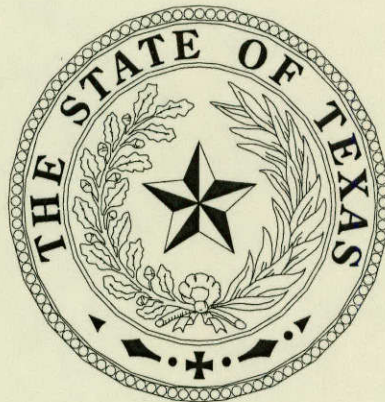


**TEXAS
BOARD OF LAW EXAMINERS**

ANNUAL FINANCIAL REPORT

For The Year Ending August 31, 2016



Susan Henricks
Executive Director

Board of Law Examiners

Appointed by the Supreme Court of Texas

SANDRA C. ZAMORA, CHAIR, Dallas
AL ODOM, VICE CHAIR, Houston
AUGUSTIN RIVERA, JR., Corpus Christi
TERESA EREON GILTNER, Dallas
JOHN H. CAYCE, JR., Fort Worth
BARBARA ELLIS, Austin
ANNA MCKIM, Lubbock
CYNTHIA EVA ORR, San Antonio
C. ALFRED MACKENZIE, Waco

SUSAN HENRICKS
EXECUTIVE DIRECTOR

LORI S. ADELMAN, DIRECTOR
CHARACTER & FITNESS

NAHDIAH HOANG, DIRECTOR
ELIGIBILITY & EXAMINATION

November 14, 2016

Honorable Greg Abbott, Governor
Honorable Glenn Hegar, Texas Comptroller
Ursula Parks, Director, Legislative Budget Board
John Keel, CPA State Auditor

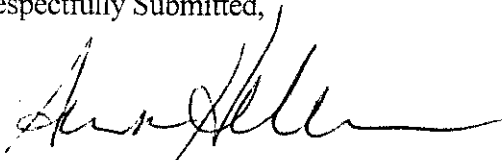
Ladies and Gentlemen:

We are pleased to submit the Annual Financial Report of the Board of Law Examiners for the year ended August 31, 2016, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

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 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 statements and related information contained in this report.

If you have any questions, please contact Rodney A. Shaheen, CPA, at 512-463-6415.

Respectfully Submitted,



Susan Henricks Executive Director

CC: the Honorable Nathan Hecht, Chief Justice, Supreme Court of Texas (w/encl.)

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AUDITED

Board of Law Examiners (203)

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

August 31, 2016

	<u>Governmental Funds</u>	<u>Capital</u>	<u>Long-Term</u>		<u>Statement</u>
	<u>Special Revenue</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Other</u>	<u>of</u>
	<u>Fund</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>Net Position</u>
Current Assets:					
Cash in Bank	\$3,871,975	\$0	\$0	\$0	\$3,871,975
Investments	0				0
Interest Receivable	0				
Prepaid Expenses	3,428				3,428
Due from Agencies	0				0
Total Current Assets	<u>3,875,403</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,875,403</u>
Non-Current Assets:					
Capital Assets:					
Depreciable					
Furniture and Equipment		83,285			83,285
Accumulated Depreciation		(31,714)			(31,714)
Vehicles, Boats, and Aircraft		17,001			17,001
Accumulated Depreciation		(17,001)			(17,001)
Total Non-Current Assets	<u>0</u>	<u>51,571</u>	<u>0</u>	<u>0</u>	<u>51,571</u>
Total Assets	<u>\$3,875,403</u>	<u>\$51,571</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,926,974</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement.

AUDITED

Board of Law Examiners (203)

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

August 31, 2016

	<u>Governmental Funds</u>	<u>Capital</u>	<u>Long-Term</u>	<u>Other</u>	<u>Statement</u>
	<u>Special Revenue</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Adjustments</u>	<u>of</u>
	<u>Fund</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>Net Position</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current Liabilities:					
Accounts Payable	\$577,427	\$0	\$0	\$0	\$577,427
Payroll Payable	5,797				5,797
Unearned Revenue	293,795				293,795
Employees Comp Leave			72,542		72,542
Total Current Liabilities	877,019	0	72,542	0	949,561
Non-Current Liabilities:					
Employees Comp Leave			27,189		27,189
Total Non-Current Liabilities	0	0	27,189	0	27,189
Total Liabilities	877,019	0	99,731	0	976,750

The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement.

AUDITED
Board of Law Examiners (203)
Exhibit I - Combined Balance Sheet/Statement of Net Assets - Governmental Funds
August 31, 2016

	<u>Governmental Funds</u>	<u>Capital</u>	<u>Long-Term</u>	<u>Other</u>	<u>Statement</u>
	<u>Special Revenue</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Adjustments</u>	<u>of</u>
	<u>Fund</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>Net Position</u>
FUND FINANCIAL STATEMENT-FUND BALANCES					
Fund Balances (Deficits):					
Nonspendable -Prepaid	3,428				3,428
UnRestricted	2,994,956				2,994,956
Total Fund Balances	<u>2,998,384</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,998,384</u>
Total Liabilities and Fund Balances	<u>\$3,875,403</u>				
GOVERNMENT-WIDE STATEMENT-NET POSITION					
(0)					
Net Position:					
Net Investment in Capital Assets		51,571			51,571
Unrestricted			(99,731)		(99,731)
Total Net Position:		<u>\$51,571</u>	<u>(\$99,731)</u>	<u>\$0</u>	<u>\$2,950,224</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement.

AUDITED
 Board of Law Examiners (203)
 Exhibit I - Combined Balance Sheet/Statement of Net Assets - Governmental Funds
 August 31, 2016

	<u>Governmental Funds</u>	<u>Capital</u>	<u>Long-Term</u>		<u>Statement</u>
	<u>Special Revenue</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Other</u>	<u>of</u>
	<u>Fund</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>Net Position</u>
Current Assets:					
Cash in Bank	\$3,871,975	\$0	\$0	\$0	\$3,871,975
Investments	0				0
Interest Receivable	0				
Prepaid Expenses	3,428				3,428
Due from Agencies	0				0
Total Current Assets	<u>3,875,403</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,875,403</u>
Non-Current Assets:					
Capital Assets:					
Depreciable					
Furniture and Equipment		83,285			83,285
Accumulated Depreciation		(31,714)			(31,714)
Vehicles, Boats, and Aircraft		17,001			17,001
Accumulated Depreciation		(17,001)			(17,001)
					0
Total Non-Current Assets	<u>0</u>	<u>51,571</u>	<u>0</u>	<u>0</u>	<u>51,571</u>
Total Assets	<u>\$3,875,403</u>	<u>\$51,571</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,926,974</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement.

AUDITED
 Board of Law Examiners (203)
 Exhibit I - Combined Balance Sheet/Statement of Net Assets - Governmental Funds
 August 31, 2016

	<u>Governmental Funds</u>	<u>Capital</u>	<u>Long-Term</u>		<u>Statement</u>
	<u>Special Revenue</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Other</u>	<u>of</u>
	<u>Fund</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>Net Position</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current Liabilities:					
Accounts Payable	\$577,427	\$0	\$0	\$0	\$577,427
Payroll Payable	5,797				5,797
Unearned Revenue	293,795				293,795
Employees Comp Leave			72,542		72,542
Total Current Liabilities	<u>877,019</u>	<u>0</u>	<u>72,542</u>	<u>0</u>	<u>949,561</u>
Non-Current Liabilities:					
Employees Comp Leave			27,189		27,189
Total Non-Current Liabilities	<u>0</u>	<u>0</u>	<u>27,189</u>	<u>0</u>	<u>27,189</u>
Total Liabilities	<u>877,019</u>	<u>0</u>	<u>99,731</u>	<u>0</u>	<u>976,750</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement.

AUDITED

Board of Law Examiners (203)

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

August 31, 2016

	<u>Governmental Funds</u>	Capital	Long-Term		Statement
	Special Revenue Fund	Assets Adjustments	Liabilities Adjustments	Other Adjustments	of Net Position
FUND FINANCIAL STATEMENT-FUND BALANCES					
Fund Balances (Deficits):					
Nonspendable -Prepaid	3,428				3,428
UnRestricted	2,994,956				2,994,956
Total Fund Balances	<u>2,998,384</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,998,384</u>
Total Liabilities and Fund Balances	<u>\$3,875,403</u>				
GOVERNMENT-WIDE STATEMENT-NET POSITION					
Net Position:					
Net Investment in Capital Assets		51,571			51,571
Unrestricted			(99,731)		(99,731)
Total Net Position:		<u>\$51,571</u>	<u>(\$99,731)</u>	<u>\$0</u>	<u>\$2,950,224</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement.

Board of Law Examiners (203)
 Exhibit II - Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances/Statement of Activities - Governmental Funds
 For the Fiscal Year Ended August 31, 2016

	<u>Governmental Funds</u> <u>Special Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Assets</u> <u>Adjustments</u>	<u>Long-Term</u> <u>Liabilities</u> <u>Adjustments</u>	<u>Other</u> <u>Adjustments</u>	<u>Statement</u> <u>of</u> <u>Activities</u>
REVENUES					
Licenses, Fees and Permits	\$3,400,445	\$0	\$0	\$0	\$3,400,445
Interest and Investment Income	11,095				\$11,095
Other Revenues	6,115				6,115
Total Revenues	<u>3,417,655</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,417,655</u>
EXPENDITURES					
Salaries and Wages	1,386,038				1,386,038
Payroll Related Costs	421,410		(1,634)		419,776
Professional Fees and Services	413,895				413,895
Travel	76,299				76,299
Materials and Supplies	165,966				165,966
Communication and Utilities	22,308				22,308
Repairs and Maintenance	13,404				13,404
Rentals & Leases	222,285				222,285
Printing and Reproduction	5,423				5,423
Claims and Judgments	0				0
Other Expenditures	607,951				607,951
Capital Outlay	48,655	(48,655)			0
Depreciation Expense		3,098			3,098
Total Expenditures/Expenses	<u>3,383,634</u>	<u>(45,557)</u>	<u>(1,634)</u>	<u>0</u>	<u>3,336,443</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>34,021</u>	<u>45,557</u>	<u>1,634</u>	<u>0</u>	<u>81,212</u>
OTHER FINANCING SOURCES (USES)					
Transfers Out	0				0
Legislative Transfers In					0
Legislative Transfers Out	0				0

The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement.

AUDITED

Board of Law Examiners (203)
 Exhibit II - Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances/Statement of Activities - Governmental Funds
 For the Fiscal Year Ended August 31, 2016

	<u>Governmental Funds</u> <u>Special Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Assets</u> <u>Adjustments</u>	<u>Long-Term</u> <u>Liabilities</u> <u>Adjustments</u>	<u>Other</u> <u>Adjustments</u>	<u>Statement</u> <u>of</u> <u>Activities</u>
Total Other Financing Sources and Uses	0	0	0	0	0
Net Change in Fund Balances/Net Position	34,021	45,557	1,634	0	81,212

FUND FINANCIAL STATEMENT-FUND BALANCES

Fund Balances--Beginning	\$2,964,363
Restatements	
Fund Balances, September 1, 2015, as Restated	2,964,363
Appropriations Lapsed	
Fund Balances--August 31, 2016	<u>\$2,998,384</u>

GOVERNMENT-WIDE STATEMENT-NET POSITION

Net Position/ Net Change in Net Position	45,557	1,634	0	
Net Position, September 1, 2015	6,014	(101,365)		(95,351)
Restatements				0
Net Position, September 1, 2015, as Restated	6,014	(101,365)	0	(95,351)
Net Position, August 31, 2016	<u>\$51,571</u>	<u>(\$99,731)</u>	<u>\$0</u>	<u>\$2,950,224</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement.

AUDITED

Board of Law Examiners (203)
 Exhibit VI - Combined Statement of Net Assets - Fiduciary Funds
 August 31, 2016

Fiduciary Fund Types

	Agency Funds	Agency Funds Total	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents:			
Cash in Bank	\$96,000	\$96,000	\$96,000
Investments Treasury Bills/Notes		0	0
Receivables	0	0	0
Interest Receivable		0	0
Consumable Inventories		0	0
Due From Agencies	0	0	0
Total Current Assets	<u>96,000</u>	<u>96,000</u>	<u>96,000</u>
Non-Current Assets:			
Capital Assets:			
Depreciable			
Furniture and Equipment			
Accumulated Depreciation			0
Vehicle, Boats, and Aircraft			
Accumulated Depreciation			0
Other Non-Current Assets			
Total Non-Current Assets	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$96,000</u>	<u>\$96,000</u>	<u>\$96,000</u>
LIABILITIES			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts Payable			0
Payroll			\$0
Deferred Revenue			0
Funds Held For Others	96,000	96,000	96,000
Total Current Liabilities	<u>96,000</u>	<u>96,000</u>	<u>96,000</u>
Non-Current Liabilities:			
Employees Compensable Leave		0	0
Total Non-Current Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>96,000</u>	<u>96,000</u>	<u>96,000</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement.

AUDITED

Board of Law Examiners (203)
Exhibit VI - Combined Statement of Net Assets - Fiduciary Funds
August 31, 2016

	<u>Fiduciary Fund Types</u>		
	<u>Agency Funds</u>	<u>Agency Funds Total</u>	<u>Total</u>
NET ASSETS			
Held in Trust For			
Pension and Other Employee Benefits			
Post-Employment Health Care			
Benefits			0
Pool Participants			0
Individuals, Organizations, and			
Other Governments			0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$96,000</u>	<u>\$96,000</u>	<u>\$96,000</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement.

AUDITED

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ENTITY

The Board of Law Examiners is a judicial agency of the State of Texas. Its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts Reporting Requirements of State Agencies.

The Board of Law Examiners, operating under the auspices of the Supreme Court of Texas, serves the State by determining the eligibility of candidates for licensure to practice law in the State of Texas, by administering the Texas Bar Exam semi-annually and making an assessment of the moral character and fitness of each person applying for licensure.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - 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 of 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; Therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

B. 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

Special Revenue Funds

The special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Funds are outside the State Treasury.

Capital Asset Adjustment Fund Type

Capital Asset Adjustment fund type will be used to convert governmental fund types' capital assets from modified accrual to full accrual.

Long-Term Liabilities Adjustment Fund Type

Long-Term Liabilities Adjustment fund type will be used to convert governmental fund types' debt from modified accrual to full accrual.

Other Adjustments Fund Type

Other Adjustments fund type will be used to convert all other governmental fund types' activity from modified accrual to full accrual

FIDUCIARY FUND TYPES

Agency Funds

Agencies use agency funds 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.

AUDITED

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 method, revenues are recognized in the period in which they become both measurable and available, except for examination fees, which are deferred until the fiscal year in which the examination applied for occurs. Expenditures and other uses of financial resources are recognized when their 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 unmatured debt service (principal and interest) on general long-term liabilities, long-term capital leases, long-term claims and judgments and full accrual revenues and expenses. The activity will be recognized in these new fund types.

BUDGETS AND BUDGETARY ACCOUNTING

The budget is adopted annually by the Supreme Court of Texas and includes no legislative appropriations. The budget is based on anticipated funds to be collected during the fiscal year from fees set by the Supreme Court and on anticipated expenditures to administer the functions of the Board pursuant to Texas Government Code, Sec. 82.033-82.034 and the RULES GOVERNING ADMISSION TO THE BAR OF TEXAS, adopted by the Supreme Court.

ASSETS, LIABILITIES AND FUND EQUITY

ASSETS

Cash & Cash Equivalents

Include cash on hand in banks [Cash in Banks includes Certificates of Deposit and Share Certificates] and may include U.S. Treasury Bills at purchase price.

Receivables

May Include Interest receivable on Treasury Bills.

Prepays

Prepays include postage on hand at year-end, Insurance and Deposits on Exam Site Venues. The consumption method of accounting is used to account for prepaid items that appear in the governmental fund types. The cost of these items is expensed when the items are consumed.

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, if not purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets such as works of art and historical treasures are not depreciated. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

AUDITED

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 as well as prior period outstanding checks pending resolution.

Deferred Revenue

Deferred Revenue represents the liability for the value of fees received at the balance sheet date for which services, Bar Exam or Certification for Licensure, will be rendered in the following fiscal year.

Employees' Compensable Leave

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 the covered employee.

Reserved for Encumbrances

This represents commitments of the value of contracts awarded or assets ordered prior to year-end but not received or completed as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

Unreserved, Undesignated

This represents the unappropriated, unreserved balance at year end of special funds and is available for subsequent years.

NOTE 2: CAPITAL ASSETS

A summary of changes in General Fixed Assets for the year ended August 31, 2016, is presented below:

Asset Type	Balance 08/31/2015	Adjustments [*a]	Reclass-ification	Additions	Deletions	Exhibit 1 Balance 08/31/2016
Furniture & Equipment	172,670			48,655	(138,040)	83,285
Vehicles, Boats, Aircraft	17,001					17,001
Other Fixed Assets	0					0
Accumulated Deprec.	(-183,657)			(3,098)	138,040	(48,715)
Total	6,014			45,557	0	51,571

AUDITED

NOTE 3: DEPOSITS, INVESTMENTS, AND REPURCHASE AGREEMENTS

A. The assets of the Board of Law Examiners are held in bank accounts in authorized State depositories or in investments made pursuant to the written investment policy adopted by the Board, in compliance with State statutes regulating the investment of State agency funds. All bank account deposits are fully insured by federal deposit insurance up to the maximum \$250,000 [interest bearing] and fully collateralized [non-interest bearing]. Excess funds in such accounts are secured, where necessary, by additional collateral pledged by the depository in which the funds are held, all in compliance with applicable State statutes.

B. There were no violations of legal provisions during the period.

C. DEPOSITS OF CASH IN BANK

Deposits are carried at cost in the financial statements. The carrying amount of deposits is shown in Exhibit 1 as "Cash in Bank". Deposits are categorized to give an indication of the level of risk assumed by the Board. Deposits include amounts carried as Agency Funds, which are not held in a separate depository account from Special Revenue Funds.

Location	Category One	Category Two		Category Three	Bank Balance	Carrying Amount
Independent Bank CK	\$1,142,839				\$1,142,839	\$1,142,839
Wells Fargo Bank CK	\$114,355				\$114,355	\$114,355
Independent Bank MM	\$1,713,778				\$1,713,778	\$1,713,778
Austin Telco FCU	\$964				\$964	\$964
Austin Telco FCU SC	\$246,078				\$246,078	\$246,078
I-Bank Texas CD(s)	\$251,801				\$251,801	\$251,801
Velocity Credit Union	\$101				\$101	\$101
Velocity Credit Union SD	\$248,434				\$248,434	\$248,434
Frost Bank CD	\$249,625				\$249,625	\$249,625
Total	\$3,967,975				\$3,967,975	\$3,967,975

Category One items represent balances fully insured by federal depository insurance or fully secured by collateral held by the Board or by its agents in the Board's name.

D. INVESTMENTS

Investments, when held, are carried at cost in the financial statements. The carrying amount of investments is shown in Exhibit 1 as "Investments". Both the carrying amount and market value of investments, as of the balance sheet date, are shown below. Investments are categorized to give an indication of the level of risk assumed by the Board at year-end.

Type of Security	Category One	Category Two		Category Three	Carrying Amount	Market Value
None						

Category One items represent investments that are insured or registered, or for which, the securities are held by the Board or its agent in the Board's name.

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NOTE 4: SHORT-TERM DEBT

CHANGES IN SHORT-TERM DEBT

During the year ended August 31, 2015, the following changes occurred in liabilities reported in the short-term debt account.

Type of Debt	Balance 08/31/2015	Adjustments		Additions	Deductions	Balance 08/31/2016
None	\$0			\$0	\$0	\$0
Total	\$0	\$0		\$0	\$0	\$0

NOTE 5: LONG-TERM LIABILITIES

CHANGES IN GENERAL LONG-TERM DEBT

During the year ended August 31, 2015, the following changes occurred in liabilities reported in the general long-term debt account.

Type of Debt	Balance 08/31/2015	Adjustments	Additions	Deductions	Balance 08/31/2016	Amt. Due W/in 1 Year
Compensable Leave	\$101,365	\$0	\$66,484	\$68,118	\$99,731	\$72,542
Total	\$101,365	\$0	\$66,484	\$68,118	\$99,731	\$72,542

EMPLOYEES' COMPENSABLE LEAVE

A State employee is entitled to be paid for all unused vacation time accrued and for all FLSA time accrued in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated leave and FLSA balances are recognized in the period paid or taken in Governmental and/or Expendable Trust fund types. For this fund type, the liability for unpaid benefits is recorded in the General Long Term Debt Account Group with a corresponding account designated "Amounts To Be Provided in Future Years". No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

NOTE 6: BONDED INDEBTEDNESS

This footnote is not applicable to the Board of Law Examiners.

NOTE 7: DERIVATIVES

This footnote is not applicable to the Board of Law Examiners.

NOTE 8: LEASES

Pertains to information regarding the present value of Capital Leases and ties to the Capital Lease obligation amount on the balance sheet. This footnote is not applicable to the Board of Law Examiners as there are no Capital Leases in place at this time. Pertains to the presentation of future minimum lease payments for five years and beyond. This footnote is not applicable to the Board of Law Examiners as there are no operating leases of this duration at this time.

NOTE 9: PENSION PLANS

This footnote is not applicable to the Board of Law Examiners.

NOTE 10: DEFERRED COMPENSATION

A. SICK LEAVE

Sick Leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid to the employee only in case of illness or to the employee's estate in the event of his/her death while employed by the State. The maximum amount which may be paid an employee's estate for accrued sick leave is one half of the employee's accumulated entitlement or 336 hours, whichever is less. The Board's policy is to recognize the cost of any sick leave when paid. No liability is recorded in the General Long Term Debt Group, since experience indicates the probability of a material effect on any given year's operations, as a result of death or abnormally high rate of illness, is minimal.

B. LITIGATION

As of August 31, 2016, there were no lawsuits pending against The Board of Law Examiners.

NOTE 11: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the Board provided certain health care and life insurance benefits for retired employees. These other postemployment benefits (OPEB) are authorized by statute. Benefit provisions for the single-employer defined benefit Sample System Employee Group Insurance Plan (Plan) are established and amended by the Texas Insurance Code, Chapter 1601. Retiree eligibility for insurance continuation is determined by the Legislature and is subject to change in accordance with State statutes. Substantially all of the employees may become eligible for those benefits if they reach normal retirement age while working for the Board of Law Examiners. Currently there are eleven retirees who are eligible for these benefits at the Board. Those similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The Board recognizes the cost of providing these benefits by expensing the annual insurance premiums. The Board's contribution per full-time employee was \$576.54 per month for those enrolled in the "employee only" category, \$906.78 per "employee and spouse", and \$797.66 per employee and children" and \$1,127.90 per "employee and family". For the year ended August 31, 2016, these expenditures, for active employees, totaled \$133,270.98. The cost of providing those benefits for twelve [at year-end], retirees was \$88,989.82.

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NOTE 12: INTERFUND ACTIVITIES AND TRANSACTIONS

This footnote is not applicable to the Board of Law Examiners.

NOTE 13: CONTINUANCE SUBJECT TO REVIEW

Upon review, effective September 1, 2003, the Board was continued in existence by the 78th Legislature, as provided by the Texas Sunset Act. The Board of Law Examiners remains subject to Chapter 325 (Texas Sunset Act) and unless continued in existence as provided by that chapter, the Board will be abolished as a state agency September 1, 2017.

NOTE 14: ADJUSTMENTS TO FUND BALANCES AND NET ASSETS

There were no Adjustments to Fund Balances and Net Assets. Restatements of General Fixed Assets for GASB 34 Depreciation and SPA changes [if required] are reflected in Note 2 – Capital Assets.

NOTE 15: CONTINGENCIES AND COMMITMENTS

There are no material contingencies or commitments applicable to the Board of Law Examiners.

NOTE 16: SUBSEQUENT EVENTS

There are no material subsequent events applicable to the Board of Law Examiners.

NOTE 17: RISK MANAGEMENT

This footnote is not applicable to the Board of Law Examiners.

NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS (Material Changes to AFR)

This footnote is not applicable to the Board of Law Examiners.

NOTE 19: THE FINANCIAL REPORTING ENTITY AND JOINT VENTURES

There are no component units or joint ventures applicable to the Board of Law Examiners that require disclosure.

NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There are no component units or joint ventures applicable to the Board of Law Examiners that require disclosure.

NOTE 21: N/A

This footnote is not applicable to the Board of Law Examiners.

NOTE 22: DONOR RESTRICTED ENDOWMENTS

This footnote is not applicable to the Board of Law Examiners.

NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS

None.

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NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

This footnote is not applicable to the Board of Law Examiners.

NOTE 25: TERMINATION BENEFITS

Healthcare continuation under the Consolidated Omnibus Budget Reconciliation Act (COBRA) is provided for both voluntary and involuntary terminations. The COBRA members are eligible to remain in the Group Benefits Program for 18 months or 29 months if disabled. Dependents are eligible to remain in the program for 36 months. There were no COBRA benefits incurred or paid by the Board of Law Examiners for the fiscal year ending August 31, 2016.

NOTE 26: SEGMENT INFORMATION

This footnote is not applicable to the Board of Law Examiners.

ADDENDUM

ORGANIZATION AND GENERAL COMMENTS

PURPOSE OF THE TEXAS BOARD OF LAW EXAMINERS

Chapter 82 of Texas Government Code and Rules Governing Admission to the Bar of Texas, adopted by the Supreme Court of Texas, provide for the operation of the Board of Law Examiners. The Board is responsible for determining the eligibility of all candidates for admission to the practice of law within the State, by administering the Texas Bar Exam semi-annually and making an assessment of the the present moral character and fitness of each person applying for licensure.

Under certain circumstances, attorneys from other states may be admitted without examination upon submission of written application, payment of required fees, and proof of meeting certain prescribed standards.

ORGANIZATION

All Board members must have the qualifications required of the Texas Supreme Court Justices. Board members are appointed to serve a six year term by the Supreme Court and are subject to removal by that body. Each Board member receives compensation, not to exceed \$30,000 annually, for professional services rendered in preparing and grading the Texas Bar Exam, plus actual expenses, pursuant to TEXAS GOVERNMENT CODE, Sec. 82.005. The members for the 2016 fiscal year [along with current 2016 appointments] are as follows:

Board Members

Sandra C. Zamora [Chair]
Harold A. Odom
Augustin Rivera, Jr.
Teresa Ereon Giltner
John H. Cayce, Jr.
Barbara Ellis
Anna M. McKim
Cynthia E. Hujar Orr
C. Alfred Mackenzie

Susan Henricks was appointed by the Board to serve as Executive Director effective December 30th, 2014. For the fiscal year ending 08/31/2016 Her annual salary, as set by the Board was \$128,336.

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The Board's program function staff consists of the Eligibility and Examination Director and Assistant Director, Character and Fitness Director and Assistant Director, and eight licensure analysts. In addition, the Board employs two attorneys, an accountant and an executive assistant to the Executive Director, a purchasing/accounting clerk, and a secretary/receptionist.

As of August 31, 2015, the Board's accountant and director were bonded for \$200,000. All other, Board employees were bonded for \$25,000 each by a public employees bond, issued through the John A. Barklay Agency Inc. This is a three-year prepaid bond, expiring August 31, 2017.

GENERAL COMMENTS

The Board receives no state appropriations and is fully funded by fees received from users of its services.

The Fees charged by the Board are set out in Rule XVIII of the "Rules Governing Admission to the Bar of Texas".

The following, number of applications [of all types], were received in fiscal year 2016:

Declarants	In-State TBE Applicants	O/S Applicants	Attorneys TBE Appl.	TBE Re-Applicants	AWOX Applicants	Foreign Legal Constt. Appl
1857	2002	834	502	2005	558	18
1857	2002	834	502	2005	558	18

The total number of applicants who sat for and completed the February & July, 2016, exams [based on the total exams graded] were 1,433 and 2,975 respectively.

