



November 2022  
SFR-45/22

# Annual Financial Report

## Fiscal Year Ended August 31, 2022



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Prepared by  
Financial Administration Division

SFR-45/22  
November 2022



**Jon Niermann, *Chairman***  
**Emily Lindley, *Commissioner***  
**Bobby Janecka, *Commissioner***

**Toby Baker, *Executive Director***

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Published and distributed  
by the  
Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin TX 78711-3087

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Toby Baker, *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

November 17, 2022

The Honorable Greg Abbott, Governor  
The Honorable Glenn Hegar, Texas Comptroller  
Jerry McGinty, Director, Legislative Budget Board  
Lisa Collier, State Auditor

Ladies and Gentlemen:

We are pleased to submit the annual financial report of the Texas Commission on Environmental Quality for the year ended August 31, 2022, 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 (GASB) 34, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the State of Texas' *Annual Comprehensive Financial Report*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Kelly Keel at (512) 239-3607.

Sincerely,

A handwritten signature in black ink, appearing to read "Toby Baker".

Toby Baker  
Executive Director





**COMBINED**

**FINANCIAL**

**STATEMENTS**

-UNAUDITED-

**EXHIBIT I  
COMBINED BALANCE SHEET / STATEMENT OF  
NET POSITION - Governmental Funds  
August 31, 2022**

	Governmental Fund Type General Funds (Exh. A-1)	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Position
<b>Assets</b>					
<b>Current Assets:</b>					
Cash in Bank	\$ 50.00	\$	\$	\$	\$ 50.00
Cash in State Treasury	2,970,300,573.14				2,970,300,573.14
Cash Equivalents	115,872,089.14				115,872,089.14
Legislative Appropriations	15,129,254.09				15,129,254.09
Receivables From:					
Federal	6,757,998.04				6,757,998.04
A/R - Licenses, Fees, & Permits	1,261,791.65				1,261,791.65
Due From Other Agencies	3,104,049.24				3,104,049.24
Consumable Inventories	180,862.32				180,862.32
<b>Total Current Assets</b>	<b>\$ 3,112,606,667.62</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 3,112,606,667.62</b>
<b>Non - Current Assets:</b>					
<b>Capital Assets:</b>					
<b>Non-Depreciable or Non-Amortizable</b>					
Land and Land Improvements	\$	\$ 20.00	\$	\$	\$ 20.00
Construction in Progress		21,560,972.53			21,560,972.53
<b>Depreciable</b>					
Buildings and Building Improvements		7,037,413.21			7,037,413.21
Less - Accumulated Depreciation		(4,398,328.37)			(4,398,328.37)
Furniture and Equipment		61,943,614.11			61,943,614.11
Less - Accumulated Depreciation		(51,534,769.68)			(51,534,769.68)
Vehicles, Boats, & Aircraft		11,999,809.26			11,999,809.26
Less - Accumulated Depreciation		(7,969,488.30)			(7,969,488.30)
Computer Software - Intangible		12,650,598.24			12,650,598.24
Less Accumulated Amortization		(12,650,598.24)			(12,650,598.24)
<b>Right to Use Assets:</b>					
Right to Use Asset - Buildings		44,177,329.57			44,177,329.57
Less Right to Use Asset-Building		(6,681,842.32)			(6,681,842.32)
Right to Use Asset- Equipment		265,361.43			265,361.43
Less Right to Use Asset- Equipment		(66,340.32)			(66,340.32)
<b>Total Non Current Assets</b>	<b>\$</b>	<b>\$ 76,333,751.12</b>	<b>\$</b>	<b>\$</b>	<b>\$ 76,333,751.12</b>
<b>Total Assets</b>	<b>\$ 3,112,606,667.62</b>	<b>\$ 76,333,751.12</b>	<b>\$</b>	<b>\$</b>	<b>\$ 3,188,940,418.74</b>

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

-UNAUDITED-

	Governmental Fund Type General Funds (Exh. A-1)	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Position
<b>Liabilities</b>					
Current Liabilities:					
Payables from:					
Accounts Payable	\$ 21,027,609.11	\$	\$	\$	\$ 21,027,609.11
Payroll Payable	19,578,195.44				19,578,195.44
Contracts Retainage Payable	891,280.94				891,280.94
Due to Other Agencies	5,399,093.58				5,399,093.58
Unearned Revenues	101,346.28				101,346.28
Employees Compensable Leave (Note 5)			11,933,977.79		11,933,977.79
Pollution Remediation Obligations (Note 5)			33,301,744.95		33,301,744.95
CL Interest Payable			36,599.49		36,599.49
CL Right to Use Lease Obligations (Note 5, 8)			6,632,733.73		6,632,733.73
<b>Total Current Liabilities</b>	<b>\$ 46,997,525.35</b>	<b>\$</b>	<b>\$ 51,905,055.96</b>	<b>\$</b>	<b>\$ 98,902,581.31</b>
Non-Current Liabilities:					
Other Non-Current Liabilities	\$ 25,206,516.00	\$	\$	\$	\$ 25,206,516.00
Employees' Compensable Leave (Note 5)			9,300,726.53	\$	9,300,726.53
Pollution Remediation Obligations (Note 5)			194,291,425.96		194,291,425.96
NC Right to Use Lease Obligations (Note 5, 8)			31,292,937.32		31,292,937.32
<b>Total Non-Current Liabilities</b>	<b>\$ 25,206,516.00</b>	<b>\$</b>	<b>\$ 234,885,089.81</b>	<b>\$</b>	<b>\$ 260,091,605.81</b>
<b>Total Liabilities</b>	<b>\$ 72,204,041.35</b>	<b>\$</b>	<b>\$ 286,790,145.77</b>	<b>\$</b>	<b>\$ 358,994,187.12</b>
<b>Fund Financial Statement</b>					
Fund Balances:					
Nonspendable	\$ 180,862.32	\$	\$	\$	\$ 180,862.32
Restricted	90,706,905.34				90,706,905.34
Committed	2,937,190,594.30				2,937,190,594.30
Assigned	3,554,177.09				3,554,177.09
Unassigned	8,770,087.22				8,770,087.22
<b>Total Fund Balances</b>	<b>\$ 3,040,402,626.27</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 3,040,402,626.27</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,112,606,667.62</b>	<b>\$</b>	<b>\$ 286,790,145.77</b>	<b>\$</b>	<b>\$ 3,399,396,813.39</b>
<b>Government-Wide Statement of Net Position</b>					
Net Position:					
Invested in Capital Assets, Net of Related Debt	\$ 76,333,751.12	\$	\$	\$	\$ 76,333,751.12
Unrestricted			(286,790,145.77)		(286,790,145.77)
<b>Total Net Position</b>	<b>\$ 76,333,751.12</b>	<b>\$</b>	<b>\$ (286,790,145.77)</b>	<b>\$</b>	<b>\$ (210,456,394.65)</b>

-UNAUDITED-

**EXHIBIT II**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**Statement of Activities - Governmental Funds**  
**For the Year Ended August 31, 2022**

	General Funds (Exh. A-2)	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
<b>Revenues</b>					
Legislative Appropriations:					
Original Appropriations	\$ 20,581,782.00	\$	\$	\$	\$ 20,581,782.00
Additional Appropriations	2,598,339.30				2,598,339.30
Taxes	104,257,759.41				104,257,759.41
Federal Revenues	51,908,013.03				51,908,013.03
Federal Pass-Through Revenues	13,497,042.92				13,497,042.92
State Grant Pass-Through Revenues	-				-
Licenses, Fees and Permits	468,694,650.42				468,694,650.42
Interest & Investment Income	761,865.61				761,865.61
Settlement of Claims	2,621,035.91				2,621,035.91
Sales of Goods and Services	86,866.40				86,866.40
Other	577,495.01				577,495.01
<b>Total Revenues</b>	<b>\$ 665,584,850.01</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 665,584,850.01</b>
<b>Expenditures</b>					
Salaries and Wages	\$ 175,404,878.38	\$	\$ 3,949,462.23	\$	\$ 179,354,340.61
Payroll Related Costs	67,157,793.14				67,157,793.14
Professional Fees and Services	65,111,127.61				65,111,127.61
Travel	847,392.02				847,392.02
Materials and Supplies	7,859,471.82				7,859,471.82
Communications and Utilities	2,916,138.55				2,916,138.55
Repairs and Maintenance	2,516,856.70				2,516,856.70
Rentals and Leases	1,062,375.58				1,062,375.58
Printing and Reproduction	264,378.91				264,378.91
Claims and Judgements	19,605.25				19,605.25
Federal Pass-Through Expenditures	11,278,501.18				11,278,501.18
State Grant Pass-Through Expenditures	2,794,238.99				2,794,238.99
Intergovernmental Payments	24,772,975.23				24,772,975.23
Public Assistance Programs	79,602.26				79,602.26
Other Expenditures	39,197,534.22		(36,599.49)		39,160,934.73
Debt Service-Principal-Leases	6,517,019.95		6,517,019.95		13,034,039.90
Capital Outlay	55,451,844.42	(55,451,844.42)			-
Depreciation Expense		11,332,569.83			11,332,569.83
<b>Total Expenditures</b>	<b>\$ 463,251,734.21</b>	<b>\$ (44,119,274.59)</b>	<b>\$ 10,429,882.69</b>	<b>\$</b>	<b>\$ 429,562,342.31</b>
Excess (Deficiency) of Revenues over Expenditures	\$ 202,333,115.80	\$ 44,119,274.59	\$ (10,429,882.69)	\$	\$ 236,022,507.70
<b>Other Financing Sources (Uses)</b>					
Transfers In	\$ (9,877,127.67)	\$	\$	\$	\$ (9,877,127.67)
Transfers Out	(182,424,256.83)	(38,569.65)			(182,462,826.48)
Net Change in Pollution Remediation Obligation			(1,923,388.50)		(1,923,388.50)
Increase In Obligations-Leases	44,442,691.00		44,442,691.00		88,885,382.00
Sale of Capital Assets	189,022.18	(189,022.18)			-
Gain on Capital Assets		195,375.03			195,375.03
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (147,669,671.32)</b>	<b>\$ (32,216.80)</b>	<b>\$ 42,519,302.50</b>	<b>\$</b>	<b>\$ (105,182,585.62)</b>
<b>Net Change in Fund Balances/Net Position</b>	<b>\$ 54,663,444.48</b>	<b>\$ 44,087,057.79</b>	<b>\$ 32,089,419.81</b>	<b>\$</b>	<b>\$ 130,839,922.08</b>
<b>Fund Financial Statement - Fund Balances</b>					
<b>Fund Balances - Beginning</b>	<b>\$ 2,985,912,824.78</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 2,985,912,824.78</b>
Restatements - (Note 14)	-				-
<b>Fund Balances, as Restated</b>	<b>2,985,912,824.78</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,985,912,824.78</b>
Appropriations Lapsed	(173,642.99)				(173,642.99)
<b>Fund Balances - August 31, 2022</b>	<b>\$ 3,040,402,626.27</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 3,040,402,626.27</b>
<b>Government-Wide Statement of Net Position</b>					
Net Change in Net Position		\$ 44,087,057.79	\$ 32,089,419.81	\$	\$ 76,176,477.60
Net Position, September 1, 2021		\$ 32,245,930.17	\$ 254,700,725.96	\$	\$ 286,946,656.13
Restatement (Note 14)		763.16			763.16
Net Position, September 1, 2021, as Restated		\$ 32,246,693.33	\$ 254,700,725.96	\$	\$ 286,947,419.29
Net Position, August 31, 2022		\$ 76,333,751.12	\$ 286,790,145.77	\$	\$ 363,123,896.89

**NOTES TO THE  
FINANCIAL  
STATEMENTS**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Note 1: Summary of Significant Accounting Policies**

#### ***Entity***

The Texas Commission on Environmental Quality (TCEQ) 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 Annual Financial Reports of State Agencies and Universities.

In accordance with Senate Bill 2, Acts of the 72nd Legislature First Called Session, Subchapter B, the state's environmental protection functions were consolidated within the TCEQ. The TCEQ operates as a regulatory agency to implement the provisions of the constitution and laws of the state and strives to protect our state's human and natural resources consistent with sustainable economic development.

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

#### **Component Units**

The TCEQ does not have any component units.

#### ***Fund Structure***

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

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

#### **General Revenue Funds**

**General Revenue Fund (0001)** - The general revenue fund is used to account for all financial resources of the state except those required to be accounted for in another fund. This fund accounts for legislative appropriations from the State's General Revenue Fund, and miscellaneous appropriated and unappropriated receipts. The Pollution Control Equipment Review Fee is also deposited to this fund.

**Texas Emissions Reduction Plan Trust (1201)** - This account is a Trust fund outside of the state treasury held by the comptroller consisting of surcharges on motor vehicle sales taxes, registrations, inspections and a portion of title fees. Also includes sales taxes on sales or rental of heavy equipment. Thirty-five percent of the amount deposited to the fund is remitted to the State Highway Fund 0006 for use in congestion mitigation and air quality projects by the Texas Department of Transportation.

**Funds Held Outside Treasury (9999)** - The TCEQ currently has two funds held outside the Treasury.

**Natural Resource Trustee Account (7998)** - This account was created by an agreement effective July 24, 1995, between the Texas General Land Office, the Texas Parks and Wildlife Department, the TCEQ and the State Treasurer (Comptroller) specifically as a joint repository

for Natural Resource Damages (NRD) settlement funds. By federal statute (42 USC 9607 Comprehensive Environmental Response Compensation and Liability Act and 33 USC 2706 Oil Pollution Act) the NRD settlement funds can be used only for restoration of natural resources affected by releases of oil or hazardous substances. Pursuant to these statutes, NRD settlement funds must be placed in a revolving, interest-bearing account and must be available without further appropriation. Under the agreement, all transactions must be jointly authorized by all three agencies. For these reasons, these funds are kept separate from the agency's operating budget. TCEQ is given the primary responsibility for implementing the constitution and laws of the state relating to the conservation of natural resources and the protection of the environment. For this reason, it was determined that the TCEQ would report the Natural Resource Trustee Account.

**Securities Held In Trust (0998)** - The TCEQ arranges deposits into the Comptroller's Texas Treasury Safekeeping Trust Company to provide assurance for environmental cleanups. These deposits are made because waste site owner's financial assurance instrument provider (e.g. banks, surety companies) indicate the instrument is to be terminated. The TCEQ draws the funds promised via the instrument prior to cancellation in order to protect its financial position. These funds are held outside the Treasury since funds will be used either for cleanup as authorized by statute or returned to the site owner if a replacement financial assurance instrument is provided. Funds are expended for environmental clean-up of facilities as per Texas Health and Safety Code 361.085.

**Low Level Radioactive Waste Fund (0088)** - The passage of H.B. 1567 by the 78th Legislature provided for the licensing of a low-level radioactive waste disposal site in Texas and established procedures to accept and evaluate license applications. The bill allows a proposed disposal facility to accept compact waste (waste from Texas and Vermont or waste that has been approved for importation to this state by the Compact Commission) and to accept federal facility waste at a separate and adjacent facility under one TCEQ license.

**Used Oil Recycling Account (0146)** - The Used Oil Recycling Account is established in the State Treasury. The account consists of fees collected by the State Comptroller from the sale of automotive oil, who subsequently transfers the fees to the TCEQ pursuant to the provisions of Health and Safety Code, Chapter 371. This fund was inactivated during FY19 and the entire revenues were transferred to the Water Resource Management Account (0153).

**Clean Air Account (0151)** - The Clean Air Account is established in the State Treasury to receive Clean Air Act fees. Fees in the account are used to safeguard the air resources of the state. Fees deposited to this fund include the Motor Vehicle Safety Fee, the Air Inspection Fee, and the Air Permit Fee.

**Water Resource Management Account (0153)** - This account receives waste treatment inspection fees, recovery of costs to protect water resources, administer water quality programs, water supply system owner fees, assessments on public utilities, certification of boat sewage disposal devices, and other application and permit fees and penalties. Also receives fees collected for used oil registration and sale of automotive oil, gifts, grants donations and penalties and interest. This account is used to support and administer the TCEQ water quality programs and the used oil recycling programs.

**Watermaster Administration Account (0158)** This account derives revenue from assessments paid by the holders of water rights in the Lower Rio Grande River basin, the Concho River basin, the Lower Brazos River Basin, and river basins in South Texas. Water rights assessments are based on the amount of budgeted operating expenditures of the Lower Rio Grande, Concho, Lower Brazos, and South Texas Watermaster Offices. The account pays the compensation and necessary expenses of the Watermaster Offices.

**Coronavirus Relief Fund (0325)** This account is established outside the General Revenue Fund to receive Texas's share of federal money appropriated under various federal legislation related to the coronavirus pandemic.

**TCEQ Occupational Licensing Account (0468)** - This account is authorized to administer the State's regulatory and licensing programs for waterworks and wastewater system operators, landscape irrigators, petroleum storage tank professionals and others.

**Waste Management Account (0549)** - This account receives two thirds of the fees assessed on municipal solid waste disposal in the state. In addition, it receives fees imposed on industrial solid waste disposal, hazardous waste generation, radioactive substances licensing, the Voluntary Clean-Up Program Fee, and numerous other fees. This account pays for regulation of industrial solid and hazardous waste and for related administrative costs incurred by the TCEQ.

**Hazardous & Solid Waste Remediation Fee Account (0550)** - This account receives revenue from fees imposed on the sale of batteries and disposal of industrial solid or hazardous waste. This account is used for the necessary removal and remedial action at sites which hazardous waste or hazardous substances have been disposed if funds from a liable party, third party or the federal government are insufficient.

**Petroleum Storage Tank Remediation Account (0655)** - This account receives fees assessed on the bulk delivery of petroleum products. The account may be used to pay expenses associated with the program.

**License Plate Trust Fund (0802)** - This account is created in the treasury for deposit of specialty license plate fees and related revenue. Dedicated balances and revenues are to be deposited into accounts within the fund to be used in accordance with their specific statutory purpose.

**Restore Act Trust Fund (0930)** - This account is held outside the treasury with the comptroller. Its purpose is to receive federal money related to the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies (RESTORE) of the Gulf Coast States Act. It will be used for cleanup associated with the April 20, 2010, explosion and spill of the Deepwater Horizon oil rig in the Gulf of Mexico. Amounts are receipts from the Gulf Coast Restoration Trust Fund in the U.S. Treasury.

**Solid Waste Disposal Fees Account (5000)** - This account receives one third of the fees assessed on municipal solid waste disposal in the state, as well as fees on the transport and use of sludge. Revenues deposited to this account are allocated to local and regional solid waste projects.

**Workplace Chemicals List (5020)** - This account receives fees from facility operators for filing tier two forms relating to hazardous chemicals. Up to 20% may be used for grants to local emergency planning committees, and up to 15% to administer Ch. 502, Hazardous Communications Act. The remainder may be used for administering Manufacturing Facility (Ch. 505) and Public Employer Community (Ch. 506) Right-to-Know Acts.

**Environmental Testing Laboratory Accreditation Account (5065)** - This account was created by H.B. 2912, 77th Leg., R.S., to fund the creation of an Environmental Testing Laboratory accreditation program. Revenue deposited to this account is generated by lab accreditation fees.

**Texas Emission Reduction Plan Account (5071)** - This account previously received revenue from surcharges on motor vehicle titles, sales of on- and off-road diesel vehicles, and commercial vehicle registration and inspection. The revenue is now deposited to the new TERP Trust Fund. Remaining funds in the account can only be spent if appropriated by the Legislature.

**Dry Cleaning Facility Release Account (5093)** - This account was created by H.B. 1366, 78th Leg., R.S., to receive revenues from fees on dry cleaning establishments and on the purchase of dry-cleaning solvents. The revenues are used to fund the cleanup of releases of dry-cleaning solvents into the soil or water of the state.



**Operating Permit Fees Account (5094)** - This account was created by H.B. 1481, 78th Leg., R.S., to receive revenue generated by the Air Emissions Fee to cover the costs of developing and administering the federal permit programs under Title IV or V of the federal Clean Air Act.

**Perpetual Care Account (5096)** - This account in General Revenue was created by H.B. 1567, H.B. 1678 and H.B. 3318, 78th Leg., R.S., to receive most fees and administrative penalties relating to radioactive waste under Health and Safety Ch. 401.

**Environmental Radiation and Perpetual Care (5158)** - This account is used for the decontamination, decommissioning, stabilization, reclamation, maintenance, surveillance, control, storage, and disposal of radioactive substances. Money in the account may not be used for normal operating expenses of the commission. It is for deposit of certain radioactive materials and devices regulation fees and low-level radiation waste disposal fees.

#### **Capital Assets Adjustment Fund Type**

The Capital Assets Adjustment fund converts governmental fund types' capital assets from modified accrual to full accrual.

#### **Long-Term Liabilities Adjustment Fund Type**

The Long-Term Liabilities Adjustment fund converts governmental fund types' debt from modified accrual to full accrual.

#### **Other Adjustments Fund Type**

The Other Adjustments fund converts all other governmental fund type activity from modified accrual to full accrual.

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

Fiduciary funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

#### **Agency Funds**

Agency Funds are used to account for assets held in a custodial capacity for the benefit of other agencies or individuals.

### ***Basis of Accounting***

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

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

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

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

- Capital assets
- Accumulated depreciation

- Unpaid employee compensable leave
- Long-term pollution remediation obligations

## **Budgets and Budgetary Accounting**

The budget is prepared biennially and represents appropriations authorized by the Legislature and approved by the Governor (the General Appropriations Act). The Commissioners adopt an annual operating budget and policies consistent with these appropriations. Encumbrance accounting is utilized for budgetary control purposes. Unencumbered appropriations are generally subject to lapse 60 days after the end of the 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.

#### **Receivables**

Receivables represent revenue from licenses, fees, permits and federal funds that has been earned but not received. This account is presented net of Allowance for Bad Debts.

#### **Inventories and Prepaid Items**

Consumable Inventories includes supplies and postage on hand. The consumption method of accounting is used to account for inventories and prepaid items that appear in the governmental fund types. The cost of these items is expensed when the items are used or consumed.

#### **Capital Assets**

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or, if purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

### **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.

#### **Payroll Payable**

Payroll Payable represents the liability for August salaries at the balance sheet date for which payment is pending.

#### **Contracts Retainage Payable**

Contract Retainage Payable represents the liability for amounts retained pursuant to contract agreements at the balance sheet date for which payment is pending.

#### **Pollution Remediation Obligations**

Pollution Remediation Obligations represent obligations to address the detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments

and cleanups. Pollution Remediation Obligations are accounted for in the long-term liability adjustment column, as current (for amounts due within one year) and non-current (for amounts due thereafter). Pollution Remediation Obligations are recognized in the financial statements when an obligating event has occurred, and the outlays expected to be incurred to settle those liabilities are reasonably estimable.

### **Fund Balance/Net Position**

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

#### **Fund Balance Components**

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

- Nonspendable fund balance includes amounts not available to be spent because they are either:
  - Not in spendable form, or
  - Legally or contractually required to be maintained intact.
- Restricted fund balance includes those resources that have constraints placed on their use through external parties — such as creditors, grantors, contributors, laws or regulations of other governments — or by law through constitutional provisions or enabling legislation.
- Committed fund balance can be used only for specific purposes pursuant to constraints imposed through legislation passed into law by a formal action of the Texas Legislature, the state’s highest level of decision-making authority.
- Assigned fund balance includes amounts constrained by the state’s intent to be used for specific purposes, but the constraints do not meet the requirements to be reported as either restricted or committed. Intent is expressed by:
  - The Texas Legislature, or
  - A body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

#### **Net Investment in Capital Assets**

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bond, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

#### **Restricted Net Position**

Restricted net position results when constraints placed on net resources are either externally imposed by creditors, grantors, contributors and the like or imposed by law through constitutional provisions or enabling legislation.

#### **Unrestricted Net Position**

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

## **Interfund Activities and Balances**

The agency has the following types of transactions between funds:

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

**Note 2: Capital Assets**

A summary of changes in Capital Assets for the year ended August 31, 2022, is presented below:

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PRIMARY GOVERNMENT								
	Balance 9/1/2021	Adjustments	Reclassifications			Additions	Deletions	Balance 8/31/2022
			Completed CIP	Increase Interagency Transaction	Decrease Interagency Transaction			
<b>GOVERNMENTAL ACTIVITIES</b>								
<b>Non-depreciable or</b>								
<b>Non-amortizable Assets</b>								
Land and Land Improvements Infrastructure	\$ 20.00							20.00
Construction in Progress	13,979,794.94				7,581,177.59			21,560,972.53
Other Tangible Capital Assets								-
Land Use Rights								-
Other Intangible Capital Assets								-
Total Non-depreciable or Non-amortizable Assets	\$ 13,979,814.94		-	-	-	7,581,177.59	-	21,560,992.53
<b>Depreciable Assets</b>								
Buildings and Building Improvements Infrastructure	\$ 6,931,627.21				105,786.00			7,037,413.21
Facilities and Other Improvements								-
Furniture and Equipment	60,017,636.99	9,150.00			(7,250.00)	2,247,532.62	(323,455.50)	61,943,614.11
Vehicle, Boats and Aircraft	11,471,089.32					1,074,657.21	(545,937.27)	11,999,809.26
Other Capital Assets								-
Total Depreciable Assets	\$ 78,420,353.52	9,150.00	-	-	(7,250.00)	3,427,975.83	(869,392.77)	80,980,836.58
Less Accumulated Depreciation for:								
Buildings and Building Improvements Infrastructure	\$ (4,151,132.70)					(247,195.67)		(4,398,328.37)
Facilities and Other Improvements								-
Furniture and Equipment	(48,670,131.88)	(8,386.84)			7,250.00	(3,164,693.04)	301,192.08	(51,534,769.68)
Vehicles, Boats and Aircraft	(7,332,973.71)					(1,172,498.48)	535,983.89	(7,969,488.30)
Other Capital Assets								-
Total Accumulated Depreciation	\$ (60,154,238.29)	(8,386.84)	-	-	7,250.00	(4,584,387.19)	837,175.97	(63,902,586.35)
Depreciable Assets, Net	\$ 18,266,115.23	763.16	-	-	-	(1,156,411.36)	(32,216.80)	17,078,250.23
<b>Amortizable Assets - Intangible</b>								
Land Use Rights								-
Computer Software	\$ 12,672,543.24						(21,945.00)	12,650,598.24
Other Capital Intangible Assets								-
Total Amortizable Assets - Intangible	\$ 12,672,543.24	-	-	-	-	-	(21,945.00)	12,650,598.24
Less Accumulated Amortization for:								
Land Use Rights	\$							-
Computer Software	(12,672,543.24)						21,945.00	(12,650,598.24)
Other Intangible Capital Assets								-
Total Accumulated Amortization	\$ (12,672,543.24)	-	-	-	-	-	21,945.00	(12,650,598.24)
Amortizable Assets - Intangible, Net	\$ -	-	-	-	-	-	-	-
<b>Governmental Activities Capital Assets, Net</b>	\$ 32,245,930.17	763.16	-	-	-	6,424,766.23	(32,216.80)	38,639,242.76
<b>GOVERNMENTAL ACTIVITIES</b>								
<b>Right to Use Assets - Amortizable</b>								
Buildings and Building Improvements	\$ -					44,177,329.57		44,177,329.57
Furniture and Equipment						265,361.43		265,361.43
Total Right to Use Assets at Historical Cost	\$ -	-	-	-	-	44,442,691.00	-	44,442,691.00
Less Accumulated Amortization for:								
Buildings and Building Improvement	\$ -					(6,681,842.32)		(6,681,842.32)
Furniture and Equipment						(66,340.32)		(66,340.32)
Total Accumulated Amortization	\$ -	-	-	-	-	(6,748,182.64)	-	(6,748,182.64)
Amortizable Right to Use Assets, Net	\$ -	-	-	-	-	37,694,508.36	-	37,694,508.36
<b>Governmental Activities Right to Use Assets, Net</b>	\$ -	-	-	-	-	37,694,508.36	-	37,694,508.36

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

**Deposits of Cash in Bank**

The Texas Commission on Environmental Quality reports investments held in the Texas Treasury Safekeeping Trust Company. The Texas Treasury Safekeeping Trust Company is authorized by statute to make investments following the “prudent person rule”. There were no significant violations of legal provisions during the period.

As of August 31, 2022, the carrying amount of deposits was \$50.00 as presented below.

**Government and Business-Type Activities**

Cash in Bank – Carrying Amount	\$50.00
Cash in Bank (Exh. I)	<u>\$50.00</u>

**Investments**

As of August 31, 2022, the fair value of investments were:

<b>Governmental and Business-Type Activities</b>		<b>Fair Value</b>
Repurchase Agreements – Texas Treasury Safekeeping Trust Co – Natural Resource Trustee Account. <sup>1</sup>		\$70,019,366.02
Total		<u>\$70,019,366.02</u>

<b>Governmental and Business-Type Activities</b>		<b>Fair Value</b>
Repurchase Agreements – Texas Treasury Safekeeping Trust Co – Securities Held In Trust. <sup>1</sup>		\$45,852,723.12
Total		<u>\$45,852,723.12</u>

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of August 31, 2022, the agency’s credit quality distribution for securities with credit risk exposure was:

Fund Type	GAAP Fund	Investment Type	AAA	AA	A	BB
01	9999	Repurchase Agreements Texas Treasury Safekeeping Trust Co. - Natural Resource Trustee Account	\$70,019,366.02			
01	9999	Repurchase Agreements Texas Treasury Safekeeping Trust Co - Securities Held In Trust.	\$45,852,723.12			

**Note 4: Short-Term Debt**

Not applicable

<sup>1</sup> – Repurchase Agreements with the Texas Treasury Safekeeping Trust Company are recorded as Cash Equivalents and as Repurchase Agreements in the Notes, based on Reporting Requirements for Annual Financial Reports of State Agencies and Universities.

## Note 5: Long-Term Liabilities

### Changes in Long-Term Liabilities

The following changes occurred in liabilities during the fiscal year ended August 31, 2022.

Governmental Activities	Balance 9/01/21	Additions	Reductions	Restatement/ Adjustment	Balance 8/31/22	Amounts Due Within One Year	Amounts Due Thereafter
Right to Use Lease Obligations	\$ 0	\$ 44,442,691.00	\$ 6,517,019.95	\$ 0	\$ 37,925,671.05	\$ 6,632,733.73	\$ 31,292,937.32
Employees' Compensable Leave	25,184,166.55	16,891,287.26	21,895,682.59	1,054,933.10	21,234,704.32	11,933,977.79	9,300,726.53
Pollution Remediation Obligations	229,516,559.41	14,606,177.59	16,529,566.09	0	227,593,170.91	33,301,744.95	194,291,425.96
Total Governmental Activities	\$ 254,700,725.96	\$ 75,940,155.85	\$ 44,942,268.63	\$ 1,054,933.10	\$ 286,753,546.28	\$51,868,456.47	\$ 234,885,089.81

### Employees' Compensable Leave

If a state employee 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 position. No liability is recorded for non-vesting employees 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.

### Pollution Remediation Obligations

#### Dry Cleaners

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

The pollution remediation obligation is measured by using the national average cleanup cost, as calculated by the State Coalition for Remediation of Drycleaners. Direct salary and benefit costs are added to the national average, and the total cost is multiplied by the number of active sites. The amount of the estimated pollution remediation assumes that there will be no major increases in the cost of providing these cleanup services. The TCEQ has 237 active sites at fiscal yearend, with a total estimated pollution remediation obligation of \$53,432,008.53.

#### Leaking Petroleum Storage Tanks

The TCEQ oversees cleanups of leaking petroleum storage tanks (LPST). Cleanup costs are paid by the owners' environmental liability insurance or other financial assurance mechanisms or from their own funds. If the responsible party is unknown or is unwilling or financially unable to do the work, state and federal funds are used to pay for the corrective actions. Revenue is



generated from a fee on the delivery of petroleum products removed from bulk storage facilities. State statutes allow cost recovery from the current owner or any previous responsible owner; however, to date this has not been necessary.

The TCEQ calculates expected outlays related to this pollution remediation by establishing the average cost of cleanup and multiplying that cost by the number of active sites, plus direct salaries, and benefits for the duration of the cleanup. This methodology is based upon historical experience in estimating these cleanups.

At fiscal yearend there were 246 active State Lead sites, with a total estimated pollution remediation obligation of \$51,357,937.54.

### **Superfund**

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

When a site is referred to the TCEQ Superfund Section one of two events occurs: either the SSDAP performs the initial assessment and ranking of the site, or the PA/SI Program evaluates the site for the Federal Superfund Program. Sites evaluated by the PA/SI program are later referred to the SSDAP if they do not meet the criteria for the Federal Superfund Program or if EPA does not include them in the Federal Superfund Program. Sites referred to SSDAP are assessed and ranked for potential referral to the State Superfund Program.

The objective of the State and Federal Superfund Programs is to address environmental problems associated with the imminent and substantial endangerment to public health and safety or the environment due to a release or threatened release of hazardous substances. The State and Federal Superfund Programs meet this objective by investigating and evaluating the release or threatened release of hazardous substances, identifying responsible parties, and remediating State and Federal Superfund sites.

The Pollution Remediation Obligation for Superfund sites was calculated by estimating the remediation obligations for active Superfund Section sites in Texas. The following sites or site phases were excluded from the estimation:

- Potentially Responsible Party (PRP) funded investigations and cleanups, because these sites are funded by PRPs;
- Federal sites' costs associated with the Remedial Investigation (RI), Feasibility Study (FS), and Remedial Design (RD), because these phases are funded through the 100% federal match grant coverage; and
- SSDAP and PA/SI sites in the queue for evaluation under the State or Federal Superfund Program, because it is not known if these sites will require cleanup under the Superfund Programs.

Site estimates were based on budget projections to cover necessary activities for the upcoming fiscal year, along with estimated costs for future years and phases, plus direct salaries and benefits. For sites without available budget projections, estimated costs were provided for the Superfund phases of investigation and cleanup, based on staff experience with similar sites. Site estimates may change drastically from one year to another as the investigations progress and better understanding of site conditions are obtained. The estimate of liabilities is limited to sites that have been, or are, being assessed and ranked for the Superfund program. Cost recovery activities during FY22 resulted in collections of \$70,822.75.

At the end of FY22, Texas had 70 sites with Pollution Remediation Obligations in the State and Federal Superfund programs and zero sites that required an immediate response or removal action. The current total Superfund liability, as of 8/31/22, is \$122,803,224.82.

**Note 6: Bonded Indebtedness**

Not Applicable

**Note 7: Derivative Instruments**

Not Applicable

**Note 8: Leases**

Included in the expenditures reported in the financial statements is the following amount of rent paid: \$6,898,509.79

**Future Lease Payments**

Year Ended August 31, 2022

Primary Government			
Governmental Activities			
Year	Principal	Interest	Total Future Minimum Lease Payments
2023	\$6,632,733.73	\$417,272.15	\$7,050,005.88
2024	6,078,072.06	356,952.45	6,435,024.51
2025	5,707,208.88	294,783.68	6,001,992.56
2026	5,636,017.12	233,568.85	5,869,585.97
2027	5,642,003.49	172,455.05	5,814,458.54
2028-2032	8,229,635.77	374,436.40	8,604,072.17
Totals	\$37,925,671.05	\$1,849,468.58	\$39,775,139.63

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

Not Applicable

**Note 10: Deferred Compensation**

Not Applicable

**Note 11: Postemployment Benefits Other Than Pensions**

Not Applicable

**Note 12: Interfund Activity and Transactions**

Not Applicable

**Note 13: Continuance Subject to Review**

Under the Texas Sunset Act, the Texas Commission on Environmental Quality will be abolished effective September 1, 2023, unless continued in existence by the 88<sup>th</sup> Legislature as provided by the Act. If abolished, the agency may continue until September 1, 2024, to close out its operations.

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

During Fiscal Year 2022, an asset previously reported as lost was recovered resulting in a restatement of TCEQ's September 1, 2021, Fund Balance/Net Position as follows:

	Capital Asset
Fund Balance/Net Position September 1, 2021	\$32,245,930.17
Restatements:	\$763.16
Fund Balance/Net Position September 1, 2021 as restated	\$32,246,693.33

## Note 15: Contingencies and Commitments

As a grantee receiving funds from various federal granting agencies, the Texas Commission on Environmental Quality is subject to review or audit by the federal grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowances, if any, would be immaterial. TCEQ is currently the subject of multiple complaints regarding Title VI of the Civil Rights Act of 1964, some of which EPA has accepted and begun the investigation process. In the instance of an adverse finding in a Title VI investigation, the most extreme remedy is rescission of federal funding. Since the agency does not allow discrimination on the basis of race, color, national origin, sex, disability, age, sexual orientation, veteran status, or retaliation in the administration of its programs or activities, as required by federal and state laws and regulations, management believes it is unlikely that EPA would resort to this excessive remedy. Additionally, the TCEQ is involved in several administrative claims proceedings and lawsuits that could result in possible liabilities in the event of an adverse ruling. However, while adverse rulings regarding any of these claims are possible, it is management's opinion that the possibility of adverse rulings resulting in liabilities is unlikely.

As of August 31, 2022, the TCEQ encumbered expenditures in governmental funds for signed contracts and purchase orders as presented in the table below:

Appropriated Fund Number	Appropriated Account Name	Encumbrance	Available Fund Balance	Total Fund Balance
0001	General Revenue	\$ 3,554,177.09	\$ 8,951,621.64	\$ 12,505,798.73
1201	Texas Emissions Reduction Plan Trust	12,304,980.56	139,860,814.62	152,165,795.18
0088	Low Level Radioactive	(11,147.80)	20,962,885.11	20,951,737.31
0151	Clean Air	10,459,713.80	289,409,216.86	299,868,930.66
0153	Water Resource Management	15,663,417.27	57,766,855.69	73,430,272.96
0158	Watermaster Administration Account	41,085.14	1,727,077.47	1,768,162.61
0468	Occupational Licensing	(211.25)	10,987,629.23	10,987,417.98
0549	Waste Management	3,730,951.69	14,774,467.19	18,505,418.88
0550	Hazardous & Solid Waste Remediation Fee	5,768,252.27	26,418,142.69	32,186,394.96
0655	Petroleum Storage Tank Remediation	6,806,444.62	75,278,754.87	82,085,199.49
0930	Restore Act Trust Fund	39,128,774.65	(39,087,442.45)	41,332.20
5000	Solid Waste Disposal Fee	0.00	138,652,934.21	138,652,934.21
5020	Workplace Chemicals List	1,526.19	2,563,300.58	2,564,826.77
5065	Environmental Trust Lab Accreditation	1,764.00	807,042.82	808,806.82
5071	Texas Emissions Reduction Plan	71,969,597.95	1,977,744,564.46	2,049,714,162.41
5093	Dry Cleaning Facility Release	1,445,342.71	18,808,343.28	20,253,685.99
5094	Operating Permit Fees	1,858,707.39	12,785,181.65	14,643,889.04
5158	Environmental Radiation Perpetual Care	130,986.54	8,698,492.06	8,829,478.60

**Note 16: Subsequent Events**

Not Applicable

**Note 17: Risk Management**

The TCEQ is exposed to a variety of claims resulting from the performance of its duties. It is agency policy to periodically assess potential risks to which it may be exposed. The agency assumes substantially all risks and liability claims due to the performance of its duties. Currently there is no purchase of commercial insurance nor is the agency involved in any risk pools with other government entities.

Liabilities are reported when it is both probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

The agency’s claim and judgement liability activity at August 31, 2022, is as follows:

Claims and Judgements				
	Beginning balance	Increases	Decreases	Ending Balance
FY 2022	-	\$19,605.25	\$(19,605.25)	-
FY 2021	-	\$1,884.29	\$(1,884.29)	-

**Note 18: Management’s Discussion and Analysis**

The TCEQ’s overall fund balance increased 1.8% from the FY 2021 adjusted ending balance (\$2.98 billion) to FY 2022 (\$3.04 billion). Major contributors affecting the change include the following accounts.

The General Revenue Account (0001) fund balance decreased by 17.2% in FY 2022 primarily due to appropriations for Rio Grande litigation and data center services that were appropriated for FY 2021 but not expended until FY 2022.

The Low-Level Radioactive Waste Account (0088) fund balance decreased by 6% in FY 2022. Account expenditures and obligations exceeded the annual revenues. The fund balance will continue to decline because the agency can only seek cost recovery for direct licensing and shipment inspection expenses. Other compliance costs associated with the facility are not eligible for cost recovery to the agency.

The Clean Air Account (0151) fund balance increased by 1.8% in FY 2022. The increase is due to annual revenue deposited into the fund exceeding the annual level of expenditures for this account.

The Water Resource Management Account (0153) fund balance increased by 13.2% in FY 2022. The increase is due to the annual revenue deposited into the fund exceeding the annual level of expenditures for this account.

The Watermaster Administration Account (0158) decreased by 13.5% in FY 2022. The decrease is due to expenditures exceeding revenue collections.

The Waste Management Account (0549) fund balance increased by 5.7% in FY 2022. The increase is due to significantly higher number of outstanding encumbrances remaining on 8/31 than in

prior years. The fund balance in the account will decrease significantly in FY 2023 as the outstanding encumbrances are paid.

The Petroleum Storage Tank Remediation Account (0655) fund balance decreased by 12.3% in FY 2022 primarily due to HB7, 84<sup>th</sup> Legislature which required the agency to reduce revenue by the amount of appropriations for pre-1998 PST sites. The agency anticipates a similar level of decrease in future years.

The Solid Waste Disposal Fee Account (5000) fund balance increased by 8.2% in FY 2022. The increase is due to the annual revenue deposited into the fund exceeding the annual level of expenditures for this account.

The Environmental Testing Laboratory Accreditation account (5065) decreased by 25% in FY 2022. The decrease is due to expenditures exceeding revenue collections.

The Texas Emission Reduction Plan (TERP) Account (5071) fund balance decreased by 4.7% in FY 2022. The decrease is due to expenditures of open encumbrances from prior years. Beginning on 9/1/2021, all revenue previously deposited to the account is now deposited to the new TERP Trust Fund (1201).

The Dry-Cleaning Facility Release Account (5093) fund balance decreased by 1.5% in FY 2022. The decrease is due to expenditures exceeding revenue collections.

The Operating Permit Fees Account (5094) fund balance decreased by 6.7% in FY 2022. The decrease is due to expenditures exceeding revenue collections.

### **Note 19: The Financial Reporting Entity**

As required by Generally Accepted Accounting Principles, the financial statements present the Texas Commission on Environmental Quality. The TCEQ has no component units.

### **Note 20: Stewardship, Compliance and Accountability**

Not Applicable

### **Note 21: N/A**

Not Applicable

### **Note 22: Donor Restricted Endowments**

Not Applicable

### **Note 23: Extraordinary and Special Items**

Not Applicable

### **Note 24: Disaggregation of Receivable and Payable Balances**

Not Applicable

### **Note 25: Termination Benefits**

Not Applicable

### **Note 26: Segment Information**

Not Applicable

**Note 27: Service Concession Arrangements**

Not Applicable

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

Not Applicable

**Note 29: Trouble Debt Restructuring**

Not Applicable

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

Not Applicable

**Note 31: Tax Abatements**

Not Applicable



**Note 32: Governmental Fund Balances**

GAAP Fund	Fund	AFR 54 Class	Amount	Citation	Comments
0325	0325	Restricted	\$0	Government Code sec.403.011  Other H.R. 748, Coronavirus Aid, Relief and Economic Security Act of 2020, Public Law No: 116-136	This account is established outside the General Revenue Fund to receive Texas's share of federal money appropriated under various federal legislation related to the coronavirus pandemic.
0930	0930	Restricted	\$41,332.20	TEX. GOV'T CODE ANN. Sec. 403.011, sec. 404.094(b)  H.B. 1, 84 <sup>th</sup> Leg., R.S., (General Appropriations Act), Article IX, Sec. 6.24, Op. Tex. Atty Gen. No. KP-0078.  The Federal statute authorizing the Gulf Coast Restoration Trust Fund is 33 U.S. Code § 1321(a)(35) pursuant to section 1602(a)-(b) of the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012.	This account is held outside the treasury with the comptroller. Its purpose is to receive federal money related to the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies (RESTORE) of the Gulf Coast States Act. It will be used for cleanup associated with the April 20, 2010, explosion and spill of the Deepwater Horizon oil rig in the Gulf of Mexico. Amounts are receipts from the Gulf Coast Restoration Trust Fund in the U.S. Treasury.

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 UNAUDITED

GAAP Fund	Fund	AFR 54 Class	Amount	Citation	Comments
9999	9993	Restricted	\$70,019,366.02	This account was created by an agreement effective July 24, 1995, between the Texas General Land Office, the Texas Parks and Wildlife Department, the TCEQ and the State Treasurer (Comptroller) specifically as a joint repository for Natural Resource Damages (NRD) settlement funds. By federal statute (42 USC 9607 Comprehensive Environmental Response Compensation and Liability Act and 33 USC 2706 Oil Pollution Act)	The NRD settlement funds can be used only for restoration of natural resources affected by releases of oil or hazardous substances.
9999	9993	Restricted	\$45,852,723.12	Texas Health and Safety Code 361.085	The TCEQ arranges deposits into the Comptroller's Texas Treasury Safekeeping Trust Company to provide assurance for environmental cleanups. These deposits are made because waste site owner's financial assurance instrument provider (e.g. banks, surety companies) indicate the instrument is to be terminated. The TCEQ draws the funds promised via the instrument prior to cancellation in order to protect its financial position. These funds are held outside the Treasury since funds will be used either for cleanup as authorized by statute or returned to the site owner if a replacement financial assurance instrument is provided. Funds are expended for environmental clean-up of facilities as per Texas Health and Safety Code 361.085.

**C O M B I N I N G**

**F I N A N C I A L**

**S T A T E M E N T S**

-UNAUDITED-

**EXHIBIT A-1  
COMBINING BALANCE SHEET  
All General and Consolidated Funds  
August 31, 2022**

	General Revenue Account (0001)	Texas Emissions Reduction Plan Trust (1201)	Texas Natural Resource Trusts Account (9999)	Low Level Radioactive Waste Account (0088)	Used Oil Recycling Account (0146)	Clean Air Account (0151)	Water Resource Management Account (0153)	Watermaster Administration Account (0158)	Coronavirus Relief Account (0325)	TCEQ Occupational Licensing Account (0468)
<b>Assets</b>										
<b>Current Assets:</b>										
Cash in Bank	\$ 50.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash in State Treasury	114,382.54	156,271,437.50		21,095,203.42		305,218,546.43	78,930,540.58	1,950,338.94		11,178,649.07
Cash Equivalents		-	115,872,089.14							
Legislative Appropriations	15,129,254.09	-								
Receivables:										
Federal						1,094,944.38	3,638,702.72			
Accounts Receivable						83,167.11	13,388.88	6,172.12		
Due From Other Agencies		11,728.71				359.94	3,044,670.90			
Consumable Inventories	180,862.32	-								
<b>Total Current Assets</b>	<b>\$ 15,424,548.95</b>	<b>\$ 156,283,166.21</b>	<b>\$ 115,872,089.14</b>	<b>\$ 21,095,203.42</b>	<b>\$ -</b>	<b>\$ 306,397,017.86</b>	<b>\$ 85,627,303.08</b>	<b>\$ 1,956,511.06</b>	<b>\$ -</b>	<b>\$ 11,178,649.07</b>
<b>Liabilities</b>										
<b>Current Liabilities</b>										
<b>Payables:</b>										
Accounts Payable	\$ 2,305,874.60	\$ 3,202,804.62	\$ -	\$ 15,291.01	\$ 477.10	\$ 1,903,046.96	\$ 2,871,637.65	\$ 19,931.13	\$ -	\$ 18,992.10
Payroll Payable	143,857.00	877,429.68		128,175.10		4,155,263.00	5,859,332.42	168,417.32		162,047.77
Contracts Retainage Payable	162,908.21	-				30.91	114,817.17			10,191.22
Due to Other Agencies	204,764.13	37,136.73				469,746.33	3,351,242.88			
Unearned Revenues	101,346.28	-								
<b>Total Current Liabilities</b>	<b>\$ 2,918,750.22</b>	<b>\$ 4,117,371.03</b>	<b>\$ -</b>	<b>\$ 143,466.11</b>	<b>\$ 477.10</b>	<b>\$ 6,528,087.20</b>	<b>\$ 12,197,030.12</b>	<b>\$ 188,348.45</b>	<b>\$ -</b>	<b>\$ 191,231.09</b>
<b>Non-Current Liabilities</b>										
Other Non-Current Liabilities	\$ -	\$ -	\$ 25,206,516.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Non-Current Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,206,516.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Liabilities</b>	<b>\$ 2,918,750.22</b>	<b>\$ 4,117,371.03</b>	<b>\$ 25,206,516.00</b>	<b>\$ 143,466.11</b>	<b>\$ 477.10</b>	<b>\$ 6,528,087.20</b>	<b>\$ 12,197,030.12</b>	<b>\$ 188,348.45</b>	<b>\$ -</b>	<b>\$ 191,231.09</b>
<b>Fund Balances</b>										
Nonspendable	\$ 180,862.32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	90,665,573.14							
Committed		152,165,795.18		20,951,737.31		299,868,930.66	73,430,272.96	1,768,162.61		10,987,417.98
Assigned	3,554,177.09	-								
Unassigned	8,770,759.32	-			(477.10)					
<b>Total Fund Balances</b>	<b>\$ 12,505,798.73</b>	<b>\$ 152,165,795.18</b>	<b>\$ 90,665,573.14</b>	<b>\$ 20,951,737.31</b>	<b>\$ (477.10)</b>	<b>\$ 299,868,930.66</b>	<b>\$ 73,430,272.96</b>	<b>\$ 1,768,162.61</b>	<b>\$ -</b>	<b>\$ 10,987,417.98</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 15,424,548.95</b>	<b>\$ 156,283,166.21</b>	<b>\$ 115,872,089.14</b>	<b>\$ 21,095,203.42</b>	<b>\$ -</b>	<b>\$ 306,397,017.86</b>	<b>\$ 85,627,303.08</b>	<b>\$ 1,956,511.06</b>	<b>\$ -</b>	<b>\$ 11,178,649.07</b>

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (582)

-UNAUDITED-

Waste Management Account (0549)	Hazardous & Solid Waste Remediation Fee Account (0550)	Petroleum Storage Tank Remediation Account (0655)	Licenc Plate Trust Fund (0802)	Restore Act Trust Fund (0930)	Solid Waste Disposal Fee Account (5000)	Workplace Chemicals List (5020)	Environmental Testing Lab Accreditation Account (5065)	Texas Emissions Reduction Plan Account (5071)	Dry Cleaning Facility Release Account (5093)	Operating Permit Fees Account (5094)	Perpetual Care Account (5096)	Environmental Radiation & Perpetual Care (5158)	Total
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 50.00
22,161,404.84	36,781,491.40	84,982,413.18		5,306.88	138,330,573.28	2,652,824.84	880,722.47	2,051,366,222.87	20,901,502.10	17,935,860.24	9,773,480.43	9,769,672.13	2,970,300,573.14
													115,872,089.14
													15,129,254.09
472,114.00	45,153.00	1,031,080.11		476,003.83									6,757,998.04
699,954.81					322,360.93	5,355.29			110,646.80	20,745.71			1,261,791.65
47,289.69													3,104,049.24
													180,862.32
<u>\$ 23,380,763.34</u>	<u>\$ 36,826,644.40</u>	<u>\$ 86,013,493.29</u>	<u>\$ -</u>	<u>\$ 481,310.71</u>	<u>\$ 138,652,934.21</u>	<u>\$ 2,658,180.13</u>	<u>\$ 880,722.47</u>	<u>\$ 2,051,366,222.87</u>	<u>\$ 21,012,148.90</u>	<u>\$ 17,956,605.95</u>	<u>\$ 9,773,480.43</u>	<u>\$ 9,769,672.13</u>	<u>\$ 3,112,606,667.62</u>
\$ 1,549,063.84	\$ 3,469,738.27	\$ 1,820,999.74	\$ 195.00	\$	\$	\$ 7,914.36	\$ 27,812.60	\$ 1,528,567.25	\$ 655,048.09	\$ 764,134.66	\$	\$ 866,080.13	\$ 21,027,609.11
3,324,798.65	1,033,523.73	1,028,850.13				73,559.32	44,103.05		46,652.92	2,532,185.35			19,578,195.44
1,328.30	136,987.44	245,197.82						88,944.57	56,761.90			74,113.40	891,280.94
153.67		833,246.11		439,978.51		11,879.68		34,548.64		16,396.90			5,399,093.58
													101,346.28
<u>\$ 4,875,344.46</u>	<u>\$ 4,640,249.44</u>	<u>\$ 3,928,293.80</u>	<u>\$ 195.00</u>	<u>\$ 439,978.51</u>	<u>\$ -</u>	<u>\$ 93,353.36</u>	<u>\$ 71,915.65</u>	<u>\$ 1,652,060.46</u>	<u>\$ 758,462.91</u>	<u>\$ 3,312,716.91</u>	<u>\$ -</u>	<u>\$ 940,193.53</u>	<u>\$ 46,997,525.35</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,206,516.00
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,206,516.00
\$ 4,875,344.46	\$ 4,640,249.44	\$ 3,928,293.80	\$ 195.00	\$ 439,978.51	\$ -	\$ 93,353.36	\$ 71,915.65	\$ 1,652,060.46	\$ 758,462.91	\$ 3,312,716.91	\$ -	\$ 940,193.53	\$ 72,204,041.35
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 180,862.32
				41,332.20									90,706,905.34
18,505,418.88	32,186,394.96	82,085,199.49			138,652,934.21	2,564,826.77	808,806.82	2,049,714,162.41	20,253,685.99	14,643,889.04	9,773,480.43	8,829,478.60	2,937,190,594.30
													3,554,177.09
				(195.00)									8,770,087.22
<u>\$ 18,505,418.88</u>	<u>\$ 32,186,394.96</u>	<u>\$ 82,085,199.49</u>	<u>\$ (195.00)</u>	<u>\$ 41,332.20</u>	<u>\$ 138,652,934.21</u>	<u>\$ 2,564,826.77</u>	<u>\$ 808,806.82</u>	<u>\$ 2,049,714,162.41</u>	<u>\$ 20,253,685.99</u>	<u>\$ 14,643,889.04</u>	<u>\$ 9,773,480.43</u>	<u>\$ 8,829,478.60</u>	<u>\$ 3,040,402,626.27</u>
<u>\$ 23,380,763.34</u>	<u>\$ 36,826,644.40</u>	<u>\$ 86,013,493.29</u>	<u>\$ -</u>	<u>\$ 481,310.71</u>	<u>\$ 138,652,934.21</u>	<u>\$ 2,658,180.13</u>	<u>\$ 880,722.47</u>	<u>\$ 2,051,366,222.87</u>	<u>\$ 21,012,148.90</u>	<u>\$ 17,956,605.95</u>	<u>\$ 9,773,480.43</u>	<u>\$ 9,769,672.13</u>	<u>\$ 3,112,606,667.62</u>

-UNAUDITED-

**EXHIBIT A-2**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**All General and Consolidated Funds**  
**For the Year Ended August 31, 2022**

	General Revenue Account (0001)	Texas Emissions Reduction Plan Trust (1201)	Texas Natural Resource Trustees Account (9999)	Low Level Radioactive Waste Account (0088)	Used Oil Recycling Account (0146)	Clean Air Account (0151)	Water Resource Management Account (0153)	Watermaster Administration Account (0158)	Coronavirus Relief Account (0325)	TCEQ Occupational Licensing Account (0468)	Waste Management Account (0549)
<b>Revenues</b>											
Legislative Appropriations :											
Original Appropriations	\$ 20,581,782.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Appropriations	2,598,339.30	-	-	-	-	-	-	-	-	-	-
Taxes	-	104,206,153.79	-	-	-	-	-	-	-	-	-
Federal Revenues	5,041,788.81	-	-	-	-	10,039,715.35	19,338,254.36	-	-	-	7,008,034.00
Federal Pass-Through	1,695,665.97	-	-	-	-	238,117.81	11,418,190.76	-	-	-	145,068.38
State Grant Pass-Through	-	-	-	-	-	-	-	-	-	-	-
Licenses, Fees and Permits	1,253,849.95	148,493,653.57	-	675,643.87	-	70,660,530.91	90,365,307.14	2,637,348.61	-	2,641,683.10	41,247,742.01
Interest & Investment Income	-	404,494.34	360,058.33	-	-	-	-	-	(2.47)	-	-
Settlement of Claims	-	-	2,621,035.91	-	-	-	-	-	-	-	-
Sales of Goods and Services	25.72	-	-	-	-	-	86,840.68	-	-	-	-
Other Revenues	9,287.54	-	-	-	-	296,575.00	-	-	-	-	487.92
<b>Total Revenues</b>	\$ 31,180,739.29	\$ 253,104,301.70	\$ 2,981,094.24	\$ 675,643.87	\$ -	\$ 81,234,939.07	\$ 121,208,592.94	\$ 2,637,348.61	\$ (2.47)	\$ 2,641,683.10	\$ 48,401,332.31
<b>Expenditures</b>											
Salaries and Wages	\$ 4,998,345.12	\$ 6,425,921.39	\$ -	\$ 1,136,215.88	\$ -	\$ 34,178,948.38	\$ 52,127,608.96	\$ 1,454,584.73	\$ -	\$ 1,499,374.68	\$ 29,301,963.52
Payroll Related Costs	2,682,559.37	1,841,268.11	-	357,357.24	-	12,360,949.73	19,822,146.94	573,289.39	-	499,637.92	9,426,722.73
Professional Fees and Services	10,936,804.36	227,847.80	2,528,633.19	6,327.50	-	11,850,382.80	6,993,052.92	173,154.21	-	4,840.88	3,837,825.94
Travel	57,441.09	12,608.21	-	20,979.80	-	198,659.15	238,865.28	19,101.89	-	10,703.06	104,649.49
Materials and Supplies	684,255.72	115,818.63	-	105,895.17	-	1,781,613.01	1,981,975.02	86,294.63	-	4,917.50	739,354.51
Communications and Utilities	213,882.85	42,388.89	-	17,868.63	-	880,354.71	778,602.94	51,875.98	-	1,933.39	315,034.20
Repairs and Maintenance	178,747.97	76,051.13	-	2,953.17	-	853,763.35	841,471.80	37,253.43	-	23,690.42	220,836.07
Rentals and Leases	298,938.20	1,723.73	-	224.50	-	236,265.11	422,803.90	(23,449.98)	-	(85.99)	85,138.63
Printing and Reproduction	67,005.10	99.50	-	99.50	-	10,018.14	122,499.71	387.50	-	4,870.35	54,305.72
Claims and Judgements	-	-	-	-	-	2,105.25	-	-	-	-	-
Federal Pass-Through Expenditures	-	-	-	-	-	516,199.12	7,786,647.30	-	-	-	-
State Grant Pass-Through Expenditures	896,826.69	551,650.54	-	60,091.66	-	2,117,169.77	1,350,096.65	-	-	-	(1,102.57)
Intergovernmental Payments	751,566.84	2,895,616.53	-	-	-	4,089,687.07	7,839,447.55	-	-	-	-
Public Assistance Programs	-	-	-	-	-	-	79,602.26	-	-	-	-
Other Operating Expenditures	791,648.63	5,216,362.34	2,366,422.58	76,848.86	-	2,714,040.33	3,531,731.97	34,383.88	-	110,023.13	2,073,874.67
Debt Service-Principal-Leases	220,941.01	545,062.77	-	1,290.72	-	928,391.67	1,884,922.61	144,695.38	-	39,982.54	1,014,596.10
Capital Outlay	2,202,088.64	4,750,188.92	-	5,185.44	-	8,669,763.67	13,474,800.97	1,340,695.47	-	258,561.84	6,516,321.05
<b>Total Expenditures</b>	\$ 24,981,051.59	\$ 22,702,608.49	\$ 4,895,055.77	\$ 1,791,338.07	\$ -	\$ 81,388,311.26	\$ 119,276,276.78	\$ 3,892,266.51	\$ -	\$ 2,458,449.72	\$ 53,689,520.06
Excess (Deficiency) of Revenues over Expenditures	\$ 6,199,687.70	\$ 230,401,693.21	\$ (1,913,961.53)	\$ (1,115,694.20)	\$ -	\$ (153,372.19)	\$ 1,932,316.16	\$ (1,254,917.90)	\$ (2.47)	\$ 183,233.38	\$ (5,288,187.75)
<b>Other Financing Sources (Uses)</b>											
Operating Transfers In	\$ (4,200,100.00)	\$ -	\$ -	\$ 223,689.83	\$ -	\$ 501,367.19	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfers Out	(6,624,593.69)	(81,760,747.07)	(9,292,045.00)	(443,227.00)	-	(2,366,504.02)	(4,479,870.44)	-	-	-	-
Increase In Obligations-Leases	1,979,636.49	3,524,849.04	-	5,185.44	-	7,391,207.84	11,101,366.96	979,257.47	-	258,561.84	6,283,869.01
Sale of Capital Assets	189,022.18	-	-	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	\$ (8,656,035.02)	\$ (78,235,898.03)	\$ (9,292,045.00)	\$ (214,351.73)	\$ -	\$ 5,526,071.01	\$ 6,621,496.52	\$ 979,257.47	\$ -	\$ 258,561.84	\$ 6,283,869.01
Net Change in Fund Balances	\$ (2,456,347.32)	\$ 152,165,795.18	\$ (11,206,006.53)	\$ (1,330,045.93)	\$ -	\$ 5,372,698.82	\$ 8,553,812.68	\$ (275,660.43)	\$ (2.47)	\$ 441,795.22	\$ 995,681.26
<b>Fund Financial Statements/Fund Balances</b>											
<b>Fund Balances, September 1, 2021</b>	\$ 15,135,789.04	\$ -	\$ 101,871,579.67	\$ 22,281,783.24	\$ (477.10)	\$ 294,496,231.84	\$ 64,876,460.28	\$ 2,043,823.04	\$ 2.47	\$ 10,545,622.76	\$ 17,509,737.62
Restatements (if any)	-	-	-	-	-	-	-	-	-	-	-
<b>Fund Balances, As Restated</b>	\$ 15,135,789.04	\$ -	\$ 101,871,579.67	\$ 22,281,783.24	\$ (477.10)	\$ 294,496,231.84	\$ 64,876,460.28	\$ 2,043,823.04	\$ 2.47	\$ 10,545,622.76	\$ 17,509,737.62
Appropriations Lapsed	(173,642.99)	-	-	-	-	-	-	-	-	-	-
<b>Fund Balances, August 31, 2022</b>	\$ 12,505,798.73	\$ 152,165,795.18	\$ 90,665,573.14	\$ 20,951,737.31	\$ (477.10)	\$ 299,868,930.66	\$ 73,430,272.96	\$ 1,768,162.61	\$ -	\$ 10,987,417.98	\$ 18,505,418.88

-UNAUDITED-

Hazardous & Solid Waste Remediation Fee Account (0550)	Petroleum Storage Tank Remediation Account (0655)	License Plate Trust Fund (0802)	Restore Act Trust Fund (0930)	Solid Waste Disposal Fee Account (5000)	Workplace Chemicals List (5020)	Environmental Testing Lab Accreditation Account (5065)	Texas Emissions Reduction Plan Account (5071)	Dry Cleaning Facility Release Account (5093)	Operating Permit Fees Account (5094)	Perpetual Care Account (5096)	Environmental Radiation & Perpetual care Account (5158)	Totals
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 20,581,782.00
	625,322.00		5,761,162.26				51,605.62					2,598,339.30
												104,257,759.41
												51,908,013.03
												13,497,042.92
												-
												468,694,650.42
												761,865.61
												2,621,035.91
												86,866.40
												577,495.01
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
31,624,981.83	21,381,274.25	1,088.22	5,758,461.92	13,384,922.97	1,832,749.10	708,285.00	54,813.80	2,913,536.54	40,524,982.25	-	3,334,081.47	665,584,850.01
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
9,739,353.87	9,578,325.62		226,762.77		703,647.56	414,072.84	20,564.33	411,357.05	23,187,831.68			175,404,878.38
5,039,043.78	5,628,429.18		63,549.99		302,566.39	171,436.31	16,027.15	137,017.74	8,235,791.17			67,157,793.14
10,493,843.67	12,887,507.62		59,275.96		1,150.00	368,112.00	826,054.58	3,046,835.12	(618,726.49)		1,488,205.55	65,111,127.61
48,695.19	21,467.16		9,504.11		4,434.12	7,948.99			92,334.48			847,392.02
252,363.03	559,786.30	195.00	1,333.00		3,435.65		3,904.11		1,538,330.54			7,859,471.82
45,927.66	313,552.53				5,738.00	2,835.00	5,376.77		240,767.00			2,916,138.55
58,508.66	22,086.79								201,493.91			2,516,856.70
11,415.39	(98,093.22)						141.12		127,354.19			1,062,375.58
451.25	845.50				49.75				3,746.89			264,378.91
17,500.00												19,605.25
	1,335,868.53		1,639,786.23									11,278,501.18
												2,794,238.99
												24,772,975.23
												79,602.26
												39,197,534.22
												6,517,019.95
												55,451,844.42
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
31,042,736.56	33,915,135.05	195.00	5,713,707.30	2,881,584.82	1,073,860.91	978,908.47	16,657,169.88	3,218,974.53	50,321,164.11	-	2,373,419.33	463,251,734.21
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
582,245.27	(12,533,860.80)	893.22	44,754.62	10,503,338.15	758,888.19	(270,623.47)	(16,602,356.08)	(305,437.99)	(9,796,181.86)	-	960,662.14	202,333,115.80
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
217,791.57	(1,900,000.00)	(1,088.22)			10,251.29	(81,012.82)	(8,000,100.00)			1,369,972.45		(9,877,127.67)
							(75,475,168.57)					(182,424,256.83)
1,231,950.30	2,946,097.06								8,740,709.55			44,442,691.00
												189,022.18
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1,449,741.87	1,046,097.06	(1,088.22)	-	-	(70,761.53)	-	(83,475,268.57)	-	8,740,709.55	1,369,972.45	-	(147,669,671.32)
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2,031,987.14	(11,487,763.74)	(195.00)	44,754.62	10,503,338.15	688,126.66	(270,623.47)	(100,077,624.65)	(305,437.99)	(1,055,472.31)	1,369,972.45	960,662.14	54,663,444.48
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
30,154,407.82	93,572,963.23	-	(3,422.42)	128,149,596.06	1,876,700.11	1,079,430.29	2,149,791,787.06	20,559,123.98	15,699,361.35	8,403,507.98	7,868,816.46	2,985,912,824.78
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
30,154,407.82	93,572,963.23	-	(3,422.42)	128,149,596.06	1,876,700.11	1,079,430.29	2,149,791,787.06	20,559,123.98	15,699,361.35	8,403,507.98	7,868,816.46	2,985,912,824.78
												(173,642.99)
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
32,186,394.96	82,085,199.49	(195.00)	41,332.20	138,652,934.21	2,564,826.77	808,806.82	2,049,714,162.41	20,253,685.99	14,643,889.04	9,773,480.43	8,829,478.60	3,040,402,626.27





# **S C H E D U L E S**

**SCHEDULE 1A  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended August 31, 2022**

Federal Grantor / Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through From			
		Agency/ University Number	Identifying Number	State Agency or University Amount	Non-State Entities Amount
<b>U.S. Department of Defense</b>					
<i>Direct Programs:</i>					
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113			\$	\$
<b>Total U.S. Department of Defense</b>				\$ 0.00	\$ 0.00
<b>Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States</b>	21.015			\$	\$
<i>Pass-Through To:</i>					
University of Houston	21.015			\$	\$
Texas A&M University - Corpus Christi	21.015				
<b>Total U.S. Department of the Treasury</b>				\$ 0.00	\$ 0.00
<b>Environmental Protection Agency</b>					
<i>Direct Programs:</i>					
Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034			\$	\$
<i>Pass-Through To:</i>					
Texas A&M Agrilife Research	66.034				
Texas Tech University	66.034				
University of Texas Rio Grande Valley	66.034				
<b>Multipurpose Grants to States and Tribes</b>	66.204				
<i>Pass-Through To:</i>					
University of Texas at Arlington	66.204				
<b>Water Pollution Control - State, Interstate and Tribal Program Support</b>	66.419				
<i>Pass-Through To:</i>					
Texas A&M Agrilife Extension Service	66.419				
Tarleton State University	66.419				
University of Texas at Arlington	66.419				
Texas A&M University - Galveston	66.419				
University of Texas at Austin	66.419				
University of Houston - Clear Lake	66.419				
Texas A&M University - Corpus Christi	66.419				
<b>Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(D))</b>	66.444				
<b>Water Quality Management Planning</b>	66.454				
<b>National Estuary Program</b>	66.456				
<i>Pass-Through To:</i>					
Texas A&M University	66.456				
Texas A&M University at Galveston	66.456				
University of Houston	66.456				
University of Houston - Clear Lake	66.456				
<b>Nonpoint Source Implementation Grants</b>	66.460				
<i>Pass-Through To:</i>					
Texas A&M AgriLife Extension Service	66.460				
Texas A&M AgriLife Research	66.460				
Texas A&M University - Kingsville	66.460				
University of Texas Rio Grande	66.460				
Texas State University	66.460				
<b>Performance Partnership Grants</b>	66.605				
<i>Pass-Through To:</i>					
Department of State Health Services	66.605				
Texas AgriLife Extension	66.605				
University of Texas at Arlington	66.605				
University of Texas at Austin	66.605				
University of Texas at El Paso	66.605				
University of Texas Rio Grande Valley	66.605				
<b>Environmental Information Exchange Network Grant Program and Related Assistance</b>	66.608				
<b>Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements</b>	66.802				

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (582)  
-UNAUDITED-

Direct Program Amount	Total Pass Through From & Direct Program	CFDA Number	Pass-Through To			Expenditures Amount	Total Pass Through To & Expenditures
			Agency/ University Number	State Agency/ University Amount	Non-State Entities Amount		
\$ 300,228.00	\$ 300,228.00	12.113		\$ 0.00	\$ 0.00	\$ 300,228.00	\$ 300,228.00
\$ 4,035,291.01	\$ 4,035,291.01	21.015			\$ 3,703,495.24	\$ 331,795.77	\$ 4,035,291.01
\$ 945,099.38	\$ 945,099.38	21.015	730	\$ 945,099.38			\$ 945,099.38
243,200.89	243,200.89	21.015	760	243,200.89			243,200.89
\$ 5,223,591.28	\$ 5,223,591.28			\$ 1,188,300.27	\$ 3,703,495.24	\$ 331,795.77	\$ 5,223,591.28
\$ 1,454,339.04	\$ 1,454,339.04	66.034				\$ 1,454,339.04	\$ 1,454,339.04
2,750.76	2,750.76	66.034	556	2,750.76			2,750.76
34,998.48	34,998.48	66.034	733	34,998.48			34,998.48
19,631.53	19,631.53	66.034	746	19,631.53			19,631.53
168,145.65	168,145.65	66.204				168,145.65	168,145.65
106,575.96	106,575.96	66.204	714	106,575.96			106,575.96
1,268,188.05	1,268,188.05	66.419			396,249.20	871,938.85	1,268,188.05
428,006.09	428,006.09	66.419	555	428,006.09			428,006.09
649,096.16	649,096.16	66.419	713	649,096.16			649,096.16
428,446.41	428,446.41	66.419	714	428,446.41			428,446.41
177,754.17	177,754.17	66.419	718	177,754.17			177,754.17
64,604.37	64,604.37	66.419	721	64,604.37			64,604.37
285,695.88	285,695.88	66.419	759	285,695.88			285,695.88
74,008.01	74,008.01	66.419	760	74,008.01			74,008.01
130,263.00	130,263.00	66.444				130,263.00	130,263.00
629,141.00	629,141.00	66.454			463,674.81	165,466.19	629,141.00
						0.00	0.00
390,974.79	390,974.79	66.456			397,705.64	(6,730.85)	390,974.79
31,172.61	31,172.61	66.456	711	31,172.61			31,172.61
78,131.11	78,131.11	66.456	718	78,131.11			78,131.11
48,392.23	48,392.23	66.456	730	48,392.23			48,392.23
25,682.97	25,682.97	66.456	759	25,682.97			25,682.97
1,050,666.87	1,050,666.87	66.460			1,056,488.79	(5,821.92)	1,050,666.87
903,287.23	903,287.23	66.460	555	903,287.23			903,287.23
70,629.85	70,629.85	66.460	556	70,629.85			70,629.85
50,671.23	50,671.23	66.460	732	50,671.23			50,671.23
42,325.89	42,325.89	66.460	746	42,325.89			42,325.89
493,447.83	493,447.83	66.460	754	493,447.83			493,447.83
26,649,694.65	26,649,694.65	66.605			874,170.02	25,775,524.63	26,649,694.65
23.94	23.94	66.605	537	23.94			23.94
17,867.20	17,867.20	66.605	555	17,867.20			17,867.20
618,766.55	618,766.55	66.605	714	618,766.55			618,766.55
510,602.08	510,602.08	66.605	721	510,602.08			510,602.08
52,441.31	52,441.31	66.605	724	52,441.31			52,441.31
59,950.81	59,950.81	66.605	746	59,950.81			59,950.81
71,730.00	71,730.00	66.608				71,730.00	71,730.00
505,300.00	505,300.00	66.802				505,300.00	505,300.00

**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended August 31, 2022**

Federal Grantor / Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through From			
		Agency/ University Number	Identifying Number	State Agency or University Amount	Non-State Entities Amount
<b>Underground Storage Tank Prevention, Detection and Compliance Program</b>	66.804				
<u>Pass-Through To:</u>					
University of Texas at Arlington	66.804				
<b>Leaking Underground Storage Tank Trust Fund Corrective Action Program</b>	66.805				
<b>Superfund State and Indian Tribe Core Program Cooperative Agreements</b>	66.809				
<b>State and Tribal Response Program Grants</b>	66.817				
<u>Pass-Through From</u>					
<b>Texas Water Development Board</b>					
<u>Capitalization Grants for Drinking Water State Revolving Funds</u>	66.468	580		9,860,237.86	
<u>Pass-Through To:</u>					
University of Texas at Arlington	66.468	580		2,968,309.42	
University of Texas at Austin	66.468	580		59,576.34	
<b>Total Environmental Protection Agency</b>				<u>\$ 12,888,123.62</u>	<u>\$ 0.00</u>
<b>U.S. Department of Energy</b>					
<u>Pass-Through From:</u>					
<b>Comptroller - State Energy Conservation Office</b>					
<u>Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emerg Resp Res</u>	81.214	907		\$ 217,901.07	\$
<b>Total U.S. Department of Energy</b>				<u>\$ 217,901.07</u>	<u>\$ 0.00</u>
<b>Gulf Coast Ecosystem Restoration Council</b>					
<u>Direct Programs:</u>					
<b>Gulf Coast Ecosystem Restoration Council Comprehensive Plan Component Program</b>					
<u>Pass-Through To:</u>					
General Land Office	87.051				
Texas A&M University - Corpus Christi	87.051				
<b>Gulf Coast Ecosystem Restoration Council</b>	87.052				
<b>Total Gulf Coast Ecosystem Restoration Council</b>				<u>\$ 0.00</u>	<u>\$ 0.00</u>
<b>U.S. Department of Homeland Security</b>					
<u>Direct Programs:</u>					
<u>National Dam Safety Program</u>	97.041			\$	\$
<u>Pass-Through To:</u>					
<u>Biowatch Program</u>	97.091				
<u>Pass-Through From:</u>					
<b>Department of Public Safety</b>					
<u>Disaster Grants - Public Assistance (Presidentially Declared Disasters)</u>	97.036	575		391,018.23	
<b>Total U.S. Department of Homeland Security</b>				<u>\$ 391,018.23</u>	<u>\$ 0.00</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>				<u>\$ 13,497,042.92</u>	<u>\$ 0.00</u>
<b>Note 1 - Reconciliation</b>					
Per Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Governmental Fund Types (Exh II):					
Federal Revenues (Exh II)				\$ 51,908,013.03	
Federal Pass-Through Revenues (Exh II)				<u>13,497,042.92</u>	
Total				<u>\$ 65,405,055.95</u>	

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (582)  
-UNAUDITED-

Direct Program Amount	Total Pass Through From & Direct Program	CFDA Number	Pass-Through To			Expenditures Amount	Total Pass Through To & Expenditures
			Agency/ University Number	State Agency/ University Amount	Non-State Entities Amount		
(0.28)	(0.28)	66.804				(0.28)	(0.28)
1,335,868.53	1,335,868.53	66.804	714	1,335,868.53			1,335,868.53
2,930,440.00	2,930,440.00	66.805			2,930,440.00		2,930,440.00
269,746.00	269,746.00	66.809			269,746.00		269,746.00
609,095.00	609,095.00	66.817			609,095.00		609,095.00
	9,860,237.86	66.468	580		9,860,237.86		9,860,237.86
	2,968,309.42	66.468	714	2,968,309.42			2,968,309.42
	59,576.34	66.468	721	59,576.34			59,576.34
<u>\$ 42,738,552.96</u>	<u>\$ 55,626,676.58</u>			<u>\$ 9,638,714.95</u>	<u>\$ 3,188,288.46</u>	<u>\$ 42,799,673.17</u>	<u>\$ 55,626,676.58</u>
<u>\$</u>	<u>\$ 217,901.07</u>	81.214	907	<u>\$</u>	<u>\$</u>	<u>\$ 217,901.07</u>	<u>\$ 217,901.07</u>
<u>\$ 0.00</u>	<u>\$ 217,901.07</u>			<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 217,901.07</u>	<u>\$ 217,901.07</u>
\$ 79,540.49	\$ 79,540.49	87.051		\$	\$	\$ 79,540.49	\$ 79,540.49
137,004.35	137,004.35	87.051	305	137,004.35			137,004.35
314,481.61	314,481.61	87.051	760	314,481.61			314,481.61
84,829.34	84,829.34	87.052			84,829.34		84,829.34
<u>\$ 615,855.79</u>	<u>\$ 615,855.79</u>			<u>\$ 451,485.96</u>	<u>\$ 0.00</u>	<u>\$ 164,369.83</u>	<u>\$ 615,855.79</u>
\$ 806,192.00	\$ 806,192.00	97.041		\$	\$ 529,423.40	\$ 276,768.60	\$ 806,192.00
2,223,593.00	2,223,593.00	97.091				2,223,593.00	2,223,593.00
	391,018.23	97.036	575			391,018.23	391,018.23
<u>\$ 3,029,785.00</u>	<u>\$ 3,420,803.23</u>			<u>\$ 0.00</u>	<u>\$ 529,423.40</u>	<u>\$ 2,891,379.83</u>	<u>\$ 3,420,803.23</u>
<u>\$ 51,908,013.03</u>	<u>\$ 65,405,055.95</u>			<u>\$ 11,278,501.18</u>	<u>\$ 7,421,207.10</u>	<u>\$ 46,705,347.67</u>	<u>\$ 65,405,055.95</u>

**SCHEDULE 1B - SCHEDULE OF STATE GRANT PASS THROUGH FROM/TO STATE AGENCIES  
For the Fiscal Year Ended August 31, 2022**

**Pass Through From:**

<b>Total Pass Through from Other Agencies (Exh. II) :</b>	\$ <u><u>0.00</u></u> (Exh II)
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**Pass Through To:**

Department of State Health Services (Agency #537)	\$ 54.00
Texas AgriLife Extension (Agency #555)	\$ 280,010.76
Texas AgriLife Research (Agency #556)	\$ 137,363.39
Texas Division of Emergency Management (Agency #575)	\$ (2,650,137.12)
Texas Engineering Experiment Station (Agency #712)	\$ 121,946.93
Tarleton State University (Agency #713)	\$ 139,552.45
University of Texas at Arlington (Agency #714)	\$ 1,306,634.14
Texas Southern University (Agency #717)	\$ 129,979.18
University of Texas at Austin (Agency #721)	\$ 1,396,649.62
University of Texas at El Paso (Agency # 724)	\$ 9,786.67
Texas Transportation Institute (Agency #727)	\$ 385,000.00
University of Houston (Agency #730)	\$ 1,308,811.89
University of Texas Rio Grande Valley (Agency #746)	\$ 49,447.24
Texas A&M University - Corpus Christi (Agency #760)	\$ 54,542.00
Parks & Wildlife Department (Agency #802)	\$ 124,597.84

<b>Total Pass-Through to Other Agencies (Exh. II):</b>	\$ <u><u>2,794,238.99</u></u> (Exh II)
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