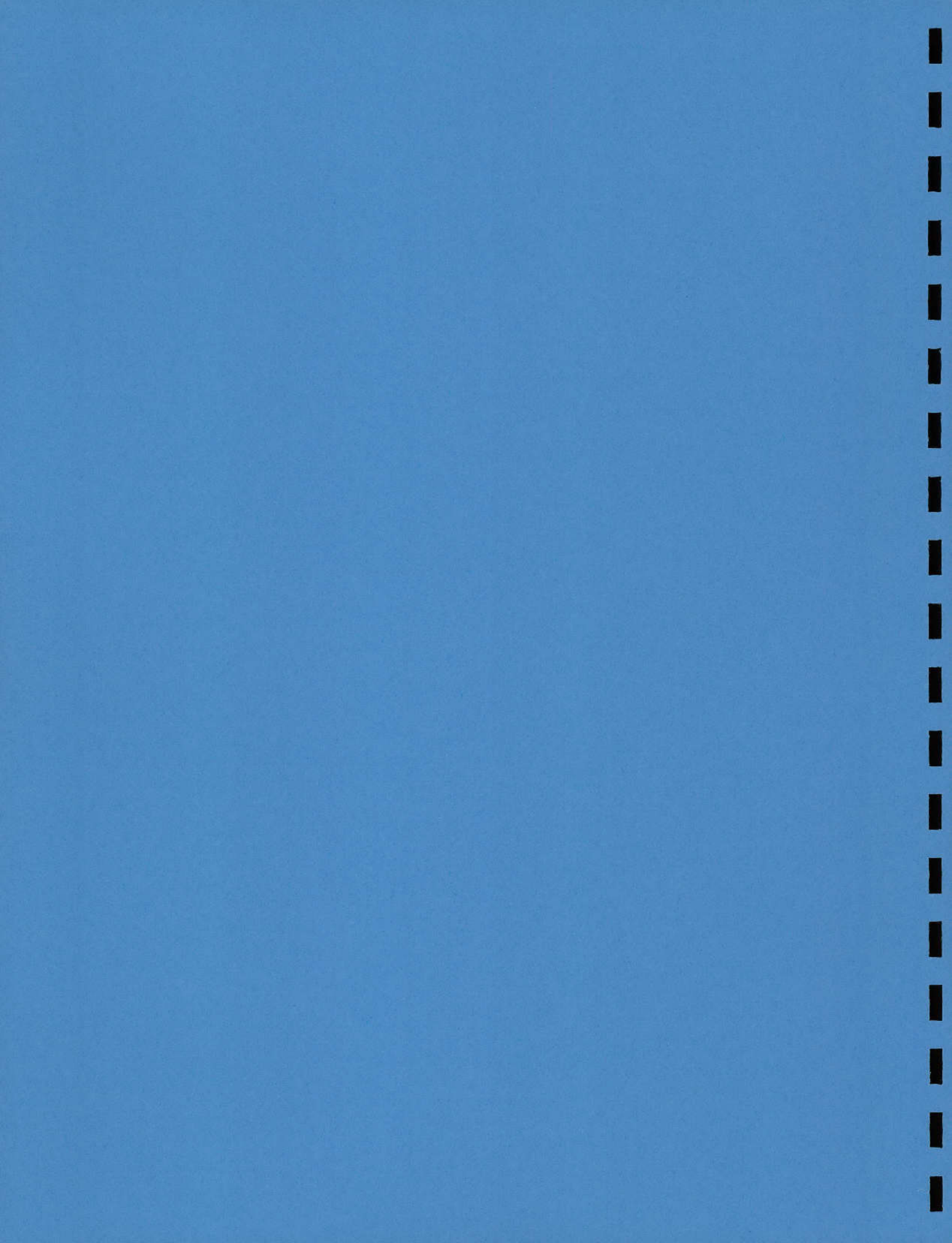




TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2018





TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

November 20, 2018

Honorable Greg Abbott, Governor
Honorable Glenn Hegar, Texas Comptroller
Ursula Parks, Director, Legislative Budget Board
Lisa Collier, First Assistant State Auditor

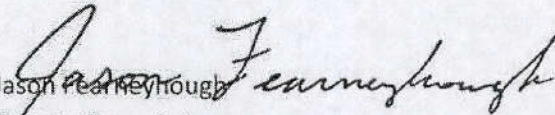

To Governor Abbott, Comptroller Hegar, Director Parks, and First Assistant Collier:

We are pleased to submit the annual financial report of the Texas Department of Agriculture for the year ended August 31, 2018 in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASS) Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report (CAFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions regarding the Annual Financial Report, please contact Shirley Beaulieu at (512) 463-1701 or Ann Martinez may be contacted at (512) 463-5551 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,


Jason Fearnough
Deputy Commissioner


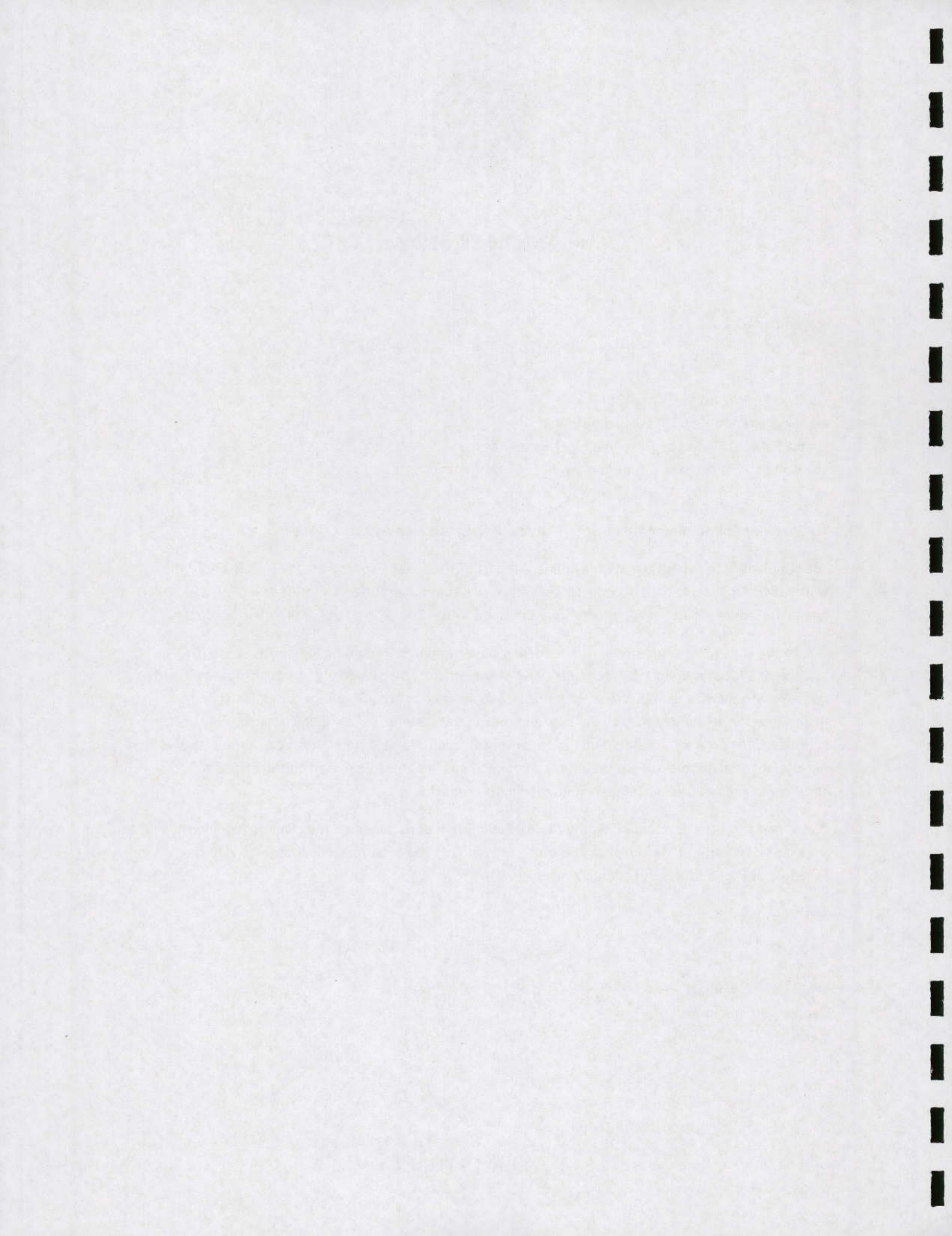


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Exhibit and schedule numbers are dictated by the State Comptroller's Annual Financial Reporting Guidelines. Not every schedule is needed by TDA; therefore, some numbers may be intentionally skipped.



COMBINED FINANCIAL STATEMENTS

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit I — Combined Balance Sheet/Statement of Net Position — Governmental Funds
August 31, 2018

	Governmental Fund Types				
	General Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds
ASSETS					
Current Assets:					
Cash and Cash Equivalents (Note 3)					
Cash on Hand	\$ 100.00	\$ -	\$ -	\$ -	\$ -
Cash in Bank	23,900.00	-	-	-	-
Cash in Transit/Reimburse from Treasury	-	-	-	-	-
Cash in State Treasury	8,682,114.35	-	-	-	2,433,374.72
Short Term Investments (Note 3)	-	-	-	-	-
Securities Lending Collateral	-	-	-	-	-
Legislative Appropriations	31,196,318.33	-	-	-	-
Receivables from:					
Accounts Receivable	6,931,195.66	-	-	-	-
Taxes	-	-	-	-	-
Federal	44,286,429.72	-	-	-	-
Investment Trades	-	-	-	-	-
Other Intergovernmental	-	-	-	-	-
Interest and Dividends	-	-	-	-	-
Gifts, Pledges and Donations	-	-	-	-	-
Other	-	-	-	-	-
Due From Other Funds (Note 12)	-	-	-	-	-
Due From Other Agencies (Note 12)	104,675.81	-	-	-	-
Interfund Receivable (Note 12)	-	-	-	-	-
Consumable Inventories	142,543.31	-	-	-	-
Merchandise Inventories	278,188.71	-	-	-	-
Prepaid Items	-	-	-	-	-
Loans and Contracts	-	-	-	-	-
Restricted:					
Cash and Cash Equivalents (Note 3)					
Cash on Hand	-	-	-	-	-
Cash in Bank	-	-	-	-	-
Short Term Investments (Note 3)	-	-	-	-	-
Other Current Assets	-	-	-	-	-
Non-Current Assets:					
Gifts, Pledges and Donations	-	-	-	-	-
Interfund Receivable (Note 12)	-	-	-	-	-
Investments (Note 3)	-	-	-	-	3,548,748.68
Loans and Contracts	-	-	-	-	-
Restricted:					
Cash and Cash Equivalents (Note 3)					
Cash on Hand	-	-	-	-	-
Cash in Bank	-	-	-	-	-
Short Term Investments (Note 3)	-	-	-	-	-
Receivables	-	-	-	-	-
Investments (Note 3)	-	-	-	-	-
Loans and Contracts	-	-	-	-	-
Other Assets	-	-	-	-	-
Hedging Derivative Asset (Note 7)	-	-	-	-	-
Intangible Assets – Service Concession Arrangements (Note 27)	-	-	-	-	-
Capital Assets (Note 2):					
Non-Depreciable or Non-Amortizable	-	-	-	-	-
Depreciable or Amortizable, Net	-	-	-	-	-
Other Non-Current Assets	-	-	-	-	-
Total Assets	\$ 91,645,465.89	\$ -	\$ -	\$ -	\$ 5,982,123.40
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Resources (Note 28)	-	-	-	-	-
Total Deferred Outflows of Resources	\$ -	\$ -	\$ -	\$ -	\$ -

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit I — Combined Balance Sheet/Statement of Net Position — Governmental Funds
August 31, 2018

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Position
ASSETS					
Current Assets:					
Cash and Cash Equivalents (Note 3)					
Cash on Hand	\$ 100.00	\$ -	\$ -	\$ -	\$ 100.00
Cash in Bank	23,900.00	-	-	-	23,900.00
Cash in Transit/Reimburse from Treasury	-	-	-	-	-
Cash in State Treasury	11,115,489.07	-	-	-	11,115,489.07
Short Term Investments (Note 3)	-	-	-	-	-
Securities Lending Collateral	-	-	-	-	-
Legislative Appropriations	31,196,318.33	-	-	-	31,196,318.33
Receivables from:					
Accounts Receivable	6,931,195.66	-	-	-	6,931,195.66
Taxes	-	-	-	-	-
Federal	44,286,429.72	-	-	-	44,286,429.72
Investment Trades	-	-	-	-	-
Other Intergovernmental	-	-	-	-	-
Interest and Dividends	-	-	-	-	-
Gifts, Pledges and Donations	-	-	-	-	-
Other	-	-	-	-	-
Due From Other Funds (Note 12)	-	-	-	-	-
Due From Other Agencies (Note 12)	104,675.81	-	-	-	104,675.81
Interfund Receivable (Note 12)	-	-	-	-	-
Consumable Inventories	142,543.31*	-	-	-	142,543.31
Merchandise Inventories	278,188.71	-	-	-	278,188.71
Prepaid Items	-	-	-	-	-
Loans and Contracts	-	-	-	-	-
Restricted:					
Cash and Cash Equivalents (Note 3)					
Cash on Hand	-	-	-	-	-
Cash in Bank	-	-	-	-	-
Short Term Investments (Note 3)	-	-	-	-	-
Other Current Assets	-	-	-	-	-
Non-Current Assets:					
Gifts, Pledges and Donations	-	-	-	-	-
Interfund Receivable (Note 12)	-	-	-	-	-
Investments (Note 3)	3,548,748.68	-	-	-	3,548,748.68
Loans and Contracts	-	-	-	-	-
Restricted:					
Cash and Cash Equivalents (Note 3)					
Cash on Hand	-	-	-	-	-
Cash in Bank	-	-	-	-	-
Short Term Investments (Note 3)	-	-	-	-	-
Receivables	-	-	-	-	-
Investments (Note 3)	-	-	-	-	-
Loans and Contracts	-	-	-	-	-
Other Assets	-	-	-	-	-
Hedging Derivative Asset (Note 7)	-	-	-	-	-
Intangible Assets – Service Concession Arrangements (Note 27)	-	-	-	-	-
Capital Assets (Note 2):					
Non-Depreciable or Non-Amortizable	-	426,087.50	-	-	426,087.50
Depreciable or Amortizable, Net	-	5,445,339.50	-	-	5,445,339.50
Other Non-Current Assets	-	-	-	-	-
Total Assets	<u>\$ 97,627,589.29</u>	<u>\$ 5,871,427.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,499,016.29</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Resources (Note 28)	-	-	-	-	-
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TEXAS DEPARTMENT OF AGRICULTURE

Exhibit I — Combined Balance Sheet/Statement of Net Position — Governmental Funds
 Governmental Fund Types

August 31, 2018

	General Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Current Liabilities:					
Payables from:					
Accounts	\$ 44,152,149.86	\$ -	\$ -	\$ -	\$ 150,000.00
Investment Trade	-	-	-	-	-
Other Intergovernmental	-	-	-	-	-
Payroll	3,631,435.24	-	-	-	-
Federal	-	-	-	-	-
Interest	-	-	-	-	-
Contracts	-	-	-	-	-
Other	-	-	-	-	-
Contract Retainage Payable	-	-	-	-	-
Due To Other Funds (Note 12)	-	-	-	-	-
Due To Other Agencies (Note 12)	487,672.49	-	-	-	-
Due To Component Units	-	-	-	-	-
Interfund Payable (Note 12)	-	-	-	-	-
Unearned Revenues	5,670,081.56	-	-	-	-
Obligations/Reverse Repurchase Agreement	-	-	-	-	-
Obligations Under Securities Lending	-	-	-	-	-
Short Term Debt	-	-	-	-	-
Employees' Compensable Leave (Note 5)	-	-	-	-	-
Claims and Judgments (Note 5)	-	-	-	-	-
Capital Lease Obligations (Note 5, 8)	-	-	-	-	-
Notes and Loans Payable (Note 5)	-	-	-	-	-
Liabilities Payable from Restricted Assets	-	-	-	-	-
Funds Held For Others	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-
Non-Current Liabilities					
Interfund Payable	-	-	-	-	-
Employees' Compensable Leave (Note 5)	-	-	-	-	-
Claims and Judgments (Note 5)	-	-	-	-	-
Capital Lease Obligations (Note 5, 8)	-	-	-	-	-
Notes and Loans Payable (Note 5)	-	-	-	-	-
Liabilities Payable from Restricted Assets	-	-	-	-	-
Assets Held for Others	-	-	-	-	-
Other Non-Current Liabilities	-	-	-	-	-
Total Liabilities	53,941,339.15	-	-	-	150,000.00
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources (Note 28)	-	-	-	-	-
Total Deferred Inflows of Resources	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Financial Statement					
Fund Balances (Deficits):					
Nonspendable	(5,144,267.98)	-	-	-	-
Restricted	11,605,985.09	-	-	-	5,832,123.40
Committed	11,799.42	-	-	-	-
Assigned	687,594.89	-	-	-	-
Unassigned	30,543,015.32	-	-	-	-
Total Fund Balances	37,704,126.74	-	-	-	5,832,123.40
Total Liabilities, Def Inflows of Resources & Fund Balances	\$ 91,645,465.89	\$ -	\$ -	\$ -	\$ 5,982,123.40

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit I — Combined Balance Sheet/Statement of Net Position — Governmental Funds
August 31, 2018

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Position
LIABILITIES, DEFERRED INFLOWS OF RESOURCES					
Current Liabilities:					
Payables from:					
Accounts	\$ 44,302,149.86	\$ -	\$ -	\$ -	\$ 44,302,149.86
Investment Trade	-	-	-	-	-
Other Intergovernmental	-	-	-	-	-
Payroll	3,631,435.24	-	-	-	3,631,435.24
Federal	-	-	-	-	-
Interest	-	-	-	-	-
Contracts	-	-	-	-	-
Other	-	-	-	-	-
Contract Retainage Payable	-	-	-	-	-
Due To Other Funds (Note 12)	-	-	-	-	-
Due To Other Agencies (Note 12)	487,672.49	-	-	-	487,672.49
Due To Component Units	-	-	-	-	-
Interfund Payable (Note 12)	-	-	-	-	-
Unearned Revenues	5,670,081.56	-	-	-	5,670,081.56
Obligations/Reverse Repurchase Agreement	-	-	-	-	-
Obligations Under Securities Lending	-	-	-	-	-
Short Term Debt	-	-	-	-	-
Employees' Compensable Leave (Note 5)	-	-	2,113,106.15	-	2,113,106.15
Claims and Judgments (Note 5)	-	-	-	-	-
Capital Lease Obligations (Note 5, 8)	-	-	-	-	-
Notes and Loans Payable (Note 5)	-	-	-	-	-
Liabilities Payable from Restricted Assets	-	-	-	-	-
Funds Held For Others	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-
Non-Current Liabilities					
Interfund Payable	-	-	-	-	-
Employees' Compensable Leave (Note 5)	-	-	1,691,378.14	-	1,691,378.14
Claims and Judgments (Note 5)	-	-	-	-	-
Capital Lease Obligations (Note 5, 8)	-	-	-	-	-
Notes and Loans Payable (Note 5)	-	-	-	-	-
Liabilities Payable from Restricted Assets	-	-	-	-	-
Assets Held for Others	-	-	-	-	-
Other Non-Current Liabilities	-	-	-	-	-
Total Liabilities	54,091,339.15	-	3,804,484.29	-	57,895,823.44
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources (Note 26)	-	-	-	-	-
Total Deferred Inflows of Resources	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Financial Statement					
Fund Balances (Deficits):					
Nonspendable	(5,144,267.98)	-	-	-	(5,144,267.98)
Restricted	17,438,108.49	-	-	-	17,438,108.49
Committed	11,799.42	-	-	-	11,799.42
Assigned	687,594.89	-	-	-	687,594.89
Unassigned	30,543,015.32	-	-	-	30,543,015.32
Total Fund Balances	43,536,250.14	-	-	-	43,536,250.14
Total Liabilities, Def Inflows of Resources & Fund Balances	\$ 97,627,589.29	-	-	-	-
Government-Wide Statement of Net Position					
Net Position					
Net Investment in Capital Assets	-	5,871,427.00	-	-	5,871,427.00
Restricted For					
Debt Service	-	-	-	-	-
Capital Projects	-	-	-	-	-
Funds Held as Permanent Investments:					
Expendable	-	-	-	-	-
Nonexpendable	-	-	-	-	-
Other	-	-	-	-	-
Unrestricted	-	-	(3,804,484.29)	-	(3,804,484.29)
Total Net Position	\$ 5,871,427.00	\$ (3,804,484.29)	\$ -	\$ -	\$ 45,603,192.85

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

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit II — Combined Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of
Activities — Governmental Funds
For the Fiscal Year Ended August 31, 2018

	General Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds
REVENUES					
Legislative Appropriations					
Original Appropriations (GR)	\$ 52,012,684.00	\$ -	\$ -	\$ -	\$ -
Additional Appropriations (GR)	6,791,181.55	-	-	-	-
Taxes (GR)	-	-	-	-	-
Federal Revenue (PR - Operating or Capital)	613,238,320.39	-	-	-	-
Federal Grant Pass-Through Revenue (GR)	-	-	-	-	-
State Grant Pass-Through Revenue (GR)	-	-	-	-	-
License, Fees & Permits (PR)	1,607,051.94	-	-	-	-
Interest and Other Investment Income (PR)	-	-	-	-	-
Interest and Other Investment Income (GR)	1,053,649.30	-	-	-	263,729.38
Net Increase (Decrease) in Fair Value (PR)	-	-	-	-	-
Net Increase (Decrease) in Fair Value (GR)	-	-	-	-	-
Land Income (PR)	-	-	-	-	-
Settlement of Claims (PR)	-	-	-	-	-
Settlement of Claims (GR)	-	-	-	-	-
Sales of Goods and Services (PR)	339,691.32	-	-	-	-
Other (PR - Chg for Serv. Operating or Capital)	(435,899.78)	-	-	-	-
Other (GR)	-	-	-	-	-
Total Revenues	674,606,678.72	-	-	-	263,729.38
EXPENDITURES					
Salaries and Wages	35,938,898.05	-	-	-	436.28
Payroll Related Costs	11,153,898.15	-	-	-	15,739.68
Professional Fees and Services	3,059,470.87	-	-	-	-
Travel	1,350,810.57	-	-	-	-
Materials and Supplies	2,251,379.39	-	-	-	-
Communication and Utilities	684,947.74	-	-	-	-
Repairs and Maintenance	1,502,555.08	-	-	-	-
Rentals and Leases	1,497,627.12	-	-	-	-
Printing and Reproduction	308,273.21	-	-	-	-
Claims and Judgments	(187,423.51)	-	-	-	-
Federal Grant Pass-Through Expenditures	3,347,778.86	-	-	-	-
State Grant Pass-Through Expenditures	294,199.46	-	-	-	-
Intergovernmental Payments	85,733,294.00	-	-	-	-
Public Assistance Payments	508,752,793.85	-	-	-	2,211,292.54
Employee Benefit Payments	-	-	-	-	-
Other Expenditures	5,195,644.03	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Other Payments for Refunding	-	-	-	-	-
Capital Outlay	1,824,194.27	-	-	-	-
Depreciation and Amortization Expense	-	-	-	-	-
Total Expenditures/Expenses	662,708,281.14	-	-	-	2,227,468.50
Excess (Deficiency) of Revenues over (under)					
Expenditures	11,898,397.58	-	-	-	(1,963,739.12)

TEXAS DEPARTMENT OF AGRICULTURE

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

For the Fiscal Year Ended August 31, 2018

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
REVENUES					
Legislative Appropriations					
Original Appropriations (GR)	\$ 52,012,684.00	\$ -	\$ -	\$ -	\$ 52,012,684.00
Additional Appropriations (GR)	6,791,181.55	-	-	-	6,791,181.55
Taxes (GR)	-	-	-	-	-
Federal Revenue (PR - Operating or Capital)	613,238,320.39	-	-	-	613,238,320.39
Federal Grant Pass-Through Revenue (GR)	-	-	-	-	-
State Grant Pass-Through Revenue (GR)	-	-	-	-	-
License, Fees & Permits (PR)	1,607,051.94	-	-	-	1,607,051.94
Interest and Other Investment Income (PR)	-	-	-	-	-
Interest and Other Investment Income (GR)	1,317,378.68	-	-	-	1,317,378.68
Net Increase (Decrease) in Fair Value (PR)	-	-	-	-	-
Net Increase (Decrease) in Fair Value (GR)	-	-	-	-	-
Land Income (PR)	-	-	-	-	-
Settlement of Claims (PR)	-	-	-	-	-
Settlement of Claims (GR)	-	-	-	-	-
Sales of Goods and Services (PR)	339,691.32	-	-	-	339,691.32
Other (PR - Chg for Serv, Operating or Capital)	(435,899.78)	-	-	-	(435,899.78)
Other (GR)	-	-	-	-	-
Total Revenues	674,870,408.10	-	-	-	674,870,408.10
EXPENDITURES					
Salaries and Wages	35,939,274.33	-	14,238.51	-	35,953,512.84
Payroll Related Costs	11,169,637.83	-	-	-	11,169,637.83
Professional Fees and Services	3,059,470.87	-	-	-	3,059,470.87
Travel	1,350,810.57	-	-	-	1,350,810.57
Materials and Supplies	2,251,379.39	-	-	-	2,251,379.39
Communication and Utilities	684,947.74	-	-	-	684,947.74
Repairs and Maintenance	1,502,555.08	-	-	-	1,502,555.08
Rentals and Leases	1,497,627.12	-	-	-	1,497,627.12
Printing and Reproduction	308,273.21	-	-	-	308,273.21
Claims and Judgments	(187,423.51)	14,256.69	-	-	(173,166.82)
Federal Grant Pass-Through Expenditures	3,347,778.86	-	-	-	3,347,778.86
State Grant Pass-Through Expenditures	294,199.46	-	-	-	294,199.46
Intergovernmental Payments	85,733,294.00	-	-	-	85,733,294.00
Public Assistance Payments	510,964,086.39	-	-	-	510,964,086.39
Employee Benefit Payments	-	-	-	-	-
Other Expenditures	5,195,644.03	-	-	-	5,195,644.03
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Other Payments for Refunding	-	-	-	-	-
Capital Outlay	1,824,194.27	(1,824,194.27)	-	-	-
Depreciation and Amortization Expense	-	971,093.63	-	-	971,093.63
Total Expenditures/Expenses	664,935,749.64	(838,843.95)	14,238.51	-	664,111,144.20
Excess (Deficiency) of Revenues over (under) Expenditures	9,934,658.46	838,843.95	(14,238.51)	-	10,759,263.90

TEXAS DEPARTMENT OF AGRICULTURE

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

For the Fiscal Year Ended August 31, 2018

	General Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds
OTHER FINANCING SOURCES (USES)					
Bond and Note Proceeds	-	-	-	-	-
Increase in Obligations Under Capital Leases	-	-	-	-	-
Sale of Capital Assets	185,498.00	-	-	-	-
Insurance Recoveries	-	-	-	-	-
Transfer In	17,250,392.71	-	-	-	2,360,881.18
Transfer Out	(24,592,403.86)	-	-	-	(762,428.54)
Legislative Transfer In	-	-	-	-	-
Legislative Transfer Out	795,558.86	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-
Inc (Dec) in Net Position Due to Interagency Transfers	-	-	-	-	-
Total Other Financing Sources (Uses)	(6,360,956.29)	-	-	-	1,598,452.64
Net Change in Fund Balances/Net Position	5,537,441.29	-	-	-	(365,286.48)
Fund Financial Statement - Fund Balances					
Fund Balances, September 1, 2017	49,891,511.10	-	-	-	6,197,409.88
Restatements	(5,565,000.00)	-	-	-	-
Fund Balances, September 1, 2017, as Restated	44,326,511.10	-	-	-	6,197,409.88
Appropriations Lapsed	(12,159,825.65)	-	-	-	-
Fund Balances, August 31, 2018	\$ 37,704,126.74	\$ -	\$ -	\$ -	\$ 5,832,123.40

TEXAS DEPARTMENT OF AGRICULTURE

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

For the Fiscal Year Ended August 31, 2018

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
OTHER FINANCING SOURCES (USES)					
Bond and Note Proceeds	-	-	-	-	-
Increase in Obligations Under Capital Leases	-	-	-	-	-
Sale of Capital Assets	185,496.00	(185,496.00)	-	-	-
Insurance Recoveries	-	-	-	-	-
Transfer In	19,611,273.89	-	-	-	19,611,273.89
Transfer Out	(25,354,832.40)	-	-	-	(25,354,832.40)
Legislative Transfer In	-	-	-	-	-
Legislative Transfer Out	795,558.86	-	-	-	795,558.86
Gain (Loss) on Sale of Capital Assets	-	186,495.36	-	-	186,495.36
Inc (Dec) in Net Position Due to Interagency Transf	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(4,762,503.65)</u>	<u>999.36</u>	<u>-</u>	<u>-</u>	<u>(4,761,504.29)</u>
Net Change in Fund Balances/Net Position	<u>5,172,154.81</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,997,759.61</u>
Fund Financial Statement - Fund Balances					
Fund Balances, September 1, 2017	56,088,920.98	-	-	-	56,088,920.98
Restatements	(5,565,000.00)	-	-	-	(5,565,000.00)
Fund Balances, September 1, 2017, as Restated	<u>50,523,920.98</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,523,920.98</u>
Appropriations Lapsed	(12,159,825.65)	-	-	-	(12,159,825.65)
Fund Balances, August 31, 2018	<u>\$ 43,536,250.14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 44,361,854.94</u>
Government-Wide Statement of Net Position					
Net Position/Net Change in Net Position	-	839,843.31	(14,238.51)	-	-
Net Position, September 1, 2017	-	5,031,583.69	(3,790,245.78)	-	1,241,337.91
Restatements	-	-	-	-	-
Net Position, September 1, 2017, as Restated	-	<u>5,031,583.69</u>	<u>(3,790,245.78)</u>	<u>-</u>	<u>1,241,337.91</u>
Net Position, August 31, 2018	<u>\$ -</u>	<u>\$ 5,871,427.00</u>	<u>\$ (3,804,484.29)</u>	<u>\$ -</u>	<u>\$ 45,603,192.85</u>

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

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit VI — Combined Statement of Fiduciary Net Position
August 31, 2018

	Private-Purpose Trust Funds (Exhibit I-1)	Agency Funds (Exhibit J-1)	Totals
ASSETS			
Cash and Cash Equivalents: (Note 3)			
Cash on Hand	\$ -	-	\$ -
Cash in Bank	-	-	-
Cash in Transit/Reimburse from Treasury	-	-	-
Cash in State Treasury	1,990,299.37	\$ 7,584.83	1,997,884.20
Cash Equivalents	-	-	-
Securities Lending Collateral	-	-	-
Short Term Investments: (Note 3)			
U.S. Government Agency Obligations	-	-	-
Corporate Equity	-	-	-
Corporate Obligations	-	-	-
Repurchase Agreements	-	-	-
Foreign Securities	-	-	-
Derivative Instruments	-	-	-
Externally Managed Investments	-	-	-
Other Short Term Investments	-	-	-
Restricted:			
Cash and Cash Equivalents: (Note 3)			
Cash on Hand	-	-	-
Cash in Bank	-	-	-
Cash in Transit/Reimburse from Treasury	-	-	-
Cash in State Treasury	-	-	-
Cash Equivalents	-	-	-
Short Term Investments: (Note 3)			
U.S. Government Agency Obligations	-	-	-
Corporate Equity	-	-	-
Corporate Obligations	-	-	-
Repurchase Agreements	-	-	-
Foreign Securities	-	-	-
Externally Managed Investments	-	-	-
Other Restricted Short Term Investments	-	-	-
Legislative Appropriations	-	-	-
Investments: (Note 3)			
U.S. Government Agency Obligations	-	-	-
Corporate Equity	-	-	-
Corporate Obligations	-	-	-
Repurchase Agreements	-	-	-
Foreign Securities	-	-	-
Externally Managed Investments	-	-	-
Other Investments	-	-	-
Receivables:			
Federal	-	-	-
Other Intergovernmental	-	-	-
Interest and Dividends	-	-	-
Accounts Receivable	-	-	-
Investment Trades	-	-	-
Taxes	-	-	-
Other	-	-	-
Interfund Receivables (Note 12)	-	-	-
Due From Other Funds (Note 12)	-	-	-
Due From Other Agencies (Note 12)	-	-	-
Consumable Inventories	-	-	-
Merchandise Inventories	-	-	-
Prepaid Items	-	-	-
Loans and Contracts	-	-	-
Properties, at Cost, net of Accumulated Depreciation or Amortization	-	-	-
Other Assets	-	36.71	36.71
Total Assets	1,990,299.37	7,621.54	1,997,920.91
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources (Note 28)	-	-	-
Total Deferred Outflows of Resources	\$ -	\$ -	\$ -

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit VI — Combined Statement of Fiduciary Net Position
August 31, 2018

	Private-Purpose Trust Funds (Exhibit I-1)	Agency Funds (Exhibit J-1)	Totals
LIABILITIES			
Payables:			
Accounts	\$ -	\$ -	-
Benefits	-	-	-
Investment Trades	-	-	-
Payroll	-	-	-
Other Intergovernmental	-	-	-
Interest	-	-	-
Annuities	-	-	-
Other	-	-	-
Interfund Payable (Note 12)	-	-	-
Due To Other Funds (Note 12)	-	-	-
Due To Other Agencies (Note 12)	-	-	-
Unearned Revenues	-	-	-
Notes and Loans Payable (Note 5)	-	-	-
Revenue Bonds Payable (Note 5)	-	-	-
General Obligation Bonds Payable (Note 5,6)	-	-	-
Claims and Judgments (Note 5)	-	-	-
Employees' Compensable Leave (Note 5)	-	-	-
Capital Lease Obligations (Note 5, 8)	-	-	-
Liabilities Payable from Restricted Assets	-	-	-
Obligations/Reverse Purchase Agreement	-	-	-
Obligations/Securities Lending	-	-	-
Funds Held For Others	-	7,621.54	7,621.54
Other Liabilities	-	-	-
Total Liabilities	-	7,621.54	7,621.54
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources (Note 28)	-	-	-
Total Deferred Inflows of Resources	-	-	-
NET POSITION			
Held in Trust For:			
Pension and Other Purposes	-	-	-
Pool Participants	-	-	-
Individuals, Organizations, and Other Governments	1,990,299.37	-	1,990,299.37
Total Net Position	\$ 1,990,299.37	\$ -	\$ 1,990,299.37

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

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit VII — Combined Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended August 31, 2018

	Private-Purpose Trust Funds (Exhibit I-2)	Totals
ADDITIONS		
Contributions:		
Member Contributions	\$ -	\$ -
State Contributions	-	-
Transfers In of Contributions	-	-
Premium Contributions	-	-
Federal Contributions	-	-
Other Contributions	-	-
Total Contributions	-	-
Investment Income:		
From Investing Activities:		
Net Increase (Decrease) in Fair Value of Investments	-	-
Interest, Dividend and Other	32,116.14	32,116.14
Total Investing Income (Loss)	32,116.14	32,116.14
Less Investing Activities Expense	-	-
Net Income from Investing Activities	32,116.14	32,116.14
From Securities Lending Activities:		
Securities Lending Income	-	-
Less Securities Lending Expense:		
Borrower Rebates	-	-
Management Fees	-	-
Net Income from Securities Lending Activities	-	-
Total Net Investment Income (Loss)	32,116.14	32,116.14
Capital Share and Individual Account Transactions:		
Net Increase/Decrease in Participant Investments	-	-
Net Capital Share and Individual Account Transactions	-	-
Other Additions:		
Contributions to Employee Benefit Funds	-	-
Federal Revenue	-	-
Settlement of Claims	-	-
Other Revenue	57,750.00	57,750.00
Transfers In	-	-
Gain/Loss on Sale of Capital Assets	-	-
Gain/Loss on Impairment of Capital Assets	-	-
Increase Net Assets-Interagency Transfer of Capital Assets	-	-
Gain/Loss on Other Financing Activity	-	-
Extraordinary Items	-	-
Total Other Additions	57,750.00	57,750.00
Total Additions	89,866.14	89,866.14

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit VII — Combined Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended August 31, 2018

	Private-Purpose Trust Funds (Exhibit I-2)	Totals
DEDUCTIONS		
Benefits	-	-
Transfers Out of Contributions	-	-
Refunds of Contributions	-	-
Salaries and Wages	-	-
Payroll Related Costs	-	-
Professional Fees and Services	-	-
Travel	-	-
Printing and Reproduction	-	-
Depreciation and Amortization Expense	-	-
Settlement of Claims	26,848.25	26,848.25
Interest Expense	-	-
Decrease Net-Assets-Interagency Transfer of Capital Assots	-	-
Other Expense	-	-
Transfers Out	-	-
Intergovernmental Payments	-	-
Total Deductions	<u>26,848.25</u>	<u>26,848.25</u>
INCREASE (DECREASE) IN NET POSITION	<u>63,017.89</u>	<u>63,017.89</u>
NET POSITION		
Net Position, September 1, 2017	1,927,281.48	1,927,281.48
Restatements	-	-
Net Position, September 1, 2017, as Restated	<u>1,927,281.48</u>	<u>1,927,281.48</u>
Net Position, August 31, 2018	<u>\$ 1,990,299.37</u>	<u>\$ 1,990,299.37</u>

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

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit VIII — Combined Statement of Net Position —
Discretely Presented Component Units
August 31, 2018

	Component Units
	(Exhibit K-1)
ASSETS	
Current Assets:	
Cash and Cash Equivalents (Note 3)	
Cash on Hand	\$ 1,900.00
Cash in Bank	92,922,292.00
Cash in Transit	-
Cash Equivalents	17,235,641.30
Securities Lending Collateral	-
Short Term Investments (Note 3)	-
Restricted:	
Cash and Cash Equivalents (Note 3)	
Cash on Hand	-
Cash in Bank	-
Cash in Transit	-
Cash Equivalents	-
Short Term Investments (Note 3)	-
Receivables from:	
Federal	-
Other Intergovernmental	3,403,153.00
Interest and Dividends	49,062.60
Accounts Receivable	384,183.00
Taxes	-
Gifts, Pledges and Donations	-
Other	-
Interfund Receivables (Note 12)	-
Due From Other Funds (Note 12)	-
Due From Primary Government (Note 12)	-
Due From Component Unit	-
Consumable Inventories	1,432,823.00
Merchandise Inventories	-
Prepaid Items	1,689,546.00
Loans and Contracts	300,000.00
Other Current Assets	3,625.26
Total Current Assets	117,422,226.16
Non-Current Assets:	
Restricted:	
Cash and Cash Equivalents (Note 3)	
Cash on Hand	-
Cash in Bank	13,128,921.00
Cash in Transit	-
Cash Equivalents	-
Short Term Investments (Note 3)	-
Receivables	-
Investments (Note 3)	430,909.00
Loans and Contracts	-
Other Assets	-
Loans and Contracts	1,592,000.00
Investments (Note 3)	-
Interfund Receivables (Note 12)	-
Capital Assets (Note 2):	
Non Depreciated or Amortized	-
Depreciable and Amortizable, Net	2,621,190.00
Other Non-Current Assets	3,834,480.00
Total Non-Current Assets	21,607,500.00
Total Assets	139,029,726.16
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources	-
Total Deferred Outflows of Resources	-

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit VIII — Combined Statement of Net Position —
Discretely Presented Component Units
August 31, 2018

	Component Units (Exhibit K-1)
LIABILITIES	
Current Liabilities:	
Payables from:	
Accounts	170,494.66
Federal	-
Other Intergovernmental	-
Payroll	267,209.54
Contracts	-
Other	-
Interfund Payable (Note 12)	-
Due To Other Funds (Note 12)	-
Due To Primary Government (Note 12)	-
Unearned Revenue	-
Short Term Debt	-
Notes and Loans Payable (Note 5)	1,000,000.00
Revenue Bonds Payable (Note 5, 6)	-
General Obligation Bonds Payable (Note 5, 6)	-
Claims and Judgments (Note 5)	-
Employees' Compensable Leave (Note 5)	727,134.84
Capital Lease Obligations (Note 5, 8)	-
Contract Retainage Payable	-
Liabilities Payable from Restricted Assets	-
Obligations/Reverse Repurchase Agreement	-
Obligations Under Securities Lending	-
Funds Held For Others	-
Total Current Liabilities	2,164,839.04
Non-Current Liabilities	
Interfund Payables (Note 12)	-
Notes and Loans Payable (Note 5)	3,352,298.00
Revenue Bonds Payable (Note 5, 6)	-
General Obligation Bonds Payable (Note 5, 6)	-
Claims and Judgments (Note 5)	-
Employees' Compensable Leave (Note 5)	-
Capital Lease Obligations (Note 5, 8)	-
Liabilities Payable from Restricted Assets	-
Assets Held for Others	430,909.00
Total Non-Current Liabilities	3,783,207.00
Total Liabilities	5,948,046.04
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources	-
Total Deferred Inflows of Resources	-
NET POSITION	
Invested in Capital Assets, Net of Related Debt	2,621,190.00
Restricted For:	
Debt Retirement	-
Capital Projects	-
Funds Held as Permanent Investments:	
Expendable	-
Nonexpendable	-
Other	13,128,921.00
Unrestricted	117,331,569.12
Total Net Position	\$ 133,081,680.12

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

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit IX - Combined Statement of Revenues, Expenses and Changes
in Net Position - Discretely Presented Component Units
For the Fiscal Year Ended August 31, 2018

	<u>Total Component Unit (Exhibit K-2)</u>
OPERATING REVENUES	
Sales of Goods and Services	\$ -
Tuition Revenue	-
Professional Fees	-
Auxiliary Enterprises	-
Unemployment Taxes	-
Other Sales of Goods and Services - Pledged (PR)	-
Other Sales of Goods and Services - Non-Pledged (PR)	646,367.00
Other Sales of Goods and Services - Discounts and Allowances	-
Premium Revenue (PR - Charges for Services)	-
Interest and Investment Income (GR)	-
Net Increase (Decrease) in Fair Value (GR)	-
Federal Revenue (PR - OP Grants/Contributions)	4,361,344.00
Federal Grant Pass-Through Revenue (PR - OP Grants/Contributions)	-
State Grant Revenue (PR - OP Grants/Contributions)	6,816,551.00
State Grant Pass-Through Revenue (PR - OP Grants/Contributions)	-
Other Contract and Grants (PR - OP Grants/Contributions)	-
Land Income (PR - Charges for Services)	-
Contributions to Retirement System (PR)	-
Other Operating Revenue (GR)	10,610,918.60
Total Operating Revenues	<u>22,435,180.60</u>
OPERATING EXPENSES:	
Cost of Goods Sold	-
Salaries and Wages	9,892,174.29
Payroll Related Costs	196,436.45
Professional Fees and Services	802,449.00
Travel	180,815.21
Materials and Supplies	5,545,439.58
Communication and Utilities	329,141.00
Repairs and Maintenance	415,111.00
Rentals and Leases	434,017.50
Printing and Reproduction	-
Federal Grant Pass-Through Expense	-
State Grant Pass-Through Expense	-
Depreciation and Amortization	1,148,359.00
Bad Debt Expense	54,642.00
Interest Expense	-
Scholarships	-
Lottery Prize Payments	-
Employee/Participation Benefit Payments	-
Claims and Judgments	-
Other Expenses	4,720,996.43
Total Operating Expenses	<u>23,719,581.46</u>
Operating Income (Loss)	<u>(1,284,400.86)</u>

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit IX - Combined Statement of Revenues, Expenses and Changes
in Net Position - Discretely Presented Component Units
For the Fiscal Year Ended August 31, 2018

	Total Component Unit (Exhibit K-2)
NONOPERATING REVENUE (EXPENSES)	
Federal Revenue (PR - Grants/Contributions)	-
Federal Grant Pass-Through Revenue (PR - Grants/Contributions)	-
State Grant Pass-Through Revenue (PR - Grants/Contributions)	-
Gifts, Pledges and Donations (PR - Grants/Contributions)	-
Investment Income (Expense) (GR)	1,026,351.56
Loan Prem/Fees Securities	-
Investing Activities Expenses	-
Interest Expenses and Fiscal Charges	-
Borrow Rebates & Agent Fees	-
Gain (Loss) on Sale of Capital Assets	172,495.00
Inc (Dec) in Net Assets Due to Interagency Transfer of CA	-
Net Increase (Decrease) in Fair Value (GR)	-
Settlement of Claims	(1,535.00)
Other Nonoperating Revenues (Expenses)	-
Total Other Nonoperating Revenues (Expenses)	1,197,311.56
Income (Loss) Before Capital Contributions, Endowments and Transfers	(87,089.30)
CAPITAL CONTRIBUTIONS, ENDOWMENTS AND TRANSFERS	
Capital Contributions	-
Special Items	-
Extraordinary Items	-
Transfer In	-
Transfer Out	-
Total Capital Contributions, Endowments and Transfers	-
Change in Net Position	(87,089.30)
Net Position, September 1, 2017	136,541,606.42
Restatements	(3,372,837.00)
Net Position, September 1, 2017, as Restated	133,168,769.42
Net Position, August 31, 2018	\$ 133,081,680.12

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

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NOTES TO FINANCIAL STATEMENTS

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Agency: 551, Texas Department of Agriculture

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity

The Texas Department of Agriculture (TDA) is an agency of the State of Texas, and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts Reporting Requirements for state agencies.

The department operates under the authority of the Texas Agriculture Code Annotated (Vernon Supplemented, 1996). The functions of the department are to:

- 1) broaden agricultural markets;
- 2) provide assistance to Texans engaged in farm and ranch production;
- 3) encourage the organization of agricultural societies and farmer institutes;
- 4) aid and advance agriculture in Texas;
- 5) collect and publish statistics and other information;
- 6) investigate disease and insects injurious to crops;
- 7) protect consumers;
- 8) assist Texas communities and business people in expanding the rural Texas economy;
- 9) ensure that all children in Texas have excellent nutrition; and
- 10) execute all applicable laws relating to agriculture.

Due to the significant changes related to Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to be in compliance with generally accepted accounting principles (GAAP). The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report. Therefore, an opinion has not been expressed on the financial statement and related information contained in this report.

Fund Structure

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

Governmental Fund Types & Government-Wide Adjustment Fund Types

General Fund

The General Fund is the primary 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. The General Fund includes General Revenue Fund appropriations, federal grant funds and appropriated monies collected for activities promoting the sale of Texas agricultural products (GR Dedicated Fund 5051).

Capital Assets Adjustment Fund Type

The capital assets adjustment fund is used to convert governmental fund types' capital assets from modified accrual to full accrual.

Permanent Funds

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

The Permanent Endowment Fund – Rural Communities Health Care Investment Program (0364) is a special fund in the treasury outside of general revenue created from the receipts collected pursuant to the comprehensive Tobacco Settlement Agreement and available earnings from the

Agency: 551, Texas Department of Agriculture

Account. The fund is used for the rural communities' health care investment program to provide stipends and loan reimbursements for health professionals.

The Permanent Fund for Rural Health Facility Capital Improvement (5047) is used to record receipt of money transferred to TDA from the receipts collected pursuant to the comprehensive Tobacco Settlement Agreement and the available earnings from the account. The fund is used for grants and loans to improve hospital infrastructures.

Long-Term Liabilities Adjustment Fund Type

The long-term liabilities adjustment fund is used to convert governmental fund types' debt from modified accrual to full accrual.

Fiduciary Fund Types

Fiduciary funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. When assets are held under the terms of a formal trust agreement, either a pension trust fund or a private purpose trust fund is used.

Agency Funds

Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations or other governments. The Unappropriated Fund (0001), Suspense Fund (0900), Child Support deductions Fund (0807), City, County, MTA, SPD Sales Tax Trust Fund (0882), and Direct Deposit Correction Account Fund (0980) comprise the Agency Funds.

Private-Purpose Trust Funds

Private-Purpose Trust funds are used to account for all other trust arrangements whose principal and interest benefit individuals, private organizations or other governments. The Produce Recovery Fund (Fund 0974), formerly classified as an Expendable Trust Fund, is now, according to GASB 34, classified as a Private-Purpose Trust Fund.

Component Units

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

Proprietary Component Units are used to account for the discretely presented component units, which follow proprietary fund measurement focus and accounting principles. Component Unit 1, the Texas Agricultural Finance Authority (TAFA), operates the Texas Agricultural Fund (0683) as a Proprietary Component Unit of TDA. Component Unit 2, the Texas Boll Weevil Eradication Foundation, Inc. (TBWEF) operates from local funds as a Proprietary Component Unit of TDA. Financial data for these two Component units are included in *Exhibits VIII and IX*.

Basis of Accounting

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

Governmental fund types that build the fund financial statements are accounted for using the modified accrual method basis of accounting. Under the modified accrual, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. The State of Texas considers receivables collected within sixty days after year-end to be available and recognizes

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them as revenues of the current year for fund financial statements prepared on the modified basis of accrual. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Governmental adjustment fund types that will build the government-wide financial statements are accounted for using the full accrual method of accounting. This includes capital assets, accumulated depreciation, unpaid employee compensable leave, the un-matured debt service (principal and interest) on general long-term liabilities, long-term capital leases, and long-term claims and judgments. The activity will be recognized in these new fund types.

Proprietary funds and private-purpose trust funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Budget and Budgetary Accounting

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

Assets, Liabilities, and Fund Balances/Net Assets**Assets****Cash and Cash Equivalents**

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

Securities Lending Collateral

Investments are stated at fair value in all funds except pension trust funds in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. For pension trust funds, investments are required to be reported at fair value using the accrual basis of accounting in accordance with GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

Securities lent are reported as assets on the balance sheet. The costs of securities lending transactions are reported as expenditures or expenses in the operating statement. These costs are reported as gross.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and revenues reserved for statutory or contractual requirements. Assets held in reserve for guaranteed student loan defaults are also included.

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

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Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be capitalized. These assets are capitalized at cost or 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 is reported on the modified basis. 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 assets are reported at fair value on the acquisition dated. Depreciation is charged to operations over the estimated useful life of each asset using the straight-line method.

Other Receivables – Current and Noncurrent

Other receivables include year-end revenue accruals not included in any other receivable category. This account can appear in governmental and proprietary fund types. The disaggregation of other receivables as reported in the financial statements is shown in Note 24, "Disaggregation of Receivables and Payables Balances."

Liabilities

Accounts Payable

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

Other Payables – Current and Noncurrent

Other payables are the accrual at year-end of expenditure transactions not included in any of the other payable descriptions. Other payables may be included in either the governmental or proprietary fund types.

Employees' Compensable Leave Balances

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 assets. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

Capital Lease Obligations

Capital Lease Obligations represent the liability for future lease payments under capital lease contracts contingent upon the appropriation of funding by the Legislature. Liabilities are reported separately as either current or non-current in the statement of net assets.

Bonds Payable – General Obligation Bonds

General obligation bonds are accounted for in the long-term liabilities adjustment column for governmental activities and in proprietary funds for business-type activities. These payables are reported as long-term liabilities (current for amounts due within one year) and long-term liabilities (noncurrent for amounts due thereafter in the statement of net assets/balance sheet). The bonds are reported at par, net of unamortized premiums, discounts, issuance costs and gains/(losses) on bond refunding activities.

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For governmental activities, bond proceeds are accounted for (when received) as an "other financing source" in the governmental fund receiving the proceeds. Payment of principal and interest is an expenditure recorded in the debt service fund. All bond transactions and balances for business-type activities are reported in proprietary funds.

Other Liabilities

Texas Boll Weevil Eradication Fund (Component Unit) has other liabilities relating to deferred compensation that is disclosed in Note 10.

Fund Balance/Net Assets

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

Fund Balance Components – The fund balance amounts for governmental funds were reclassified in accordance with GASB 54. Amounts previously reported as reserved and unreserved are now reported as non-spendable, restricted, committed, assigned or unassigned.

Non-spendable Fund Balance

Non-spendable fund balance includes amounts not available to be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted Fund Balance

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

Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the Texas Legislature, the state's highest level of decision making authority.

Assigned Fund Balance

Assigned fund balance includes amounts constrained by the state's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (1) the Texas Legislature or (2) a body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

Inter-fund Activities and Balances

The agency has the following types of transactions among funds:

- 1) Transfers: legally required transfers that are reported when incurred as "Transfers In" by the recipient fund and as "Transfers Out" by the disbursing fund.
- 2) Reimbursements: Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another are recorded as expenditures in the

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reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

- 3) Inter-fund Receivables and Payables: Inter-fund loans are reported as inter-fund receivables and payables. If repayment is due during the current year or soon thereafter it is classified as "Current." Balances for repayment due in two (or more) years are classified as "Non-current."
- 4) Inter-fund Sales and Purchases: Charges or collections for services rendered by one fund to another are recorded as revenue of the recipient fund and expenditures or expenses of the disbursing fund.

The composition of the agency's Inter-fund activities and balances are presented in Note 12.

NOTE 2: CAPITAL ASSETS

A summary of changes in Capital Assets in Governmental Funds for the year ended August 31, 2018 is presented below:

	Governmental Activities							Balance 08/31/18
	Balance 09/01/17	Adjustments	Completed CIP	Inc-Int'agy Trans	Dec-Int'agy Trans	Additions	Deletions	
GOVERNMENTAL ACTIVITIES								
Nondepreciable Assets								
BC N/D Land and Land Improvements	109,957.50	-	-	-	-	-	-	109,957.50
BC N/D Construction in Progress	-	-	-	-	-	316,130.00	-	316,130.00
Total Capital Assets Not Depr/Amrtz	109,957.50	-	-	-	-	316,130.00	-	426,087.50
Depreciable Assets								
BC Building and Building Improvements	4,289,710.10	-	-	-	-	-	-	4,289,710.10
BC Facilities and Other Improvements	-	-	-	-	-	-	-	-
BC Furniture and Equipment	4,221,432.96	-	-	-	-	714,634.69	(14,420.00)	4,921,647.65
BC Vehicles, Boats, and Aircraft	5,337,073.71	-	-	-	-	793,429.58	(762,466.13)	5,368,037.16
BC Other Capital Assets	-	-	-	-	-	-	-	-
Total Depreciable Assets	13,848,216.77	-	-	-	-	1,508,064.27	(776,886.13)	14,579,394.91
Accumulated Depreciation								
BC A/D Buildings and Improvements	(2,505,390.49)	-	-	-	-	(101,677.92)	-	(2,607,068.41)
BC A/D Infrastructure	-	-	-	-	-	-	-	-
BC A/D Facilities and Other	-	-	-	-	-	-	-	-
BC A/D Furniture and Equipment	(2,911,418.45)	-	-	-	-	(368,938.42)	7,610.07	(3,272,746.80)
BC A/D Vehicles, Boats, and Aircraft	(3,509,781.64)	-	-	-	-	(500,477.29)	756,018.73	(3,254,240.20)
BC A/D Other Capital Assets	-	-	-	-	-	-	-	-
Total Accumulated Depreciation	(8,926,590.58)	-	-	-	-	(971,093.63)	763,628.80	(9,134,055.41)
Amortizable Assets-Intangible								
BC Land use Rights	-	-	-	-	-	-	-	-
BC Computer Software	1,684,382.78	-	-	-	-	-	-	1,684,382.78
BC Other Capital Intangible Assets	-	-	-	-	-	-	-	-
Total Amortizable Assets-Intangible	1,684,382.78	-	-	-	-	-	-	1,684,382.78
Accumulated Amortization								
BC A/A Land use Rights	-	-	-	-	-	-	-	-
BC A/A Computer Software	(1,684,382.78)	-	-	-	-	-	-	(1,684,382.78)
BC A/A Other Intangible Capital Assets	-	-	-	-	-	-	-	-
Total Accumulated Amortization	(1,684,382.78)	-	-	-	-	-	-	(1,684,382.78)
Total Governmental Activities	5,031,583.69	-	-	-	-	853,100.64	(13,257.33)	5,871,427.00

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NOTE 2: CAPITAL ASSETS (CONTINUED)

A summary of changes in Capital Assets in Proprietary Funds for the year ended August 31, 2018 is presented below:

	COMPONENT UNITS/PROPRIETARY FUND (9999)							Balance 08/31/18
	Balance 09/01/17	Adjustments	Completed CIP	Inc-Int'g'y Trans	Dec-Int'g'y Trans	Additions	Deletions	
COMPONENT UNITS								
Nondepreciable Assets								
Land and Land Improvements	-	-	-	-	-	-	-	-
Construction in Progress	-	-	-	-	-	-	-	-
Other Intangible Capital Assets	-	-	-	-	-	-	-	-
Total Non-depreciable Assets	-	-	-	-	-	-	-	-
Depreciable Assets								
Building and Building Improvements	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Facilities and Other Improvements	407,344.00	-	-	-	-	6,490.00	-	413,834.00
Furniture and Equipment	510,001.00	-	-	-	-	9,999.00	(9,613.00)	510,387.00
Vehicles, Boats, and Aircraft	5,125,196.00	-	-	-	-	1,422,073.00	(679,959.00)	5,867,310.00
Other Capital Assets	-	-	-	-	-	-	-	-
Total Depreciable Assets	6,042,541.00	-	-	-	-	1,438,562.00	(689,572.00)	6,791,531.00
Accumulated Depreciation								
A/D Buildings and Improvements	-	-	-	-	-	-	-	-
A/D Infrastructure	-	-	-	-	-	-	-	-
A/D Facilities and Other Improvements	(398,463.00)	-	-	-	-	(2,806.00)	-	(401,269.00)
A/D Furniture and Equipment	(438,909.00)	-	-	-	-	(23,125.00)	9,613.00	(452,421.00)
A/D Vehicles, Boats, and Aircraft	(2,627,286.00)	-	-	-	-	(1,122,428.00)	433,063.00	(3,316,651.00)
A/D Other Capital Assets	-	-	-	-	-	-	-	-
Total Accumulated Depreciation	(3,464,658.00)	-	-	-	-	(1,148,359.00)	442,676.00	(4,170,341.00)
Total Component Unit Activities	2,577,883.00	-	-	-	-	290,203.00	(246,896.00)	2,621,190.00

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS

Deposits of Cash in Bank

As of August 31, 2018 the carrying amount of deposits was \$106,075,113.00 presented below:

Governmental and Business-Type Activities	
Cash in Bank – Carrying Value	\$23,900.00
Cash in Bank per AFR (See attached Exhibit A-1)	\$23,900.00

Discrete Component Unit	
Cash in Bank – Carrying Value	\$92,922,292.00
Cash in Bank per AFR (See attached Exhibit K-1)	\$92,922,292.00

Discrete Component Unit	
Cash in Bank – Restricted	\$13,128,921.00
Cash in Bank per AFR (See attached Exhibit K-1)	\$13,128,921.00

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS (CONTINUED)

The Texas Department of Agriculture is authorized by statute to make investments listed in Chapter 2256 of the Texas Government Code following the "prudent person rule." There were no significant violations of legal provisions during the period.

Investments

Component Unit Boll Weevil consists of restricted investments of money market accounts, mutual funds and stocks. The investment allocations are directed by the participants of the deferred compensation plan. As of August 31, 2018 the balance of these investments was \$430,909.00.

As of August 31, 2018 the fair values of investments in Permanent Fund are presented below:

<u>Types of Security</u>	<u>Fair Market Value</u>
Mutual Funds	238,277.02
Externally Managed Funds Domestic	3,241,051.02
Externally Managed Funds International	69,420.64
Repurchase Agreements (Texas Treas)	0.00
(Texas Treasury Safekeeping Trust Co.)	3,548,748.68

The \$3,548,748.68 in Fund 0364 represents that amount used to capitalize the Permanent Endowment Fund for the Rural Communities Healthcare Investment Program (RCHIP). These invested funds are held on behalf of the Texas Department Agriculture by the Texas Treasury Safekeeping Trust Co.

Foreign Currency Risk for investments is the risk that changes in exchange rates will adversely affect the investment. The agency's policy is to limit investments subject to foreign currency risk to 5 percent of total investments. The exposure to foreign currency risk as of August 31, 2018 is as follows:

<u>Fund Type</u>	<u>GAAP Fund</u>	<u>Foreign Currency</u>	<u>Intl Ext Managed Investments</u>
19	0364	Euro	\$69,420.64

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The general investment policy of the agency limits investments in debt securities that are not in the top three investment grade ratings issued by nationally recognized statistical rating organizations to 5 percent of total investments. As of August 31, 2018 the agency's credit quality distribution for securities with credit risk exposure is as follows:

Standard & Poor's

<u>Fund Type</u>	<u>GAAP Fund</u>	<u>Investment Type</u>	<u>AAA</u>
19	0364	Extl Managed Funds Domestic	\$113,858.18

Unrated

<u>Fund Type</u>	<u>GAAP Fund</u>	<u>Investment Type</u>	<u>AAA</u>
19	0364	Fair Value of Debt Security Not Subject to Investment Credit Risk	\$3,434,890.50

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NOTE 4: SHORT-TERM DEBT

This note is not applicable to the Texas Department of Agriculture.

NOTE 5: LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2018 the following changes occurred in liabilities:

Governmental Activities	Balance 9/1/2017	Additions	Reductions	Balance 8/31/2018	Amounts Due Within One Year
Employees' Compensable Leave - Fund 0001	3,790,245.78	3,634,275.36	3,620,036.85	3,804,484.29	2,113,106.15
Total Governmental Activities	3,790,245.78	3,634,275.36	3,620,036.85	3,804,484.29	2,113,106.15

Exhibit I

The following changes occurred in proprietary fund liabilities for TDA's discrete component units, the Texas Agriculture Finance Authority (Fund 0683) and Texas Boll Weevil Eradication Foundation, Inc. (Fund 5998):

Component Units	Balance 9/1/2017	Additions	Reductions	Balance 8/31/2018	Amounts Due Within One Year
Notes and Loans Payable - Funds 0683 and 9999	6,290,631.00	-	1,938,333.00	4,352,298.00	1,000,000.00
Employees' Compensable Leave - Funds 0683 and 9999	734,187.25	-	7,052.41	727,134.84	727,134.84
Total Component Unit Activities	7,024,818.25	-	1,945,385.41	5,079,432.84	1,727,134.84

Exhibit VIII

Notes payable consists of amounts to finance notes to eradication zones for programs in fund 5998, the Texas Boll Weevil Eradication Foundation, Inc.

COMPONENT UNITS/PROPRIETARY FUNDS	
Notes Payable Debt Service	Fund 5998
Principal Requirements	
2018 (Future Year 2)	1,000,000.00
2019 (Future Year 3)	1,500,000.00
2020 (Future Year 4)	1,852,298.00
2021 (Future Year 5)	
2022 (Future Year 6)	
Total Requirements	4,352,298.00
Due with one Year	\$ 1,000,000.00

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NOTE 5: LONG-TERM LIABILITIES (CONTINUED)

The Texas Agriculture Finance Authority has issued commercial paper to provide funds for loans on agricultural activity. The commercial paper is refunded generally every 90 days, but it may range from 1-270 days throughout the year determined by the financial markets. TAFE incurred interest rates varying from 0.37% to 0.73%

Claims & Judgments

The department had no unpaid judgments at August 31, 2018. (See Note 15: Contingencies and Commitments).

Employees' Compensable Leave

If a state employee has had continuous employment with the state for at least six months, the 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. 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. An expense and liability for proprietary fund types are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. This obligation is usually paid from the same funding source(s) from which the employee's salary or wage compensation was paid.

NOTE 6: BONDED INDEBTEDNESS

This note is not applicable to the Texas Department of Agriculture.

NOTE 7: DERIVATIVE INSTRUMENTS

Derivative investments are managed by Texas Treasury Safekeeping Trust Company for the Rural Community Health Care Investment Program Fund 0364. The SWAPS and Futures are new investments for FY2018, initial values are zero.

Derivatives are financial instruments whose value is derived, in whole or part, from the value of any one of more underlying securities or assets, or index of securities or assets, such as stocks, bonds, commodities, or currencies. The Endowment funds use derivatives as part of the portfolio hedging and overlays program. The objective of the program is to facilitate risk management and provide efficiency in the implementation of various investment strategies. Permitted applications of the portfolio hedging and overlays program are: to implement strategies in a low cost and efficient manner; to hedge and control risks; to alter the Funds' market (systemic) exposure without trading the underlying cash market securities; to construct portfolios with risk and return characteristics that could not be created with cash market securities; or to facilitate transition trading.

Through the use of derivatives, the risks that are bound together in traditional cash market investments can be separated and managed independently. The primary intent of the Fund's investment in derivative instruments is to manage and implement investment strategies more effectively and at a lower cost than would be possible in the cash market. To achieve these purposes, the Fund used futures and swaps during FY 18. All of the Fund's derivative instruments are considered investment derivatives and therefore are measured and reported at fair value.

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NOTE 7: DERIVATIVE INSTRUMENTS (CONTINUED)

The fair value, changes in fair value, and notional value of the Fund's derivatives investments, classified by derivative type, are displayed in the following table as of August 31, 2018.

Derivative Investments	Fair Value	Changes in Fair Value Gain/(Loss)	Notional Value \$
Futures			
Commodities Futures	\$ (2,104.61)	(730.80)	94,386.61
Equity Index Futures	-	2,971.37	-
Total Futures	<u>(2,104.61)</u>	<u>2,240.57</u>	<u>94,386.61</u>
Swaps			
Total Return Swap - Fixed Income	141.07	168.93	65,491.02
Total Return Swap - Equity	(388.40)	2,310.38	132,479.44
Total Swaps	<u>(247.33)</u>	<u>2,479.31</u>	<u>197,970.46</u>
Total Derivatives	<u><u>(2,351.94)</u></u>	<u><u>4,719.88</u></u>	<u><u>292,357.07</u></u>

Investment Derivative Instruments	8/31/2018	(Level 1)	(Level 2)	(Level 3)
Futures	(2,104.61)	(2,104.61)		
Swaps	(247.33)		(247.33)	
Total Investment Derivative Instruments	<u>(2,351.94)</u>	<u>(2,104.61)</u>	<u>(247.33)</u>	

*Fair Value Measurements:***Level 1** — Quoted Prices in Active Markets for Identical Assets**Level 2** — Significant Observable Inputs**Level 3** — Significant Unobservable Inputs

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NOTE 8: LEASES

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

Year Ended August 31, 2018	\$635,596.60	
2019 (Future Year) 1	\$661,542.98	
2020 (Future Year) 2	\$688,004.69	
2021 (Future Year) 3	\$715,524.87	
2022 (Future Year) 4	\$744,145.86	
2023 (Future Year) 5	\$773,911.69	
2023-27 (Future Years 6-10) - cumulative		\$4,354,167.24
2028-32 (Future Years 11-15) - cumulative		\$5,296,061.57
2033-37 (Future Years 16-20) - cumulative		\$6,443,468.69
2038-42 (Future Years 21-25) - cumulative		\$7,839,464.88
2043-47 (Future Years 26-30) - cumulative		\$9,537,907.69
Total Minimum Future Lease Rental Payments	\$3,583,130.09	\$33,471,070.07

For the year ended 12/31/17, the total amount of lease expense for operating leases approximated \$432,165.00 for the Boll Weevil Eradication Foundation, Inc. Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year for the Boll Weevil Eradication Foundation, Inc. is as follows:

2018 (Future Year 1)	\$329,451.00
2019 (Future Year 2)	\$72,768.00
2020 (Future Year 3)	\$33,000.00
Component Units-Total Minimum Future Lease Rental Payments	\$435,219.00

NOTE 9: PENSION PLANS

The state has joint contributory retirement plans for all its employees. The Texas Department of Agriculture participates in the plans administered by the Employees Retirement System of Texas (ERS). Future pension costs are the liability of the ERS. The ERS does not account for each state agency separately. Annual financial reports prepared by the ERS include audited financial statements and actuarial assumptions and conclusions.

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NOTE 10: DEFERRED COMPENSATION

The State of Texas offers a deferred compensation plan to all state employees. This plan is in accordance with Internal Revenue Code Section 457 and permits employees to defer a portion of their salary until future years. The deferred compensation funds are not available to employees until distribution due to termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are held in trust by the Employees Retirement System (ERS) Board of Trustees for the exclusive benefit of participants and their beneficiaries and may not be used for, or diverted to, any other expense, except to defray the reasonable expenses of administering the plan.

The Board of Trustees is not liable to participating employees for the diminution in value or loss of all or part of the participating employees' deferred amounts or investment income because of market conditions or the failure, insolvency or bankruptcy of a qualified vendor.

The state also administers the TexaSaver program created in accordance with Internal Revenue Code Sections 401(k) and 457. However, the assets of these plans do not belong to the state. The state has no liability related to these plans.

Texas Boll Weevil Eradication Foundation Component Unit

Effective January 1, 2012, the Foundation adopted a 457(b) deferred compensation plan to provide an investment alternative for a select group of management and highly compensated employees who are restricted from fully participating in the Foundation's 401(k) plan due to IRS limitations. This plan is intended to constitute an "eligible deferred compensation plan" of a tax-exempt entity. During a plan year, the Foundation will contribute to each participant's account an amount equal to the lesser of 12% of includible compensation or the Annual Deferred Compensation Limit prescribed by law. In accordance with the plan, the Foundation holds the investments related to all employer contributions and participants are fully vested in these. The Foundation's contribution for the year ended December 31, 2017 was \$106,893 and the total balance was \$430,909 at December 31, 2017. This balance is included on the balance sheet as restricted investments with an offsetting liability.

NOTE 11: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

This note is not applicable to the Texas Department of Agriculture.

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NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS

As explained in Note 1 on Interfund Activities and Balances, there are numerous transactions between funds and agencies. At year-end, amounts to be received or paid are reported as Interfund Receivables or Interfund Payables, and Legislative Transfers-In or Legislative Transfers-Out.

The agency experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer.

DUE TO/DUE FROM		
	Due FROM Others	Due TO Others
Agency 300, Fund 2151	\$0.00	\$12,399.62
Agency 332, Fund 0077	\$0.00	\$6,334.44
Agency 555, Fund 7999	\$0.00	\$13,416.75
Agency 556, Fund 7999	\$0.00	\$889.07
Agency 644, Fund 0240	\$0.00	\$322,940.76
Agency 714, Fund 7999	\$0.00	\$79,487.25
Agency 730, Fund 7999	\$0.00	\$5,384.27
Agency 733, Fund 7999	\$0.00	\$6,530.21
Agency 743, Fund 7999	\$0.00	\$5,397.56
Agency 751, Fund 7999	\$0.00	\$2,835.81
Agency 754, Fund 7999	\$0.00	\$3,447.39
Agency 772, Fund 0090	\$0.00	\$28,609.36
Agency 802, Fund 0923	\$104,675.81	\$0.00
Totals, Due To/Due From	\$104,675.81	\$487,672.49

Exhibit I

NOTE 13: CONTINUANCE SUBJECT TO REVIEW

Under the Texas Sunset Act, the Texas Department of Agriculture will be abolished effective September 1, 2021, unless continued in existence by legislation. If abolished, the agency may continue until September 1, 2022, to close out its operations.

While abolition of TDA would impact continued operations of TAFE, S.B. No. 11, 65th Leg., C.S. (1977) recognized the state's continuing obligation to pay bonded indebtedness incurred by the TAFE and provides for such bonded indebtedness to be paid in accordance with its terms.

NOTE 14: ADJUSTMENTS TO FUND BALANCES/NET ASSETS**General Fund**

Restatement of fund balance was recognized to correct the amount of loan receivable payments received in previous years. TDA received payments in FY2016 of \$3,710,000.00 and FY2017 of \$1,855,000.00. However, no offset to the receivable was made until 2018. The loan receivable balance of \$5,565,000.00 has been eliminated.

Agency: 551, Texas Department of Agriculture

NOTE 14: ADJUSTMENTS TO FUND BALANCES/NET ASSETS (CONTINUED)**Boll Weevil Eradication Foundation Component Unit**

During 2017, it was determined that accounts receivable and revenue were overstated in the prior year due to recognition of an estimated receivable of \$5,916,730 for the 2016 cotton bale maintenance fees. However, statute indicates that the maintenance fees for 2016 cotton bales were not due to the Foundation until 2017; therefore, no revenue should have been recorded at December 31, 2016. Additionally, it was determined that a receivable and revenue for grants of \$2,543,893 that had been expended prior to December 31, 2016, but not reimbursed had not been recorded. The net effect of the prior period adjustments is a decrease in net position of \$3,372,837. Restatement of fund balance was recorded.

NOTE 15: CONTINGENCIES AND COMMITMENTS

There are no cases pending as of August 31, 2018.

TAFSA previously provided direct loans to eligible rural municipal projects through the Rural Development Finance Program, purchases participations and provides loan guaranties through the Financial Assistance Program and the Young Farmers Loan Guarantee Program. While these programs no longer exist, they are remaining performing loans associated with the program. Total outstanding direct commitments, participations purchased and guaranties at August 31, 2018 was \$1,892,000.00.

NOTE 16: SUBSEQUENT EVENTS

This note is not applicable to the Texas Department of Agriculture.

NOTE 17: RISK MANAGEMENT

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

The agency assumes substantially all risks associated with tort claims and liability claims due to the performance of its duties. The agency's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are re-evaluated periodically to consider current settlements, frequency of claims, past experience and economic factors.

The Department is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; efforts and omissions, and natural disasters. It is the Department's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. The Department assumes substantially all risks associated with the performance of its duties. Currently, there is no purchase of commercial insurance, nor is the Department involved in any risk-pools with other government entities.

Agency: 551, Texas Department of Agriculture

Note 17 Risk Management				
Claims and Judgements				
	Beg Bal 09/01/17	Increases	Decreases	End Bal 08/31/18
2018	\$ -	\$ 9,978.75	\$ (9,978.75)	\$ -
2017	\$ -	\$ 5,472.92	\$ (5,472.92)	\$ -

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

This note is not applicable to the Texas Department of Agriculture as there were no material changes to the Annual Financial Report in FY 2018.

NOTE 19: THE FINANCIAL REPORTING ENTITY

The Texas Department of Agriculture includes within this report all component units as determined by an analysis of their relationship to the department.

The Texas Agricultural Finance Authority, which was created within TDA, is discretely presented as a separate component unit in TDA 's financial statements. The Texas Boll Weevil Eradication Foundation, Inc. (a non-profit agency) is discretely presented as a separate component unit in TDA 's financial statements.

Blended Component Units

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

Discrete Component Units

These component units are legally separate entities, but are financially accountable to the state or have a relationship with the state such that exclusion would cause the financial statements to be misleading or incomplete. The component unit columns of the financial statements include the financial data of these entities.

- Component Unit 1 is the Texas Agricultural Finance Authority (TAFA), created within the Texas Department of Agriculture. Nine board members including seven members being appointed by the Commissioner of the Texas Department of Agriculture govern TAFA. This Component Unit has the following funds: Young Farmer Fund 5002 which was converted from a governmental fund to a proprietary fund by the 81st Legislature and proprietary funds named Agriculture Fund 0683 and Farm and Ranch Fund 0575.
- Component Unit 2 is the Texas Boll Weevil Eradication Foundation, Inc. (TBWEF). Twenty-one board members, govern the TBWEF with five members appointed by the TDA Commissioner. In addition, TDA approves the TBWEF budget and assessment fees, and the Foundation cannot incur debt without TDA approval. This Component Unit has Fund 5998 and Appropriated Fund 9999. The fiscal year end for TBWEF is December 31, 2017, which is different from TDA's fiscal year end of August 31, 2018.

Agency: 551, Texas Department of Agriculture

NOTE 19: THE FINANCIAL REPORTING ENTITY (CONTINUED)Related Parties***Relationship with Texas Cooperative Inspection Program***

Texas statutes have provided for the inspection of fruits and vegetables since 1917, with the costs being borne by growers, shippers, and shippers' agents, rather than the state. Since 1935, the Texas Department of Agriculture has been authorized by state law to execute cooperative agreements with the United States Department of Agriculture (USDA), adopt federal grading standards as the Texas standard, and, since 1955, to execute cooperative agreements with USDA and any Texas firm, corporation or association which provides for the inspection of fruits, vegetables and other products.

In February of 1992, the department entered into a cooperative agreement with the USDA to conduct inspections of fruits and vegetables, effective May of 1992. Under this agreement, inspections are conducted through the Texas Cooperative Inspection Program (TCIP). TCIP is a self-supporting program, operating from fees levied on participants and without appropriations from either the federal or state governments. The cooperative agreement calls for the department to receive up to 4 percent of the inspection fees collected in order to cover the department's administrative costs in overseeing the day-to-day operation of TCIP.

NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Unrestricted net assets of the Texas Agricultural Fund 0683 is \$19,095,940.91. To reduce the risk of future allowances, the authority board has made lending criteria more stringent and will strictly adhere to the established policies and procedures. H.B. 2050, 76th legislature and S.S. 716 and H.H. 3329, 77th Legislature, approved major improvements to the TAFE programs by allowing a larger pool of eligible borrowers to the financial assistance program. S.B. 1016, 81st Legislature, established the following set of self-sustaining TAFE programs: the Agriculture Loan Guarantee Program; the Agriculture Interest Rate Reduction Program (previously the Linked Deposit Program); the Young Farmer Interest Rate Reduction Program; and the Young Farmer Grant Program. All programs are funded by the Texas Agriculture Fund utilizing the farm vehicle tag fees.

NOTE 21: N/A

This note is not applicable to the Texas Department of Agriculture.

NOTE 22: DONOR-RESTRICTED ENDOWMENTS

This note is not applicable to the Texas Department of Agriculture.

NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS

This note is not applicable to the Texas Department of Agriculture.

Agency: 551, Texas Department of Agriculture

NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Federal Receivables Program – Current	Amount
Government Fund Type:	
United States Department of Agriculture	\$44,286,429.72
Total Federal Receivable (See Attached Exhibit A-1)	\$44,286,429.72

Assessment Receivable	Amount
Current:	
Component Unit (See Attached Exhibit K-1)	\$384,183.00
Total Current Assessment Receivable	\$384,183.00
Non-Current:	
Component Unit (See Attached Exhibit K-1)	\$0.00
Total Non-Current Assessment Receivable	\$0.00

Intergovernmental Receivable	Amount
Intergovernmental Receivable – Current	
Component Unit-Federal (See Attached Exhibit K-1)	\$0.00
Component Unit-Other (See Attached Exhibit K-1)	\$3,403,153.00
Total Intergovernmental Receivable	\$3,403,153.00

Other Payables – Component Unit – Current	Amount
Payroll Payable	\$267,209.54
Other Payable	\$0.00
Accounts Payable	\$170,494.66
Total Component Unit Other Liabilities (See Attached Exhibit K-1)	\$437,704.20

NOTE 25: TERMINATION BENEFITS

This note is not applicable to the Texas Department of Agriculture

NOTE 26: SEGMENT INFORMATION

Proprietary segments of the Texas Department of Agriculture include the Texas Agricultural Finance Fund (0683), Texas Farm and Ranch Fund (0575), Young Farmer Fund (5002) and the Texas Boll Weevil Eradication Foundation (5998). See Exhibits K-1 and K-2.

NOTE 27: SERVICE CONCESSION ARRANGEMENTS

This note is not applicable to the Texas Department of Agriculture.

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

This note is not applicable to the Texas Department of Agriculture.

Agency: 551, Texas Department of Agriculture

NOTE 29: TROUBLE DEBT RESTRUCTURING

This note is not applicable to the Texas Department of Agriculture.

NOTE 30: NON-EXCHANGE FINANCIAL GUARANTEES

TAFAs Agricultural Loan Guarantee Program provides for the following in regards to a maximum loan guarantee amount:

- \$250,000 or 90% of the loan amount, whichever is less
- \$500,000 or 80% of the loan amount, whichever is less *

The duration of a loan guarantee approved by TAFAs must not exceed the useful life of the assets being financed or 10 years, whichever is less. HB 2350, 84th Legislature, Regular Session; increased the amount that may be used to guarantee agricultural loans to three times the balance amount in the Texas agricultural fund. The TAFAs Board, at the June 15, 2007 meeting adopted a limit of one and a half times the cash balance.

TAFAs is under no obligation to purchase the guaranteed percentage of the outstanding principal balance of the Loan until Lender has exhausted all possible collection activities concerning the Loan, including, but not limited to, foreclosure of collateral, obtaining a monetary or other judgment against borrower enforcing the terms of the Loan, and taking commercially reasonable steps to enforce and collect such judgment. Once Lender has completed all possible collection activities concerning the Loan, and all repayment proceeds, including proceeds from the sale or liquidation of collateral, have been applied to the Loan, Lender may demand in writing that TAFAs purchase the guaranteed percentage of the outstanding principal balance of the Loan unless such amount is zero dollars or less. Lender must include in its demand its calculation of the outstanding principal balance of the Loan (showing a positive amount due by TAFAs), a transcript of the Loan account, and any other Loan records requested by TAFAs.

As of August 31, 2018 and 2017, respectively, TAFAs had \$15,022,527 and \$17,064,640 in outstanding loan guarantees related to agriculture producer or agriculture-related business loans with various commercial banking or Farm Credit System institutions. TAFAs does not currently anticipate and has not recognized any liabilities or payments related to the loans guaranteed under its Agricultural Loan Guarantee Program as of August 31, 2018 and 2017 and for the years then ended, respectively.

- * *As of June 15, 2017, any new Agricultural Loan Guarantees approved by the Department may be eligible for a rebate of no more than \$500 annually, not to exceed the 1% origination fee over the term of the guarantee.*

NOTE 31: Tax Abatements

This note is not applicable to the Texas Department of Agriculture.

Agency: 551, Texas Department of Agriculture

NOTE 32: Fund Balances

TDA has the following restrictions/covenants causing fund balances to be restricted:

GAAP Fund	Fund	AFR 54 Class	Amount	Citation	Comments
0001	0001	Restricted	\$6,912,454.16	Federal	Related to the Food and Nutrition Accounts Receivable for Federal Funds owed back
0183	0183	Restricted	\$3,384,973.58	H.B. No. 2004 85 th Leg. R. S.	Texas Economic Development Fund
5091	5091	Restricted	\$1,308,557.35	Federal 42 C.F.R. Part 412.	Community Development Block Grant Fund

COMBINED FINANCIAL STATEMENTS

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit A-1 — Combining Balance Sheet — All General and Consolidated Funds
August 31, 2018

	General		Consolidated Accounts					Total
	Fund 1 (0001) U/F (0001)	Texas Economic Dev't Fund (0183) U/F (0183)	License Plate Trust Fund (0802) U/F (0802)	Gov't Fund Type 1 (0900) U/F (0666)	Go Texas Program Fund (5051) U/F (5051)	CDBG Fund (5091) U/F (5091)	AQHA /Masonic License Tag Fees (5140) U/F (5140)	
ASSETS								
Current Assets:								
Cash and Cash Equivalents								
Cash on Hand	100.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100.00
Cash in Bank	23,900.00	-	-	-	-	-	-	23,900.00
Cash in Transit/Reimb from Treasury	-	-	-	-	-	-	-	-
Cash in State Treasury	218.36	3,361,974.45	-	663,594.89	80,676.52	4,575,650.13	-	8,682,114.35
Short Term Investments	-	-	-	-	-	-	-	-
Securities Lending Collateral	-	-	-	-	-	-	-	-
Legislative Appropriations	31,196,318.33	-	-	-	-	-	-	31,196,318.33
Receivables from:								
Accounts Receivable	6,931,195.66	-	-	-	-	-	-	6,931,195.66
Taxes	-	-	-	-	-	-	-	-
Federal	43,774,585.38	-	-	-	-	511,844.34	-	44,286,429.72
Investment Trades	-	-	-	-	-	-	-	-
Other Intergovernmental	-	-	-	-	-	-	-	-
Interest and Dividends	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-	-
Due From Other Agencies	104,675.61	-	-	-	-	-	-	104,675.61
Interfund Receivable	-	-	-	-	-	-	-	-
Consumable Inventories	142,543.31	-	-	-	-	-	-	142,543.31
Merchandise Inventories	278,188.71	-	-	-	-	-	-	278,188.71
Prepaid Items	-	-	-	-	-	-	-	-
Loans and Contracts	-	-	-	-	-	-	-	-
Restricted:								
Cash and Cash Equivalents								
Cash on Hand	-	-	-	-	-	-	-	-
Cash in Bank	-	-	-	-	-	-	-	-
Cash in Transit/Reimb from Treasury	-	-	-	-	-	-	-	-
Cash in State Treasury	-	-	-	-	-	-	-	-
Short Term Investments	-	-	-	-	-	-	-	-
Other Current Assets	-	-	-	-	-	-	-	-
Non-Current Assets:								
Gifts, Pledges and Donations								
Interfund Receivable	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Loans and Contracts	-	-	-	-	-	-	-	-
Restricted:								
Cash and Cash Equivalents								
Cash on Hand	-	-	-	-	-	-	-	-
Cash in Bank	-	-	-	-	-	-	-	-
Cash in Transit/Reimb from Treasury	-	-	-	-	-	-	-	-
Cash in State Treasury	-	-	-	-	-	-	-	-
Short Term Investments	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Loans and Contracts	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-
Other Non-Current Assets	-	-	-	-	-	-	-	-
Total Assets	\$ 82,451,725.56	\$ 3,361,974.45	\$ -	\$ 663,594.89	\$ 80,676.52	\$ 5,087,494.47	\$ -	\$ 91,645,465.89
DEFERRED OUTFLOWS OF RESOURCES								
Deferred Outflows of Resources								
Total Deferred Outflows of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit A-1 — Combining Balance Sheet — All General and Consolidated Funds
August 31, 2018

	General		Consolidated Accounts					
	Fund 1 (0001)	Texas Economic Dev't Fund (0183)	License Plate Trust Fund (0802)	Gov't Fund Type 1 (0900)	Go Texas Program Fund (5051)	CDBG Fund (5091)	AQHA /Masonic License Tag Fees (5140)	Total
	U/F (0001)	U/F (0183)	U/F (0802)	U/F (0666)	U/F (5051)	U/F (5091)	U/F (5140)	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities								
Current Liabilities:								
Payables from:								
Accounts	\$ 40,358,601.41	\$ (31,857.11)	\$ -	\$ -	\$ 84,493.57	\$ 3,740,911.99	\$ -	\$ 44,152,149.86
Investment Trade	-	-	-	-	-	-	-	-
Other Intergovernmental	-	-	-	-	-	-	-	-
Payroll	3,590,604.18	8,857.98	-	-	-	31,973.08	-	3,631,435.24
Federal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Contracts	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Contract Retainage Payable	-	-	-	-	-	-	-	-
Due To Other Funds	-	-	-	-	-	-	-	-
Due To Other Agencies	487,672.49	-	-	-	-	-	-	487,672.49
Due To Component Units	-	-	-	-	-	-	-	-
Interfund Payable	-	-	-	-	-	-	-	-
Unearned Revenues	5,664,029.51	-	-	-	-	6,052.05	-	5,670,081.56
Obligations/Reverse Repurchase Agrmt	-	-	-	-	-	-	-	-
Obligations/Securities Lending	-	-	-	-	-	-	-	-
Short Term Debt	-	-	-	-	-	-	-	-
Employees' Compensable Leave	-	-	-	-	-	-	-	-
Claims and Judgments	-	-	-	-	-	-	-	-
Capital Lease Obligations	-	-	-	-	-	-	-	-
Notes and Loans Payable	-	-	-	-	-	-	-	-
Revenue Bonds Payable	-	-	-	-	-	-	-	-
General Obligation Bonds Payable	-	-	-	-	-	-	-	-
Liabilities Payable from Restricted Assets	-	-	-	-	-	-	-	-
Funds Held For Others	-	-	-	-	-	-	-	-
Non-Current Liabilities								
Interfund Payable	-	-	-	-	-	-	-	-
Employees' Compensable Leave	-	-	-	-	-	-	-	-
Claims and Judgments	-	-	-	-	-	-	-	-
Capital Lease Obligations	-	-	-	-	-	-	-	-
Notes and Loans Payable	-	-	-	-	-	-	-	-
Revenue Bonds Payable	-	-	-	-	-	-	-	-
General Obligation Bonds Payable	-	-	-	-	-	-	-	-
Liabilities Payable from Restricted Assets	-	-	-	-	-	-	-	-
Assets Held for Others	-	-	-	-	-	-	-	-
Total Liabilities	50,100,907.59	(22,999.13)	-	-	84,493.57	3,778,937.12	-	53,941,339.15
DEFERRED INFLOWS OF RESOURCES								
Deferred Inflows of Resources								
Total Deferred Inflows of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances (Deficits):								
Nonspendable	420,732.02	-	-	-	-	-	-	420,732.02
Restricted	6,912,454.16	3,384,973.58	-	-	-	1,308,557.35	-	11,605,965.09
Committed	-	-	-	-	-	-	11,799.42	11,799.42
Assigned	24,000.00	-	-	663,594.89	-	-	-	687,594.89
Unassigned	24,993,631.79	-	-	-	(3,817.05)	-	(11,799.42)	24,978,015.32
Total Fund Balances	32,350,817.97	3,384,973.58	-	663,594.89	(3,817.05)	1,308,557.35	-	37,704,126.74
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 82,451,725.56	\$ 3,361,974.45	\$ -	\$ 663,594.89	\$ 80,676.52	\$ 5,087,494.47	\$ -	\$ 91,645,465.89

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit A-2 — Combining Statement of Revenues, Expenditures and Changes in Fund Balances —
All General and Consolidated Funds
For the Fiscal Year Ended August 31, 2018

	General		Consolidated Accounts					Total
	Fund 1 (0001) U/F (0001)	Texas Economic Dev't Fund (0183) U/F (0183)	License Plate Trust Fund (0802) U/F (0802)	Gov'l Fund Type 1 (0900) U/F (0666)	Go Texas Program Fund (5051) U/F (5051)	CDBG Fund (5091) U/F (5091)	AGHA /Masonic License Tag Fees (5140) U/F (5140)	
REVENUES								
Legislative Appropriations								
Original Appropriations (GR)	\$ 52,012,684.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,012,684.00
Additional Appropriations (GR)	6,791,181.55	-	-	-	-	-	-	6,791,181.55
Taxes (GR)	-	-	-	-	-	-	-	-
Federal Revenue (PR - Operating or Capital)	548,895,946.48	-	-	-	-	64,342,373.93	-	613,238,320.39
Federal Grant Pass-Through Revenue (GR)	-	-	-	-	-	-	-	-
State Grant Pass-Through Revenue (GR)	-	-	-	-	-	-	-	-
License, Fees & Permits (PR)	1,549,553.68	-	57,488.26	-	-	-	-	1,607,051.94
Contribution to Employee's Benefit Funds (PR)	-	-	-	-	-	-	-	-
Interest and Other Investment Income (PR)	-	-	-	-	-	-	-	-
Interest and Other Investment Income (GR)	996,272.21	56,357.00	1,020.09	-	-	-	-	1,053,649.30
Net Increase (Decrease) in Fair Value (PR)	-	-	-	-	-	-	-	-
Net Increase (Decrease) in Fair Value (GR)	-	-	-	-	-	-	-	-
Land Income (PR)	-	-	-	-	-	-	-	-
Settlement of Claims (PR)	-	-	-	-	-	-	-	-
Settlement of Claims (GR)	-	-	-	-	-	-	-	-
Sales of Goods and Services (PR)	339,691.32	-	-	-	-	-	-	339,691.32
Other (PR - Chg for Serv, Operating or Capital)	(435,899.78)	-	-	-	-	-	-	(435,899.78)
Other (GR)	-	-	-	-	-	-	-	-
Total Revenues	610,149,429.44	56,357.00	58,518.35	-	-	64,342,373.93	-	674,606,678.72
EXPENDITURES								
Salaries and Wages	35,179,337.78	111,415.01	-	-	-	648,085.26	-	35,938,838.05
Payroll Related Costs	10,891,700.89	52,382.32	-	-	-	209,814.94	-	11,153,898.15
Professional Fees and Services	2,789,246.14	3,468.75	-	266,755.98	-	-	-	3,059,470.87
Travel	1,340,872.13	7,364.96	-	-	-	2,473.48	-	1,350,810.57
Materials and Supplies	2,247,488.92	431.85	-	-	-	3,458.62	-	2,251,379.39
Communication and Utilities	684,947.74	-	-	-	-	-	-	684,947.74
Repairs and Maintenance	1,502,555.08	-	-	-	-	-	-	1,502,555.08
Rentals and Leases	1,496,810.14	-	-	-	-	816.98	-	1,497,627.12
Printing and Reproduction	308,273.21	-	-	-	-	-	-	308,273.21
Claims and Judgments	(187,423.51)	-	-	-	-	-	-	(187,423.51)
Federal Grant Pass-Through Expenditures	3,318,849.51	-	-	-	-	28,929.35	-	3,347,778.86
State Grant Pass-Through Expenditures	294,199.46	-	-	-	-	-	-	294,199.46
Intergovernmental Payments	22,284,563.14	-	-	-	-	63,448,730.86	-	85,733,294.00
Public Assistance Payments	508,702,524.96	-	50,268.89	-	-	-	-	508,752,793.85
Employee Benefit Payments	-	-	-	-	-	-	-	-
Other Expenditures	5,171,156.35	24,423.24	-	-	-	64.44	-	5,195,644.03
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other Financing Fees	-	-	-	-	-	-	-	-
Other Payments for Refunding	-	-	-	-	-	-	-	-
Capital Outlay	1,824,194.27	-	-	-	-	-	-	1,824,194.27
Total Expenditures	597,649,396.21	199,486.13	50,268.89	266,755.98	-	64,342,373.93	-	662,708,281.14
Excess (Deficiency) of Revenues over Expenditures	12,300,033.23	(143,129.13)	8,249.46	(266,755.98)	-	-	-	11,898,397.58

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit A-2 — Combining Statement of Revenues, Expenditures and Changes in Fund Balances —
All General and Consolidated Funds
For the Fiscal Year Ended August 31, 2018

	General		Consolidated Accounts				AQHA /Masonic License Tag Fees (5140) U/F (5140)	Total
	Fund 1 (0001) U/F (0001)	Texas Economic Dev't Fund (0183) U/F (0183)	License Plate Trust Fund (0802) U/F (0802)	Gov't Fund Type 1 (0900) U/F (0666)	Go Texas Program Fund (5051) U/F (5051)	CDBG Fund (5091) U/F (5091)		
OTHER FINANCING SOURCES (USES)								
Bond and Note Proceeds	-	-	-	-	-	-	-	-
Bonds Issued for Refunding	-	-	-	-	-	-	-	-
Premiums on Bonds Issued	-	-	-	-	-	-	-	-
Payment to Escrow for Refunding	-	-	-	-	-	-	-	-
Increase in Obligations Under Capital Leases	-	-	-	-	-	-	-	-
Sale of Capital Assets	185,496.00	-	-	-	-	-	-	185,496.00
Insurance Recoveries	-	-	-	-	-	-	-	-
Transfers In	4,861,343.83	5,203,931.82	27,516.71	-	290,920.57	6,866,679.78	-	17,250,392.71
Transfers Out	(12,116,494.27)	(5,203,931.82)	(114,377.42)	-	(290,920.57)	(6,866,679.78)	-	(24,592,403.86)
Legislative Transfers In	-	-	-	-	-	-	-	-
Legislative Transfers Out	795,558.86	-	-	-	-	-	-	795,558.86
Total Other Financing Sources (Uses)	(6,274,095.58)	-	(86,860.71)	-	-	-	-	(6,360,956.29)
SPECIAL ITEMS								
Proceeds from Sale of Park Land	-	-	-	-	-	-	-	-
EXTRAORDINARY ITEMS								
Natural Disaster-Hurricane Schermann/Bear	-	-	-	-	-	-	-	-
Net Change in Fund Balances	6,025,937.65	(143,129.13)	(78,611.25)	(266,755.98)	-	-	-	5,537,141.29
Fund Financial Statement - Fund Balances								
Fund Balances, September 1, 2017	44,049,705.97	3,528,102.71	78,611.25	930,350.87	(3,817.05)	1,308,557.35	-	49,891,511.10
Restatements	(5,565,000.00)	-	-	-	-	-	-	(5,565,000.00)
Fund Balances, September 1, 2017, as Restated	38,484,705.97	3,528,102.71	78,611.25	930,350.87	(3,817.05)	1,308,557.35	-	44,326,511.10
Appropriations Lapsed	(12,159,825.65)	-	-	-	-	-	-	(12,159,825.65)
Fund Balances, August 31, 2018	\$ 32,350,817.97	\$ 3,384,973.58	\$ -	\$ 663,594.89	\$ (3,817.05)	\$ 1,308,557.35	\$ -	\$ 37,704,126.74

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit E-1— Combining Balance Sheet — Permanent Funds
August 31, 2018

	Permanent Fund (0364) U/F (0364)	Permanent Fund (5047) U/F (5047)	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents			
Cash on Hand	\$ -	\$ -	\$ -
Cash in Bank	-	-	-
Cash in Transit/Reimburse from Treasury	-	-	-
Cash in State Treasury	267,422.84	2,165,951.88	2,433,374.72
Short Term Investments	-	-	-
Securities Lending Collateral	-	-	-
Legislative Appropriations	-	-	-
Receivables from:			
Accounts Receivable	-	-	-
Taxes	-	-	-
Federal	-	-	-
Other Intergovernmental	-	-	-
Interest and Dividends	-	-	-
Gifts, Pledges and Donations	-	-	-
Other	-	-	-
Due From Other Funds	-	-	-
Due From Other Agencies	-	-	-
Interfund Receivable	-	-	-
Consumable Inventories	-	-	-
Merchandise Inventories	-	-	-
Prepaid Items	-	-	-
Loans and Contracts	-	-	-
Restricted:			
Cash and Cash Equivalents			
Cash on Hand	-	-	-
Cash in Bank	-	-	-
Cash in Transit/Reimburse from Treasury	-	-	-
Cash in State Treasury	-	-	-
Short Term Investments	-	-	-
Other Current Assets	-	-	-
Non-Current Assets:			
Gifts, Pledges and Donations	-	-	-
Interfund Receivable	-	-	-
Investments	3,548,748.68	-	3,548,748.68
Loans and Contracts	-	-	-
Restricted:			
Cash and Cash Equivalents			
Cash on Hand	-	-	-
Cash in Bank	-	-	-
Cash in Transit/Reimburse from Treasury	-	-	-
Cash in State Treasury	-	-	-
Short Term Investments	-	-	-
Receivables	-	-	-
Investments	-	-	-
Loans and Contracts	-	-	-
Other Assets	-	-	-
Other Non-Current Assets	-	-	-
Total Assets	\$ 3,816,171.52	\$ 2,165,951.88	\$ 5,982,123.40
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources	-	-	-
Total Deferred Outflows of Resources	\$ -	\$ -	\$ -

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit E-1— Combining Balance Sheet — Permanent Funds
August 31, 2018

	Permanent Fund (0364) U/F (0364)	Permanent Fund (5047) U/F (5047)	Totals
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Current Liabilities:			
Payables from:			
Accounts	\$ -	\$ 150,000.00	\$ 150,000.00
Other Intergovernmental	-	-	-
Payroll	-	-	-
Federal	-	-	-
Contracts	-	-	-
Other	-	-	-
Contract Retainage Payable	-	-	-
Due To Other Funds	-	-	-
Due To Other Agencies	-	-	-
Interfund Payable	-	-	-
Unearned Revenues	-	-	-
Obligations/Reverse Repurchase Agreement	-	-	-
Obligations Under Securities Lending	-	-	-
Short Term Debt	-	-	-
Employees' Compensable Leave	-	-	-
Claims and Judgments	-	-	-
Capital Lease Obligations	-	-	-
Notes and Loans Payable	-	-	-
Revenue Bonds Payable	-	-	-
General Obligation Bonds Payable	-	-	-
Liabilities Payable from Restricted Assets	-	-	-
Funds Held For Others	-	-	-
Non-Current Liabilities			
Interfund Payable	-	-	-
Employees' Compensable Leave	-	-	-
Claims and Judgments	-	-	-
Capital Lease Obligations	-	-	-
Notes and Loans Payable	-	-	-
Revenue Bonds Payable	-	-	-
General Obligation Bonds Payable	-	-	-
Liabilities Payable from Restricted Assets	-	-	-
Assets Held for Others	-	-	-
Total Liabilities	-	150,000.00	150,000.00
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources	-	-	-
Total Deferred Inflows of Resources	\$ -	\$ -	\$ -
Fund Balances (Deficits):			
Nonspendable	-	-	-
Restricted	3,816,171.52	2,015,951.88	5,832,123.40
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total Fund Balances	3,816,171.52	2,015,951.88	5,832,123.40
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,816,171.52	\$ 2,165,951.88	\$ 5,982,123.40

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit E-2 — Combining Statement of Revenues, Expenditures and Changes in Fund Balances —
Permanent Funds
For the Fiscal Year Ended August 31, 2017

	Permanent Fund (0364) U/F (0364)	Permanent Fund (5047) U/F (5047)	Totals
REVENUES			
Interest and Other Investment Income (PR)	\$ -	\$ -	\$ -
Interest and Other Investment Income (GR)	260,276.91	3,452.47	263,729.38
Net Increase (Decrease) in Fair Value (PR)	-	-	-
Net Increase (Decrease) in Fair Value (GR)	-	-	-
Other (GR)	-	-	-
Total Revenues	260,276.91	3,452.47	263,729.38
EXPENDITURES			
Salaries and Wages	370.63	65.65	436.28
Payroll Related Costs	986.31	14,753.37	15,739.68
Materials and Supplies	-	-	-
Public Assistance Payments	143,596.00	2,067,696.54	2,211,292.54
Professional Fees and Services	-	-	-
Other Expenditures	-	-	-
Total Expenditures	144,952.94	2,082,515.56	2,227,468.50
Excess (Deficiency) of Revenues over (under) Expenditures	115,323.97	(2,079,063.09)	(1,963,739.12)
OTHER FINANCING SOURCES (USES)			
Transfer In	145,532.99	2,215,348.19	2,360,881.18
Transfer Out	(145,532.99)	(616,895.55)	(762,428.54)
Total Other Financing Sources (Uses)	-	1,598,452.64	1,598,452.64
Net Change in Fund Balances	115,323.97	(490,610.45)	(365,286.48)
Fund Financial Statement – Fund Balances			
Fund Balances, September 1, 2017, as Restated	3,700,847.55	2,496,562.33	6,197,409.88
Restatements	-	-	-
Fund Balances, September 1, 2017, as Restated	3,700,847.55	2,496,562.33	6,197,409.88
Appropriations Lapsed	-	-	-
Fund Balances, August 31, 2018	\$ 3,816,171.52	\$ 2,015,951.88	\$ 5,832,123.40

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TEXAS DEPARTMENT OF AGRICULTURE
Exhibit I-1 — Combining Statement of Fiduciary Net Position —
Private-Purpose Trust Funds
August 31, 2018

	Private-Purpose Trust Fund (0974) U/F (0974)	Totals
ASSETS		
Cash and Cash Equivalents:		
Cash on Hand	\$ -	\$ -
Cash in Bank	-	-
Cash in State Treasury	1,990,299.37	1,990,299.37
Cash Equivalents	-	-
Investments:		
U.S. Government Agency Obligations	-	-
Corporate Equity	-	-
Corporate Obligations	-	-
Repurchase Agreements	-	-
Foreign Securities	-	-
Other Investments	-	-
Receivables:		
Federal	-	-
Other Intergovernmental	-	-
Interest and Dividends	-	-
Accounts	-	-
Investment Trades	-	-
Other	-	-
Interfund Receivables	-	-
Due From Other Funds	-	-
Due From Other Agencies	-	-
Consumable Inventories	-	-
Merchandise Inventories	-	-
Properties, at Cost, Net of Accumulated Depreciation or Amortization	-	-
Other Assets	-	-
Total Assets	1,990,299.37	1,990,299.37
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources	-	-
Total Deferred Outflows of Resources	-	-
LIABILITIES		
Payables:		
Accounts	\$ -	\$ -
Other Intergovernmental	-	-
Payroll	-	-
Investment Trades	-	-
Interest	-	-
Other	-	-
Interfund Payable	-	-
Due To Other Funds	-	-
Due To Other Agencies	-	-
Unearned Revenue	-	-
Funds Held For Others	-	-
Other Liabilities	-	-
Total Liabilities	-	-
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources	-	-
Total Deferred Inflows of Resources	-	-
NET POSITION		
Held in Trust For Individuals, Organizations and Other Governments	-	-
Total Net Position	\$ 1,990,299.37	\$ 1,990,299.37

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit I-2 — Combining Statement of Changes in Fiduciary Net Position —
Private-Purpose Trust Funds
For the Fiscal Year Ended August 31, 2018

	Private-Purpose Trust Fund (0974)	
	U/F (0974)	Totals
ADDITIONS		
Contributions:		
Federal Contributions	\$ -	\$ -
Other Contributions	-	-
Total Contributions	-	-
Investment Income		
From Investing Activities:		
Net Increase (Decrease) in Fair Value of Investments	-	-
Interest, Dividend and Other	32,116.14	32,116.14
Total Investing Income (Loss)	32,116.14	32,116.14
Less Investing Activities Expense	-	-
Net Income from Investing Activities	32,116.14	32,116.14
Total Net Investment Income (Loss)	32,116.14	32,116.14
Other Additions:		
Settlement of Claims	-	-
Other Revenue	57,750.00	57,750.00
Transfer In	-	-
Total Other Additions	57,750.00	57,750.00
Total Additions	89,866.14	89,866.14
DEDUCTIONS		
Benefits	-	-
Transfers Out of Contributions	-	-
Salaries and Wages	-	-
Payroll Related Costs	-	-
Professional Fees and Services	-	-
Travel	-	-
Printing and Reproduction	-	-
Depreciation and Amortization Expense	-	-
Settlement of Claims	26,848.25	26,848.25
Interest Expense	-	-
Transfer Out	-	-
Intergovernmental Payments	-	-
Other Expenses	-	-
Total Deductions	26,848.25	26,848.25
INCREASE (DECREASE) IN NET POSITION	63,017.89	63,017.89
NET POSITION		
Net Position, September 1, 2017	1,927,281.48	1,927,281.48
Restatements	-	-
Net Position, September 1, 2017, as Restated	1,927,281.48	1,927,281.48
Net Position, August 31, 2018	\$ 1,990,299.37	\$ 1,990,299.37

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit J-1 - Combining Statement of Changes in Assets and Liabilities - Agency Funds
August 31, 2018

	Beginning Balance 9/1/2017	Additions	Deductions	Ending Balance 8/31/2018
Unappropriated Receipts				
General Revenue Fund (0001) U/F (1000)				
ASSETS				
Cash in State Treasury	\$ -	\$ 36,117,111.36	\$ 36,117,111.36	\$ -
Other Assets	36.71		-	36.71
Total Assets	\$ 36.71	\$ 36,117,111.36	\$ 36,117,111.36	\$ 36.71
LIABILITIES				
Accounts Payable	\$ -	\$ 52,258.37	\$ 52,258.37	\$ -
Funds Held for Others	36.71	36,140,124.62	36,140,124.62	36.71
Total Liabilities	\$ 36.71	\$ 36,192,382.99	\$ 36,192,382.99	\$ 36.71
Agency Fund #2 (0807) U/F (0807)				
ASSETS				
Cash in State Treasury	\$ 9,419.47	\$ 117,920.03	\$ 119,754.67	\$ 7,584.83
Interest and Dividend Receivable	-	-	-	-
Investments	-	-	-	-
U.S. Government Agency Obligations	-	-	-	-
Total Assets	\$ 9,419.47	\$ 117,920.03	\$ 119,754.67	\$ 7,584.83
LIABILITIES				
Accounts Payable	\$ -	\$ 110,335.20	\$ 110,335.20	\$ -
Funds Held for Others	9,419.47	117,920.03	119,754.67	7,584.83
Total Liabilities	\$ 9,419.47	\$ 228,255.23	\$ 230,089.87	\$ 7,584.83
Agency Fund #3 (0882) U/F (0882)				
ASSETS				
Cash in State Treasury	\$ -	\$ 49.04	\$ 49.04	\$ -
Interest and Dividends Receivable	-	-	-	-
Other Assets	-	-	-	-
Total Assets	\$ -	\$ 49.04	\$ 49.04	\$ -
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Funds Held for Others	-	49.04	49.04	-
Total Liabilities	\$ -	\$ 49.04	\$ 49.04	\$ -
Agency Fund #4 (0900) U/F (0900)				
ASSETS				
Cash in State Treasury	\$ -	\$ 26,197,349.60	\$ 26,197,349.60	\$ -
Accounts Receivable	-	-	-	-
Total Assets	\$ -	\$ 26,197,349.60	\$ 26,197,349.60	\$ -
LIABILITIES				
Accounts Payable	\$ -	\$ 191,531.27	\$ 191,531.27	\$ -
Other Intergovernmental	-	-	-	-
Funds Held for Others	-	26,197,349.60	26,197,349.60	-
Total Liabilities	\$ -	\$ 26,388,880.87	\$ 26,388,880.87	\$ -

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit J-1 - Combining Statement of Changes in Assets and Liabilities - Agency Funds
August 31, 2018

	Beginning Balance 9/1/2017	Additions	Deductions	Ending Balance 8/31/2018
Agency Fund #5 (0980) UF (0980)				
ASSETS				
Cash in State Treasury	-	\$ 421,003.50	\$ 421,003.50	\$ -
Accounts Receivable	-	-	-	-
Total Assets	\$ -	\$ 421,003.50	\$ 421,003.50	\$ -
LIABILITIES				
Accounts Payable	\$ -	-	-	\$ -
Other Intergovernmental	-	-	-	-
Funds Held for Others	-	421,003.50	421,003.50	-
Total Liabilities	\$ -	\$ 421,003.50	\$ 421,003.50	\$ -
Totals - All Agency Funds				
ASSETS				
Cash in State Treasury	\$ 9,419.47	\$ 62,853,433.53	\$ 62,855,268.17	\$ 7,584.83
Investments	-	-	-	-
U.S. Government Agency Obligations	-	-	-	-
Receivables:	-	-	-	-
Other Intergovernmental	-	-	-	-
Interest and Dividends	-	-	-	-
Other	-	-	-	-
Interfund Receivables	-	-	-	-
Due From Other Funds	-	-	-	-
Other Assets	36.71	-	-	36.71
Total Assets	\$ 9,456.18	\$ 62,853,433.53	\$ 62,855,268.17	\$ 7,621.54
LIABILITIES				
Payables	\$ -	\$ 354,124.84	\$ 354,124.84	\$ -
Other Intergovernmental	-	-	-	-
Interfund Payables	-	-	-	-
Due to Other Funds	-	-	-	-
Due To Component Units	-	-	-	-
Funds Held for Others	9,456.18	62,876,446.79	62,878,281.43	7,621.54
Total Liabilities	\$ 9,456.18	\$ 63,230,571.63	\$ 63,232,406.27	\$ 7,621.54

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit K-1 — Combining Statement of Net Position —
Discretely Presented Component Units
August 31, 2018

	Texas Agricultural Fund (0683) U/F (0683)	TX Boll Weevil Eradication Foundation (3152) U/F (5998)	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents			
Cash on Hand	\$ -	\$ 1,900.00	\$ 1,900.00
Cash in Bank	-	92,922,292.00	92,922,292.00
Cash in Transit	-	-	-
Cash in State Treasury	17,235,641.30	-	17,235,641.30
Securities Lending Collateral	-	-	-
Short Term Investments	-	-	-
Receivables from:			
Federal	-	-	-
Other Intergovernmental	-	\$ 3,403,153.00	3,403,153.00
Interest and Dividends	49,062.60	-	49,062.60
Accounts Receivable	-	384,183.00	384,183.00
Taxes	-	-	-
Gifts, Pledges and Donations	-	-	-
Other	-	-	-
Interfund Receivables	-	-	-
Due From Other Funds	-	-	-
Due From Primary Government	-	-	-
Due From Component Units	-	-	-
Consumable Inventories	-	1,432,823.00	1,432,823.00
Merchandise Inventories	-	-	-
Prepaid Items	-	1,689,546.00	1,689,546.00
Loans and Contracts	300,000.00	-	300,000.00
Other Current Assets	3,625.26	-	3,625.26
Total Current Assets	17,588,329.16	99,833,897.00	117,422,226.16
Non-Current Assets:			
Restricted:			
Cash and Cash Equivalents			
Cash on Hand	-	-	-
Cash in Bank	-	13,128,921.00	13,128,921.00
Cash in Transit	-	-	-
Cash Equivalents	-	-	-
Short Term Investments	-	-	-
Receivables	-	-	-
Investments	-	430,909.00	430,909.00
Loans and Contracts	-	-	-
Other Assets	-	-	-
Loans and Contracts	1,592,000.00	-	1,592,000.00
Investments	-	-	-
Interfund Receivables	-	-	-
Gifts, Pledges and Donations	-	-	-
Capital Assets:			
Non-Depreciable or Non-Amortizable	-	-	-
Depreciable and Amortizable, Net	-	2,621,190.00	2,621,190.00
Assets Held in Trust	-	-	-
Other Non-Current Assets	-	3,834,480.00	3,834,480.00
Total Non-Current Assets	1,592,000.00	20,015,500.00	21,607,500.00
Total Assets	19,180,329.16	119,849,397.00	139,029,726.16
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources	-	-	-
Total Deferred Outflows of Resources	-	-	-

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit K-1 — Combining Statement of Net Position —
Discretely Presented Component Units
August 31, 2018

	Texas Agricultural Fund (0683) U/F (0683)	TX Boll Weevil Eradication Foundation (3152) U/F (5998)	Totals
LIABILITIES			
Current Liabilities:			
Payables from:			
Accounts	\$ 43,390.66	\$ 127,104.00	\$ 170,494.66
Federal	-	-	-
Other Intergovernmental	-	-	-
Payroll	24,611.54	\$ 242,598.00	267,209.54
Contracts	-	-	-
Other	-	-	-
Interfund Payable	-	-	-
Due To Other Funds	-	-	-
Due To Primary Government	-	-	-
Unearned Revenue	-	-	-
Short Term Debt	-	-	-
Notes and Loans Payable	-	1,000,000.00	1,000,000.00
Revenue Bonds Payable	-	-	-
General Obligation Bonds Payable	-	-	-
Claims and Judgments	-	-	-
Employees' Compensable Leave	343.84	\$ 726,791.00	727,134.84
Other Current Liabilities	-	-	-
Total Current Liabilities	68,346.04	2,096,493.00	2,164,839.04
Non-Current Liabilities:			
Interfund Payables	-	-	-
Notes and Loans Payable	-	3,352,298.00	3,352,298.00
Revenue Bonds Payable	-	-	-
General Obligation Bonds Payable	-	-	-
Claims and Judgments	-	-	-
Employees' Compensable Leave	-	-	-
Capital Lease Obligations	-	-	-
Liabilities Payable from Restricted Assets	-	-	-
Assets Held for Others	-	-	-
Other Non-Current Liabilities	-	430,909.00	430,909.00
Total Non-Current Liabilities	-	3,783,207.00	3,783,207.00
Total Liabilities	68,346.04	5,879,700.00	5,948,046.04
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources			
Total Deferred Inflows of Resources	-	-	-
Net Position			
Net Investment in Capital Assets	-	2,621,190.00	2,621,190.00
Restricted For:			
Debt Retirement	-	-	-
Capital Projects	-	-	-
Funds Held as Permanent Investments:			
Expendable	-	-	-
Nonexpendable	-	-	-
Other	-	13,128,921.00	13,128,921.00
Unrestricted	19,111,983.12	98,219,586.00	117,331,569.12
Total Net Position	\$ 19,111,983.12	\$ 113,969,697.00	\$ 133,081,680.12

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit K-2 — Combining Statement of Revenues, Expenses and Changes in Net Position —
Discretely Presented Component Units
For the Fiscal Year Ended August 31, 2018

	Texas Agricultural Fund (0683) U/F (0683)	TX Boll Weevil Eradication Foundation (3152) U/F (5998)	Totals
OPERATING REVENUE:			
Sales of Goods and Services	\$ -	\$ -	\$ -
Tuition Revenue	-	-	-
Professional Fees	-	-	-
Auxiliary Enterprises	-	-	-
Unemployment Taxes	-	-	-
Other Sales of Goods and Services - Pledged (PR)	-	-	-
Other Sales of Goods and Services - Non-Pledged (PR)	646,367.00	-	646,367.00
Other Sales of Goods and Services - Disc and Allow	-	-	-
Premium Revenue	-	-	-
Interest and Investment Income (GR)	-	-	-
Net Increase (Decrease) in Fair Value (GR)	-	-	-
Federal Revenue (PR)	-	4,361,344.00	4,361,344.00
Federal Grant Pass-Through Revenue (PR)	-	-	-
State Grant Revenue (PR)	-	6,816,551.00	6,816,551.00
State Grant Pass-Through Revenue (PR)	-	-	-
Other Contract and Grants (PR)	-	-	-
Land Income (PR)	-	-	-
Contributions to Retirement System (PR)	-	-	-
Other Operating Revenue (GR)	487.60	10,610,431.00	10,610,918.60
Total Operating Revenues	<u>646,854.60</u>	<u>21,768,326.00</u>	<u>22,435,180.60</u>
OPERATING EXPENSES:			
Cost of Goods Sold	-	-	-
Salaries and Wages	199,646.29	9,692,528.00	9,892,174.29
Payroll Related Costs	196,436.45	-	196,436.45
Professional Fees and Services	21,498.00	780,951.00	802,449.00
Travel	20,634.21	160,181.00	180,815.21
Materials and Supplies	486.58	5,544,953.00	5,545,439.58
Communication and Utilities	500.00	328,641.00	329,141.00
Repairs and Maintenance	9.00	415,102.00	415,111.00
Rentals and Leases	1,852.50	432,165.00	434,017.50
Printing and Reproduction	-	-	-
Federal Grant Pass-Through Expense	-	-	-
State Grant Pass-Through Expense	-	-	-
Depreciation and Amortization	-	1,148,359.00	1,148,359.00
Bad Debt Expense	-	54,642.00	54,642.00
Interest Expense	-	-	-
Scholarships	-	-	-
Lottery Fees and Other Cost	-	-	-
Lottery Prizes	-	-	-
Employee/Participation Benefit Payments	-	-	-
Claims and Judgments	-	-	-
Other Expenses	482,556.43	4,238,440.00	4,720,996.43
Total Operating Expenses	<u>923,619.46</u>	<u>22,795,962.00</u>	<u>23,719,581.46</u>
Operating Income (Loss)	<u>(276,764.86)</u>	<u>(1,007,636.00)</u>	<u>(1,284,400.86)</u>

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit K-2 — Combining Statement of Revenues, Expenses and Changes in Net Position —
Discretely Presented Component Units
For the Fiscal Year Ended August 31, 2018

	Texas Agricultural Fund (0683) U/F (0683)	TX Boll Weevil Eradication Foundation (3152) U/F (5998)	Totals
NONOPERATING REVENUE (EXPENSES)**			
Federal Revenue (PR)	-	-	-
Federal Grant Pass-Through Revenue (PR)	-	-	-
State Grant Pass-Through Revenue (PR)	-	-	-
Gifts, Pledges and Donations (PR)	-	-	-
Investment Income (Expense) (GR)	356,315.56	670,036.00	1,026,351.56
Loan Prem/Fees Securities	-	-	-
Investing Activities Expenses	-	-	-
Interest Expenses and Fiscal Charges	-	-	-
Borrow Rebates & Agent Fees	-	-	-
Gain (Loss) on Sale of Capital Assets	-	172,495.00	172,495.00
Inc (Dec) in Net Assets Due to Interagency Transfer of CA	-	-	-
Net Increase (Decrease) in Fair Value (GR)	-	-	-
Settlement of Claims (GR)	-	(1,535.00)	(1,535.00)
Other Nonoperating Revenues (Expenses)	-	-	-
Total Other Nonoperating Revenues (Expenses)	356,315.56	840,996.00	1,197,311.56
Income (Loss) Before Capital Contributions, Endowments and Transfers	79,550.70	(166,640.00)	(87,089.30)
CAPITAL CONTRIBUTIONS, ENDOWMENTS AND TRANSFERS			
Capital Contributions	-	-	-
Special Items	-	-	-
Extraordinary Items	-	-	-
Transfer In	-	-	-
Transfer Out	-	-	-
Total Capital Contributions, Endowments and Transfers	-	-	-
Change in Net Position	79,550.70	(166,640.00)	(87,089.30)
Net Position, September 1, 2017	19,032,432.42	117,509,174.00	138,541,606.42
Restatements	-	(3,372,837.00)	(3,372,837.00)
Net Position, September 1, 2017, as Restated	19,032,432.42	114,136,337.00	133,168,769.42
Net Position, August 31, 2018	\$ 19,111,983.12	\$ 113,969,697.00	\$ 133,081,680.12

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**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

State of Texas — Annual Financial Reporting

Schedule of Expenditures of Federal Awards

(SEFA)

Agency 551 - Department of Agriculture
 Schedule 1A
 For the Fiscal Year Ended August 31, 2018

Certified

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	NSE Name/ Identifying Number	Agry/ Univ No	Pass-through From		Direct Program Amount	Total PT From and Direct Prog. Amount	Agry/ 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>												
Consolidated Pesticide Enforcement Cooperative Agreements	66.700					968,973.24	968,973.24				968,973.24	968,973.24
Totals - Environmental Protection Agency				0.00	0.00	968,973.24	968,973.24		0.00	0.00	968,973.24	968,973.24
General Services Administration												
<u>Pass-Through From:</u>												
Donation of Federal Surplus Personal Property (Non-monetary)	39.003						3,163.00				3,163.00	3,163.00
<u>Pass-Through From:</u>												
Texas Facilities Commission			303	3,163.00								
Totals - General Services Administration				3,163.00	0.00	0.00	3,163.00		0.00	0.00	3,163.00	3,163.00
Small Business Administration												
<u>Direct Programs:</u>												
State Trade Expansion	59.061					495,907.47	495,907.47			366,816.78	129,090.69	495,907.47
State Trade Expansion	59.061					86,167.78	86,167.78					86,167.78
<u>Pass-Through To:</u>												
Governor - Fiscal								300	86,167.78			
State Trade Expansion	59.061					19,565.93	19,565.93					19,565.93
<u>Pass-Through To:</u>												
University of Texas at San Antonio								743	19,565.93			
Totals - Small Business Administration				0.00	0.00	601,641.18	601,641.18		105,733.71	366,816.78	129,090.69	601,641.18
U.S. Department of Agriculture												

Direct Programs:

Plant and Animal Disease, Pest Control, and Animal Care	10.025	1,482,196.34	1,482,196.34		1,482,196.34	1,482,196.34
Plant and Animal Disease, Pest Control, and Animal Care	10.025	1,972.23	1,972.23			1,972.23
<i>Pass-Through To:</i>						
<i>Texas A&M AgrLife Extension Service</i>				555	1,972.23	
Biofuel Infrastructure Partnership	10.117	4,801,986.78	4,801,986.78		4,786,970.78	4,801,986.78
Market News	10.153	11,600.00	11,600.00			11,600.00
Market Protection and Promotion	10.163	1,298,558.78	1,298,558.78			1,298,558.78
Specialty Crop Block Grant Program - Farm Bill	10.170	1,403,322.59	1,403,322.59		1,074,874.26	1,403,322.59
Specialty Crop Block Grant Program - Farm Bill	10.170	3,628.80	3,628.80			3,628.80
<i>Pass-Through To:</i>						
<i>Texas A&M AgrLife Extension Service</i>				555	3,628.80	
Organic Certification Cost Share Programs	10.171	83,330.89	83,330.89		83,330.89	83,330.89
Child and Adult Care Food Program	10.558	425,638,746.08	425,638,746.08		421,699,264.41	425,638,746.08
Child and Adult Care Food Program	10.558	68,513.20	68,513.20			68,513.20
<i>Pass-Through To:</i>						
<i>University of Texas at Austin</i>				721	68,513.20	
Child and Adult Care Food Program	10.558	50,783.55	50,783.55			50,783.55
<i>Pass-Through To:</i>						
<i>Texas Tech University</i>				733	50,783.55	
Child and Adult Care Food Program	10.558	34,362.47	34,362.47			34,362.47
<i>Pass-Through To:</i>						
<i>University of Texas at San Antonio</i>				743	34,362.47	
Child and Adult Care Food Program	10.558	29,290.44	29,290.44			29,290.44
<i>Pass-Through To:</i>						
<i>Texas A&M University - Commerce</i>				751	29,290.44	
Child and Adult Care Food Program	10.558	18,392.37	18,392.37			18,392.37
<i>Pass-Through To:</i>						
<i>Texas State University</i>				754	18,392.37	
Slate Administrative Expenses for Child Nutrition	10.560	33,930,460.61	33,930,460.61		10,701,008.57	33,930,460.61
WIC Farmers' Market Nutrition Program (FMNP)	10.572	794,272.84	794,272.84		741,553.40	794,272.84
Senior Farmers Market Nutrition Program	10.576	103,386.48	103,386.48		94,364.85	103,386.48
Child Nutrition Discretionary Grants Limited Availability	10.578	2,869,139.24	2,869,139.24		2,869,133.23	2,869,139.24
Child Nutrition Discretionary Grants Limited Availability	10.579	14,700.00	14,700.00			14,700.00
<i>Pass-Through To:</i>						
<i>Texas School for the Deaf</i>				772	14,700.00	
Fresh Fruit and Vegetable Program	10.582	8,384,045.75	8,384,045.75		8,384,045.75	8,384,045.75
Market Access Program	10.601	5,029.32	5,029.32			5,029.32
Totals - U.S. Department of Agriculture		0.00	0.00	481,027,718.76	481,027,718.76	481,027,718.76
<hr/>						
U.S. Department of Health and Human Services						
<u>Direct Programs:</u>						
Food and Drug Administration Research	93.103	1,049,890.39	1,048,890.39			1,049,890.39

Food and Drug Administration Research	93.103		171,276.68	171,276.68				171,276.68	
Pass-Through To:									
Texas A&M AgriLife Extension Service					555	171,276.68			
Food and Drug Administration Research	93.103		10,768.55	10,768.55				10,768.55	
Pass-Through To:									
University of Houston					730	10,768.55			
State Rural Hospital Flexibility Program	93.241		390,163.85	390,163.85			390,163.85	390,163.85	
Small Rural Hospital Improvement Grant Program	93.301		960,696.77	960,696.77		876,779.13	83,917.64	960,696.77	
Small Rural Hospital Improvement Grant Program	93.301		23,544.85	23,544.85				23,544.85	
Pass-Through To:									
Texas Tech University Health Sciences Center					739	23,544.85			
Grants to States for Operation of State Offices of Rural Health	93.913		179,704.53	179,704.53			179,704.53	179,704.53	
Totals - U.S. Department of Health and Human Services		0.00	0.00	2,786,045.62	2,786,045.62	205,500.08	876,779.13	1,703,676.41	2,786,045.62
U.S. Department of Housing and Urban Development									
<u>Direct Programs:</u>									
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228		64,652,372.57	64,652,372.57		63,448,730.86	1,203,641.71	64,652,372.57	
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228		28,929.35	28,929.35				28,929.35	
Pass-Through To:									
Texas Department of Housing and Community Affairs					332	28,929.35			
Totals - U.S. Department of Housing and Urban Development		0.00	0.00	64,681,301.92	64,681,301.92	28,929.35	63,448,730.86	1,203,641.71	64,681,301.92
Research & Development Cluster									
U.S. Department of Agriculture									
<u>Direct Programs:</u>									
Specialty Crop Block Grant Program - Farm Bill	10.170		889.07	889.07				889.07	
Pass-Through To:									
Texas A&M AgriLife Research					556	889.07			
Totals - U.S. Department of Agriculture		0.00	0.00	889.07	889.07	889.07	0.00	0.00	889.07
Child Nutrition Cluster									
U.S. Department of Agriculture									
<u>Direct Programs:</u>									
School Breakfast Program	10.553		5,448,966.53	5,448,966.53		5,448,966.53		5,448,966.53	
School Breakfast Program	10.553		89,052.10	89,052.10				89,052.10	
Pass-Through To:									
Texas Military Department					401	89,052.10			
School Breakfast Program	10.553		818,304.33	818,304.33				818,304.33	
Pass-Through To:									
Texas Juvenile Justice Department					644	818,304.33			

School Breakfast Program	10.553		12,075.05	12,075.05			12,075.05
Pass-Through To:							
University of Texas at Dallas					738	12,075.05	
School Breakfast Program	10.553		21,381.66	21,381.66			21,381.66
Pass-Through To:							
Texas School for the Blind and Visually Impaired					771	21,381.66	
School Breakfast Program	10.553		56,384.85	56,384.85			56,384.85
Pass-Through To:							
Texas School for the Deaf					772	56,384.85	
National School Lunch Program	10.555		11,708,784.62	11,708,784.62		11,702,771.19	6,013.43
(Non-monetary)	10.555		199,189,263.04	199,189,263.04		199,189,263.04	199,189,263.04
National School Lunch Program	10.555		132,673.47	132,673.47			132,673.47
Pass-Through To:							
Texas Military Department					401	132,673.47	
National School Lunch Program (Non-monetary)	10.555		169,558.58	169,558.58			169,558.58
Pass-Through To:							
Texas Juvenile Justice Department					644	169,558.58	
National School Lunch Program	10.555		1,283,428.74	1,283,428.74			1,283,428.74
Pass-Through To:							
Texas Juvenile Justice Department					644	1,283,428.74	
National School Lunch Program (Non-monetary)	10.555		14,740.67	14,740.67			14,740.67
Pass-Through To:							
University of Texas at Austin					721	14,740.67	
National School Lunch Program	10.555		23,907.81	23,907.81			23,907.81
Pass-Through To:							
University of Texas at Dallas					738	23,907.81	
National School Lunch Program (Non-monetary)	10.555		13,678.47	13,678.47			13,678.47
Pass-Through To:							
University of Texas at Dallas					738	13,678.47	
National School Lunch Program	10.555		41,085.06	41,085.06			41,085.06
Pass-Through To:							
Texas School for the Blind and Visually Impaired					771	41,085.06	
National School Lunch Program (Non-monetary)	10.555		4,397.84	4,397.84			4,397.84
Pass-Through To:							
Texas School for the Blind and Visually Impaired					771	4,397.84	
National School Lunch Program	10.555		215,458.41	215,458.41			215,458.41
Pass-Through To:							
Texas School for the Deaf					772	215,458.41	
National School Lunch Program (Non-monetary)	10.555		22,901.52	22,901.52			22,901.52

<i>Pass-Through To:</i>											
<i>Texas School for the Deaf</i>					772	22,901.52					
Special Milk Program for Children	10.556		12,041.16	12,041.16			12,041.16		12,041.16		
Summer Food Service Program for Children (Non-monetary)	10.559		82,479.83	82,479.83			82,479.83		82,479.83		
	10.559		30,893,641.86	30,893,641.85			30,336,879.60	556,762.25	30,893,641.85		
Summer Food Service Program for Children	10.559		80,467.45	80,467.45					80,467.45		
<i>Pass-Through To:</i>											
<i>University of Texas at Arlington</i>					714	80,467.45					
Summer Food Service Program for Children	10.559		10,774.66	10,774.66					10,774.66		
<i>Pass-Through To:</i>											
<i>University of Texas at San Antonio</i>					743	10,774.66					
Totals - U.S. Department of Agriculture			0.00	0.00		250,345,447.70	250,345,447.70	3,010,270.67	246,772,401.35	562,775.68	250,345,447.70
<u>Food Distribution Cluster</u>											
U.S. Department of Agriculture											
<u>Direct Programs:</u>											
Commodity Supplemental Food Program	10.565		4,058,669.57	4,058,669.57			4,058,669.57		4,058,669.57		
	10.565		12,908,926.44	12,908,926.44			12,908,926.44		12,908,926.44		
		(Non-monetary)									
Emergency Food Assistance Program (Administrative Costs)	10.568		8,404,423.10	8,404,423.10			8,354,717.57	49,705.53	8,404,423.10		
	10.568		42,359,026.87	42,359,026.87			42,359,026.87		42,359,026.87		
		(Non-monetary)									
Totals - U.S. Department of Agriculture			0.00	0.00		67,731,045.98	67,731,045.98	0.00	67,581,340.45	49,705.53	67,731,045.98
Total Expenditures of Federal Awards			3,163.00	0.00		668,143,063.47	668,146,226.47	3,573,055.94	829,580,614.71	34,992,555.82	668,146,226.47

State of Texas — Annual Financial Reporting
Schedule of Expenditures of Federal Awards
 (SEFA)

State of Texas - Federal Activity
 SEFA Note 1
 November 20, 2018

Agency 551 - Department of Agriculture
 SEFA Note 1 - Non-Monetary Assistance, FY 2018

Comment:

The Food Distribution Program of the National School Lunch Program is presented at the federally assigned value of the commodities distributed. These are received from the U.S. Department of Agriculture (Federal CFDA Number 10.555). The estimated dollar value for the current fiscal year was \$189,414,540.12.

The Food Distribution Program of the Summer Food Service Program is presented at the federally assigned value of the commodities distributed. These are received from the U.S. Department of Agriculture (Federal CFDA Number 10.559). The estimated dollar value for the current fiscal year was \$82,479.83.

The Food Distribution Program of the Emergency Food Program is presented at the federally assigned value of the commodities distributed. These are received from the U.S. Department of Agriculture (Federal CFDA Number 10.568). The estimated dollar value for the current fiscal year was \$42,359,026.87.

The Food Distribution Program of the Commodity Supplemental Program is presented at the federally assigned value of the commodities distributed. These are received from the U.S. Department of Agriculture (Federal CFDA Number 10.565). The estimated dollar value for the current fiscal year was \$12,908,926.44.

The Texas Department of Agriculture received Federal Surplus Property (CFDA 39.003). The current estimate is \$3,163.00.

This agency has been certified. No modifications allowed.

State of Texas — Annual Financial Reporting

Schedule of Expenditures of Federal Awards

(SEFA)

State of Texas - Federal Activity
SEFA Note 2
November 20, 2018

Agency 551 - Department of Agriculture SEFA Note 2 - Reconciliation, FY 2018

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.

Per Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds; and Combined Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds; and Combined Statement of Changes in Fiduciary Net Assets:

	AFR	USAS Amount	Note 2 Amount
Federal Revenue			
Governmental Funds	Exhibit II	613,238,320.39	613,238,320.39
Proprietary Funds			
Operating	Exhibit IV/SRECNA	-	
Non-operating	Exhibit IV/SRECNA	-	
Capital Contributions	Exhibit IV/SRECNA	-	
Fiduciary Funds	Exhibit VII	-	
Total Federal Revenue		\$613,238,320.39	\$613,238,320.39
<i>Amount per Schedule: \$613,378,090.21</i>			
<i>Discrepancy: (\$139,769.82)</i>			
Federal Pass-Through Revenue			
Governmental Funds	Exhibit II	-	
Proprietary Funds			
Operating	Exhibit IV/SRECNA	-	
Non-operating	Exhibit IV/SRECNA	-	
Capital Contributions	Exhibit IV/SRECNA	-	
Fiduciary Funds	Exhibit VII	-	
Total Federal Pass-Through Revenue		\$0.00	\$0.00
<i>Amount per Schedule: \$0.00</i>			

Total Federal Revenue and Federal Pass-Through Revenue		\$613,238,320.39	\$613,238,320.39
Reconciliation Items	CFDA	Amount	
Non-monetary Items:			
National School Lunch Program	10.555	199,414,540.12	
Summer Food Service Program for Children	10.559	82,479.83	
Commodity Supplemental Food Program	10.555	12,908,926.44	
Emergency Food Assistance Program (Administrative Costs)	10.558	42,359,026.87	
Donation of Federal Surplus Personal Property	39.003	3,163.00	
Total Non-monetary Items		\$254,768,136.26	
New Loans Processed: (Amounts are from Note 3a)			
Federal Family Education Loans	84.032	-	
Federal Family Education Loan Program (FFELP)	84.032L	-	
Federal Perkins Loan Program (Perkins)	84.038	-	
Federal Direct Student Loans (Direct Loans)	84.258	-	
Health Education Assistance Loan Program (HEAL)	93.108	-	
Nursing Faculty Loan Program	93.264	-	
Health Professions Student Loan Program	93.342	-	
Nursing Student Loan Program	93.364	-	
Total New Loans Processed		\$0.00	
Other Reconciling Items:			
Add:			
State Unemployment Funds - State Portion	17.225		
Other (Contact FRS if you have other reconciling items as additions items)			
Deduct: (Enter amounts as negative)			
Federal revenue received on the fixed fee basis contract			
	Note:		
	⌵		
	⌶		
Federal revenue received under a vendor relationship between agency and the federal government	Note:		



Federal grants *from* Texas A&M Research Foundation

Federal grants *to* Texas A&M Research Foundation

Medicare Part D

Medicare Part D - Direct Subsidy

COBRA

Build America Bond

Early Retirement Reinsurance Program

Other (Contact FRS if you have other reconciling items as deductions items)

139,769.82

Total Other Reconciling Items

\$139,769.82

Total Reconciliation Items:

\$254,907,906.08

Total per Note 2:

\$868,146,226.47

Total Pass Through and Expenditures per Federal Schedule:

\$868,146,226.47

Difference:

\$0.00

This agency has been certified. No modifications allowed.

State of Texas — Annual Financial Reporting

Schedule of Expenditures of Federal Awards

(SEFA)

State of Texas - Federal Activity
SEFA Note 7
November 20, 2018

Agency 551 - Department of Agriculture SEFA Note 7 - Federal Deferred Revenue, FY 2018

CFDA Number	CFDA Title	Federal Deferred Revenue September 1, 2017	Increase/(Decrease)	Federal Deferred Revenue August 31, 2018
10.025	Plant and Animal Disease, Pest Control, and Animal Care	80,762.95	2,209.20	82,972.15
10.117	Biofuel Infrastructure Partnership	6,106,495.37	-953,831.28	5,152,664.09
10.153	Market News	12,017.12	-1,200.00	10,817.12
10.156	Federal-State Marketing Improvement Program	5.19	0.00	5.19
10.558	Child and Adult Care Food Program	249,040.27	23,902.18	272,942.45
10.560	State Administrative Expenses for Child Nutrition	3,884.11	8,728.14	12,612.25
10.579	Child Nutrition Discretionary Grants Limited Availability	4,871.22	0.00	4,871.22
10.582	Fresh Fruit and Vegetable Program	113,765.55	786.41	114,551.96
11.477	Fisheries Disaster Relief	250.35	0.00	250.35
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	0.00	6,052.05	6,052.05
93.913	Grants to States for Operation of State Offices of Rural Health	12,204.65	2.43	12,207.08
Total Deferred Revenue		6,583,296.78	(913,350.87)	5,669,945.91

(Additional blank rows will appear as needed after saving)

Explain why the deferred revenue is reported:

10.582



This agency has been certified. No modifications allowed.

State of Texas — Annual Financial Reporting

Schedule of Expenditures of Federal Awards

(SEFA)

State of Texas - Federal Activity
SEFA Note 8
 November 20, 2018

Agency 551 - Department of Agriculture
SEFA Note 8 - Disaster Grants - Public Assistance, FY 2018 , CFDA 97.036

Note: If incurred eligible expenditures from a previous reporting fiscal year did not receive FEMA approval until the current reporting fiscal year, the expenditure amounts must be disclosed in the current period's SEFA Note 8.

Project Name	FY Project Worksheet Approved	Expenditure Amount Incurred Prior Fiscal Year	Amount De-obligated	Comments
--------------	-------------------------------	---	---------------------	----------

(Additional blank rows will appear as needed after saving)
 OR

Not applicable. Our agency did not receive FEMA approval this current reporting fiscal year for eligible expenditures incurred in previous reporting fiscal year.

This agency has been certified. No modifications allowed.

State of Texas — Annual Financial Reporting
Schedule of Expenditures of Federal Awards
(SEFA)

State of Texas - Federal Activity
SEFA Note 10
November 20, 2018

Agency 551 - Department of Agriculture
SEFA Note 10 - 10 Percent de Minimis Indirect Cost Rate, FY 2018

Does your agency elect to use the 10 percent de minimis indirect cost rate?

- Yes
- No

Comment:

This agency has been certified. No modification

State of Texas — Annual Financial Reporting

Schedule of Expenditures of Federal Awards

(SEFA)

State of Texas - Federal Activity
 Pass-through Reconciliation
 November 20, 2018 10:19 AM

Agency 551 - Department of Agriculture Pass-through Revenue FY 2018

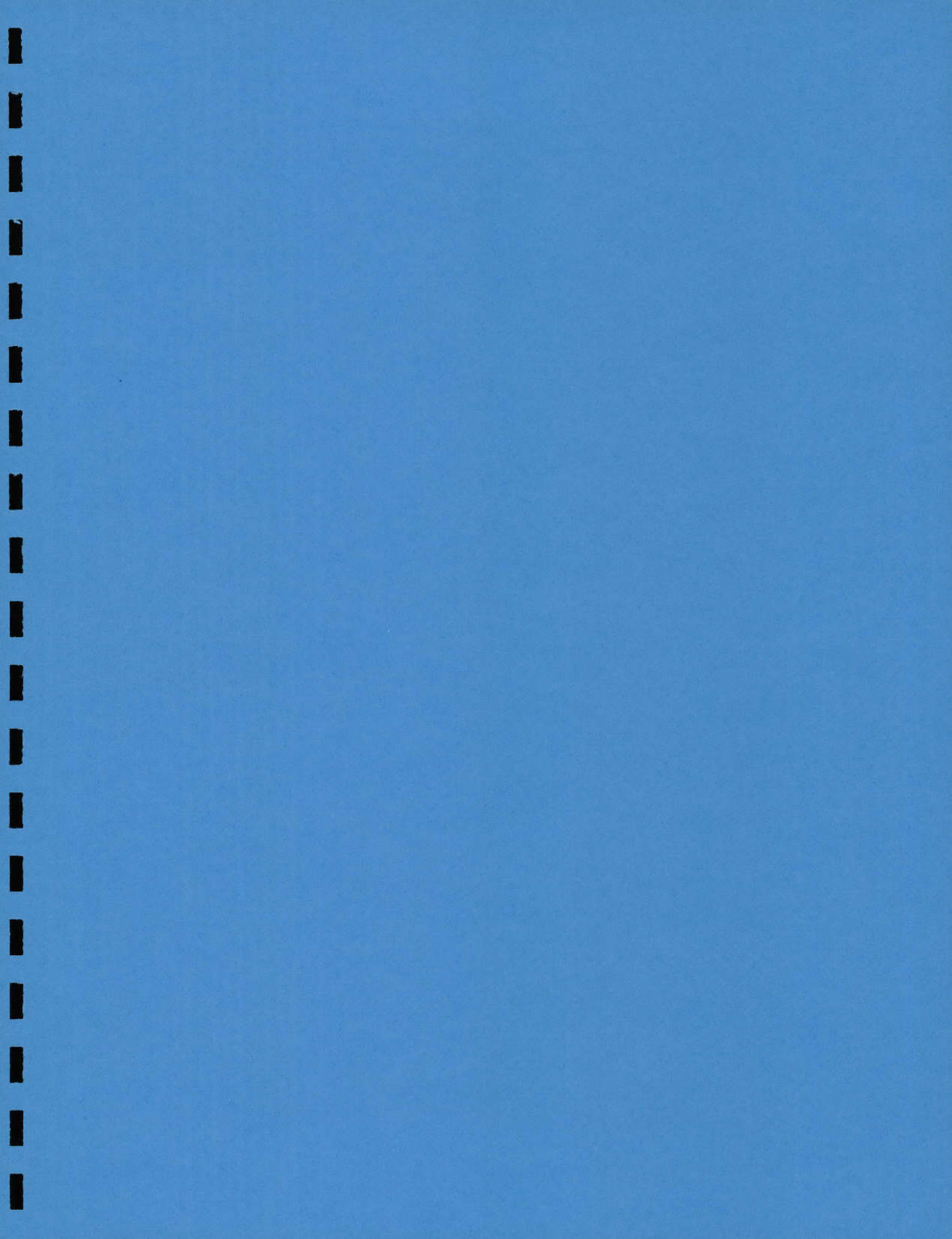
Grantor Agency	Grantee Agency	CFDA	Title	R&D Match	Amount Reported by Grantor	Amount Reported by Grantee	Difference
303 - TFC	551 - Agriculture	39.003	Donation of Federal Surplus Personal Property	-	3,163.00	3,163.00	-
Totals					\$3,163.00	\$3,163.00	-

Agency 551 - Department of Agriculture Pass-through Expenditures FY 2018

Grantor Agency	Grantee Agency	CFDA	Title	R&D Match	Amount Reported by Grantor	Amount Reported by Grantee	Difference
551 - Agriculture	300 - Governor-Fiscal	59.061	State Trade Expansion	-	86,167.78	86,167.78	-
551 - Agriculture	332 - Housing/Comm Aff	14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	-	28,929.35	28,929.35	-
551 - Agriculture	401 - AGD	10.553	School Breakfast Program	-	89,052.10	89,052.10	-
551 - Agriculture	401 - AGD	10.555	National School Lunch Program	-	132,673.47	132,673.47	-
551 - Agriculture	555 - Ag Extension	10.025	Plant and Animal Disease, Pest Control, and Animal Care	-	1,972.23	1,972.23	-
551 - Agriculture	555 - Ag Extension	10.170	Specialty Crop Block Grant Program - Farm Bill	-	3,628.80	3,628.80	-
551 - Agriculture	555 - Ag Extension	93.103	Food and Drug Administration Research	-	171,276.68	171,276.68	-
551 - Agriculture	556 - Ag Research	10.170	Specialty Crop Block Grant Program - Farm Bill	-	889.07	889.07	-
551 - Agriculture	644 - TJJD	10.553	School Breakfast Program	-	818,304.33	818,304.33	-
551 - Agriculture	644 - TJJD	10.555	National School Lunch Program	-	1,452,987.32	1,452,987.32	-
551 - Agriculture	714 - UTA	10.559	Summer Food Service Program for Children	-	80,467.45	80,467.45	-
551 - Agriculture	721 - UT-Austin	10.555	National School Lunch Program	-	14,740.67	14,740.67	-
551 - Agriculture	721 - UT-Austin	10.558	Child and Adult Care Food Program	-	68,513.20	68,513.20	-
551 - Agriculture	730 - UH	93.103	Food and Drug Administration Research	-	10,768.55	10,768.55	-
551 - Agriculture	733 - Texas Tech	10.558	Child and Adult Care Food Program	-	50,783.55	50,783.55	-

UNAUDITED

551 - Agriculture	738 - UT-Dallas	10.553	School Breakfast Program	-	12,075.05	12,075.05	-
551 - Agriculture	738 - UT-Dallas	10.555	National School Lunch Program	-	37,586.28	37,586.28	-
551 - Agriculture	739 - TTUHSC	93.301	Small Rural Hospital Improvement Grant Program	-	23,544.85	23,544.85	-
551 - Agriculture	743 - UTSA	10.558	Child and Adult Care Food Program	-	34,362.47	34,362.47	-
551 - Agriculture	743 - UTSA	10.559	Summer Food Service Program for Children	-	10,774.66	10,774.66	-
551 - Agriculture	743 - UTSA	59.061	State Trade Expansion	-	19,565.93	19,565.93	-
551 - Agriculture	751 - TAMUC	10.558	Child and Adult Care Food Program	-	29,290.44	29,290.44	-
551 - Agriculture	754 - TSU-San Marcos	10.558	Child and Adult Care Food Program	-	18,392.37	18,392.37	-
551 - Agriculture	771 - TSBVI	10.553	School Breakfast Program	-	21,381.66	21,381.66	-
551 - Agriculture	771 - TSBVI	10.555	National School Lunch Program	-	45,482.90	45,482.90	-
551 - Agriculture	772 - TSD	10.553	School Breakfast Program	-	56,384.85	56,384.85	-
551 - Agriculture	772 - TSD	10.555	National School Lunch Program	-	238,359.93	238,359.93	-
551 - Agriculture	772 - TSD	10.579	Child Nutrition Discretionary Grants Limited Availability	-	14,700.00	14,700.00	-
Totals					\$3,573,055.94	\$3,573,055.94	-





TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

Annual Financial Report
For the Year Ended August 31, 2018