 5,777.23</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ -	\$ 5,777.23	\$ 5,777.23	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 5,777.23</u>	<u>\$ 5,777.23</u>	<u>\$ -</u>
<b>Unappropriated General Revenue (1000)</b>				
<b>ASSETS</b>				
Current				
Cash in the State Treasury	\$ -	\$ 37,796,890.50	\$ 37,796,890.50	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 37,796,890.50</u>	<u>\$ 37,796,890.50</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ -	\$ 37,796,777.68	\$ 37,796,777.68	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 37,796,777.68</u>	<u>\$ 37,796,777.68</u>	<u>\$ -</u>

#### TOTAL- ALL AGENCY FUNDS

	Beginning Balance September 1, 2018	Additions	Deductions	Ending Balance August 31, 2019
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 77,589,590.68	\$ 139,164,363.75	\$ 132,859,061.68	\$ 83,894,892.75
Total Assets	<u>\$ 77,589,590.68</u>	<u>\$ 139,164,363.75</u>	<u>\$ 132,859,061.68</u>	<u>\$ 83,894,892.75</u>
<b>LIABILITIES</b>				
Current				
Accounts Payable	\$ 250,000.00	\$ 5,071,949.22	\$ 5,321,949.22	\$ -
Funds Held for Others	77,339,590.68	61,910,123.47	55,354,821.40	83,894,892.75
Total Liabilities	<u>\$ 77,589,590.68</u>	<u>\$ 66,982,072.69</u>	<u>\$ 60,676,770.62</u>	<u>\$ 83,894,892.75</u>

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

**UNAUDITED**

**RAILROAD COMMISSION OF TEXAS (455)**

## **State and Federal Pass-Through Schedules**

UNAUDITED

RAILROAD COMMISSION OF TEXAS (455)

State of Texas — Annual Financial Reporting

**Schedule of Expenditures of Federal Awards**  
(SEFA)

**Agency 455 - Railroad Commission of Texas**  
**Schedule 1A**

For the Fiscal Year Ended August 31, 2019

\*\*\*Certified\*\*\*

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	NSE Name/ Identifying Number	Agy/ Univ No	Pass-through From		Direct Program Amount	Total PT From and Direct Prog. Amount	Agy/ Univ No.	Pass-through To		Expenditures Amount	Total PT To and Expenditures Amount	
				Agencies or Universities Amount	Non-State Entities Amount				Agencies or Universities Amount	Non-State Entities Amount			
Environmental Protection Agency													
<u>Direct Programs:</u>													
State Underground Water Source Protection	66.433					631,720.00	631,720.00				631,720.00	631,720.00	
State and Tribal Response Program Grants	66.817					151,906.26	151,906.26				151,906.26	151,906.26	
				0.00	0.00	783,626.26	783,626.26			0.00	0.00	783,626.26	783,626.26
U.S. Department of the Interior													
<u>Direct Programs:</u>													
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250					1,602,651.93	1,602,651.93				1,602,651.93	1,602,651.93	
Abandoned Mine Land Reclamation (AMLR)	15.252					298,204.81	298,204.81				298,204.81	298,204.81	
				0.00	0.00	1,900,856.74	1,900,856.74			0.00	0.00	1,900,856.74	1,900,856.74
U.S. Department of Transportation													
<u>Direct Programs:</u>													
Pipeline Safety Program State Base Grant	20.700					5,693,239.00	5,693,239.00				5,693,239.00	5,693,239.00	
PHMSA Pipeline Safety Program One Call Grant	20.721					44,634.00	44,634.00				44,634.00	44,634.00	
				0.00	0.00	5,737,873.00	5,737,873.00			0.00	0.00	5,737,873.00	5,737,873.00
				0.00	0.00	8,422,356.00	8,422,356.00			0.00	0.00	8,422,356.00	8,422,356.00

**UNAUDITED**

**RAILROAD COMMISSION OF TEXAS (455)**

**SCHEDULE 1A**

**Schedule of Expenditures of Federal Awards — Notes**

**For the Fiscal Year Ended August 31, 2019**

**Note 2 - Reconciliation**

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

**Federal Revenues:**

Per Combined Governmental Operating Statement/Statement of Activities

Governmental Funds - Federal Revenue (Exhibit II)	\$ 8,422,356.00
Governmental Funds - Federal Pass-Through Revenues (Exhibit II)	<u>-</u>
Total Pass Through and Expenditures per Federal Schedule	<u><u>\$ 8,422,356.00</u></u>

**UNAUDITED**

**RAILROAD COMMISSION OF TEXAS (455)**

**SCHEDULE 1B**

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

**For the Fiscal Year Ended August 31, 2019**

**None**