

**TEXAS BOARD OF NURSING
#507**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
AUGUST 31, 2017**



**KATHERINE A. THOMAS MN, RN, FAAN
EXECUTIVE DIRECTOR**



TEXAS BOARD OF NURSING #507

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Texas Board of Nursing

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Katherine A. Thomas, MN, RN, FAAN
Executive Director

November 10, 2017

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

Ladies and Gentlemen:

We are pleased to submit the annual financial report of the Texas Board of Nursing for the year ended August 31, 2017, 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*** (CAFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Laurie Perez at (512) 305-6853.

Sincerely,

A handwritten signature in black ink, appearing to read "Katherine A. Thomas".

Katherine A. Thomas MN, RN, FAAN
Executive Director

Members of the Board

Kathleen Shipp, MSN, RN, FNP
Lubbock, *President*

Nina Almasy, MSN, RN Deborah Bell, CLU, ChFC Patricia Clapp, BA Laura Disque, MN, RN Allison Edwards, DrPH, MS, RN Diana Flores, MN, RN
Austin Abilene Dallas Edinburg Bellaire Helotes

Monica Hamby, LVN Doris Jackson, DEA, (ABD), MSN, RN Kathy Leader-Horn, LVN Beverley Jean Nutall, LVN David Saucedo, II Francis Stokes
Amarillo Pearland Granbury Weatherford El Paso Port Aransas





**FINANCIAL
STATEMENTS**



UNAUDITED

TEXAS BOARD OF NURSING #507
 Exhibit I - Combined Balance Sheet/Statement of Net Position - Governmental Fund 0001
 August 31, 2017

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
ASSETS					
Current Assets:					
Legislative Appropriations	2,078,565.62				2,078,565.62
Consumable Inventories	5,000.00				5,000.00
Other Current Assets					0.00
Receivables From:					
Federal					
Total Current Assets	<u>2,083,565.62</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,083,565.62</u>
Non-Current Assets:					
Depreciable:					
Furniture and Equipment		143,341.64			143,341.64
Less Accumulated Depreciation		(33,204.96)			(33,204.96)
Other Capital Assets		20,553.67			20,553.67
Less Accumulated Depreciation		(20,553.67)			(20,553.67)
Other Non-Current Assets	0.00				0.00
Total Non-Current Assets	<u>0.00</u>	<u>110,136.68</u>	<u>0.00</u>	<u>0.00</u>	<u>110,136.68</u>
Total Assets	<u>2,083,565.62</u>	<u>110,136.68</u>	<u>0.00</u>	<u>0.00</u>	<u>2,193,702.30</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Current Liabilities:					
Payables from:					
Accounts	442,682.98	0.00	0.00	0.00	442,682.98
Payroll	730,916.26				730,916.26
Employees' Compensable Leave (Note 5)	0.00		367,219.34		367,219.34
Other Current Liabilities					0.00
Due to other Agencies	100.00				100.00
Total Current Liabilities	<u>1,173,699.24</u>	<u>0.00</u>	<u>367,219.34</u>	<u>0.00</u>	<u>1,540,918.58</u>
Non-Current Liabilities					
Employees' Compensable Leave (Note 5)	0.00		350,424.62		350,424.62
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>350,424.62</u>	<u>0.00</u>	<u>350,424.62</u>
Total Liabilities	<u>1,173,699.24</u>	<u>0.00</u>	<u>717,643.96</u>	<u>0.00</u>	<u>1,891,343.20</u>
Fund Financial Statement					
Fund Balances (Deficits):					
Unassigned	909,866.38				909,866.38
Total Fund Balances	<u>909,866.38</u>				<u>909,866.38</u>
Total Liabilities and Fund Balances	<u>2,083,565.62</u>				
Government-Wide Statement of Net Position					
Net Position					
Invested in Capital Assets, net of Related Debt		0.00	0.00	0.00	0.00
Restricted For					
Other		0.00	0.00	0.00	0.00
Unrestricted		110,136.68	(717,643.96)	0.00	(607,507.28)
Total Net Position		<u>110,136.68</u>	<u>(717,643.96)</u>	<u>0.00</u>	<u>302,359.10</u>

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

Texas Board of Nursing #507
 Exhibit II - Combined Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities -
 Governmental Funds
 For the Fiscal Year Ended August 31, 2017

	Governmental Fund totals	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
REVENUES**				
Legislative Appropriations				
Original Appropriations (GR)	7,076,677.00	0.00	0.00	7,076,677.00
Additional Appropriations (GR)	2,100,062.04			2,100,062.04
License, Fees & Permits (PR)	3,041,792.27			3,041,792.27
Sales of Goods and Services (PR)	1,901,678.00			1,901,678.00
Other (PR - Chg for Serv, Operating or Capital)	0.00			0.00
Other (GR)	8,044.74			8,044.74
Total Revenues	14,128,254.05	0.00	0.00	14,128,254.05
EXPENDITURES				
Salaries and Wages	6,948,405.43			6,948,405.43
Payroll Related Costs	2,075,254.92		(5,929.80)	2,069,325.12
Professional Fees and Services	622,923.44			622,923.44
Travel	79,769.86			79,769.86
Materials and Supplies	701,205.71			701,205.71
Communication and Utilities	99,180.60			99,180.60
Repairs and Maintenance	66,703.28			66,703.28
Rentals and Leases	60,531.63			60,531.63
Printing and Reproduction	323,555.96			323,555.96
Other Expenditures	2,246,199.21			2,246,199.21
Capital Outlay	78,520.00	(78,520.00)		0.00
Depreciation Expense	0.00	20,335.28		20,335.28
Total Expenditures/Expenses	13,302,250.04	(58,184.72)	(5,929.80)	13,238,135.52
Excess (Deficiency) of Revenues over Expenditures	826,004.01	58,184.72	5,929.80	890,118.53
OTHER FINANCING SOURCES (USES)				
Transfer In	0.00			0.00
Transfer Out	(69,158.00)			(69,158.00)
Legislative Transfer In	0.00			0.00
Legislative Transfer Out	(67,070.00)			(67,070.00)
Lapsed Appropriation	(109,573.98)			(109,573.98)
Gain (Loss) on Sale of Capital Assets	0.00			0.00
Total Other Financing Sources (Uses)	(245,801.98)	0.00	0.00	(245,801.98)
Net Change in Fund Balances/Net Assets	580,202.03			644,316.55
Fund Financial Statement - Fund Balances				
Fund Balances, September 1, 2016	329,664.35			329,664.35
Restatements	0.00			0.00
Fund Balances, September 1, 2016, as Restated	329,664.35			329,664.35
Fund Balances, August 31, 2017	909,866.38			973,980.90
Government-Wide Statement of Net Position				
Net Position/Net Change in Net Position	909,866.38	58,184.72	5,929.80	973,980.90
Net Position, September 1, 2016, as Restated		51,951.96	(723,573.76)	(671,621.80)
Restatements				
Net Position, September 1, 2016, as Restated		51,951.96	(723,573.76)	(671,621.80)
Net Position, August 31, 2017	909,866.38	110,136.68	(717,643.96)	302,359.10

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

UNAUDITED

TEXAS BOARD OF NURSING #507
 Exhibit J-1 — Combining Statement of Changes in Assets and Liabilities—
 Agency Funds
 August 31, 2017

	Beginning Balance 9/1/2016	Additions	Deductions	Ending Balance 8/31/2017
Unappropriated Receipts				
General Revenue Fund (0001)				
U/F (1000)				
ASSETS				
Cash on Hand	\$ 0	\$ 12,710,009.38	\$ 12,710,009.38	\$ 0
Other Assets		6,264.00		6,264.00
Total Assets	\$ 0	\$ 12,716,273.38	\$ 12,710,009.38	\$ 6,264.00
LIABILITIES				
Accounts Payable	\$ -	\$ 10,551.00	\$ 10,551.00	\$ -
Funds Held for Others	\$ 0	\$ 12,835,133.38	\$ 12,828,869.38	\$ 6,264.00
Total Liabilities	\$ 0	\$ 12,845,684.38	\$ 12,839,420.38	\$ 6,264.00

Totals - All Agency Funds

ASSETS				
Cash on Hand	\$	\$ 12,710,009.38	\$ 12,710,009.38	\$ 0
Investments				
U.S. Government and Agency Ob				0
Receivables:				
Other Intergovernmental				0
Interest and Dividends				0
Other				0
Interfund Receivables				0
Due From Other Agencies				0
Other Assets		6,264.00		6,264.00
Total Assets	\$ 0	\$ 12,716,273.38	\$ 12,710,009.38	\$ 6,264.00
LIABILITIES				
Payables	\$	\$ 10,551.00	\$ 10,551.00	\$ 0
Other Intergovernmental				0
Interfund Payables				0
Due to Other Funds				0
Due To Component Units				0
Funds Held for Others		12,835,133.38	12,828,869.38	6,264.00
Total Liabilities	\$ 0	\$ 12,845,684.38	\$ 12,839,420.38	\$ 6,264.00





**NOTES TO
THE
FINANCIAL
STATEMENTS**

UNAUDITED

Texas Board of Nursing (507)

Note 1: Summary of Significant Accounting Policies

Entity

Texas Board of Nursing is an agency of the State of Texas and its financial records comply with the state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for State Agencies.

The mission of the Texas Board of Nursing is to protect and promote the welfare of the people of Texas by ensuring that each person holding a license as a nurse in the State of Texas is competent to practice safely. The Board fulfills its mission through the regulation of the practice of nursing and the approval of nursing education programs. This mission, derived from the Nursing Practice Act, supersedes the interest of any individual, the nursing profession, or any special interest group.

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.

Blended Component Units: No component units have been identified which should have been blended into an appropriate fund.

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 & Government-wide Adjustment Fund Types

General Funds: The general fund is the principal operating fund used to account for most of the state's general activities. It accounts for all the financial resources except those accounted for in other funds.

Capital Asset Adjustment Fund Type: Capital Assets 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.

Fiduciary Fund Types

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

Agency Funds: Agency funds are used to account for assets the government holds of 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.

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 basis of accounting. Under the modified accrual basis, revenues are recognized in the period in which they become both measureable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. The State of Texas considers receivables collected within **sixty days** after year-end to be available and recognizes 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. 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 fund types.

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).

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

Inventories and Prepaid Items: Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally utilizing the last-in, first-out method. The consumption method of accounting is used to account for inventories and prepaid items that appear in the governmental and proprietary 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. Road and highway infrastructure is reported on the modified basis. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

Current Receivables – Other: Other receivables include year-end revenue accruals. This account can appear in governmental and proprietary fund types.

Liabilities

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

Current Payables – Other: Payables are the accrual at year-end of expenditure transactions. Payables may be included in either the governmental or proprietary fund types.

Employees' Compensable Leave Balances: Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by the covered employee. Liabilities are reported separately as either current or noncurrent in the statement of net assets.

Fund Balance/Net Assets

The difference between fund assets and liabilities is 'Net Assets' on the government-wide, proprietary and fiduciary fund statements, and the 'Fund Balance' is the difference between fund assets and liabilities on the governmental fund statements. Fund balance components were reclassified according to GASB 54 to the following:

- Nonspendable fund balance includes amounts not available to be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- Restricted fund balance includes those resources that have constraints placed on their use through external parties or by law through constitutional provisions.
- Committed fund balance can be used only for specific purposes pursuant to constraints imposed 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 are neither restricted nor committed. Intent is expressed by (1) the Texas Legislature or (2) a body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned fund balance 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.

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 'Transfer 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 financial statements.

Interfund Receivables and Payables: Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter it is classified as "Current", repayment for two (or more) years is classified as "Non-Current".

Interfund Sales and Purchases: Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

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

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TEXAS BOARD OF NURSING (507)

Note 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2017, is presented below:

	PRIMARY GOVERNMENT							Balance 08/31/17
	Balance 09/01/16	Adjustments	Reclassifications Completed CIP	Reclassifications Inc-Int'agy Trans	Reclassifications Dec-Int'agy Trans	Additions	Deletions	
GOVERNMENTAL ACTIVITIES								
Depreciable Assets								
Furniture and Equipment	64,821.64					78,520.00		143,341.64
Other Assets	20,553.67							20,553.67
Total Depreciable Assets at Historical Costs	85,375.31	0	0	0	0	78,520.00		163,895.31
Less Accumulated Depreciation for:								
Furniture and Equipment	(12,869.68)					(20,335.28)		(33,204.96)
Other Capital Assets	(20,553.67)							(20,553.67)
Total Accumulated Depreciation	(33,423.35)	0	0	0	0	(20,335.28)		(53,758.63)
Depreciable Assets, Net	0	0	0	0	0	0	0	0
Governmental Activities, Capital Assets, Net	51,951.96					58,184.72		110,136.68

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TEXAS BOARD OF NURSING (507)

Note 5: Long Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2017 the following changes occurred in liabilities.

Governmental Activities	Balance 09/01/16	Additions	Reductions	Balance 08/31/17	Amounts Due Within One Year	Amounts Due Thereafter
Compensable Leave	723,573.76	535,967.44	541,897.24	717,643.96	367,219.34	350,424.62
Total Government Activities	723,573.76	535,967.44	541,897.24	717,643.96	367,219.34	350,424.62

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.

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TEXAS BOARD OF NURSING (507)

Note 12: Interfund Activity and Transactions

In Interfund Activities and Balances, there are numerous transactions between funds and agencies. At year-end amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables
- Due From Other Agencies or Due to Other Agencies
- Due to Other Funds or Due From other Funds
- Transfers In or Transfers Out
- Legislative Transfers In or Legislative Transfers Out

The agency experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statement.

Individual fund balances and activity at August 31, 2017, which tie to Exhibit I & Exhibit II are as follows:

	Legislative Transfers In	Legislative Transfers Out
General Revenue (01)		
Appd Fund 0001, D23 Fund 0001		
To Agency 364, D23 Fund 0001 (Health Professions Council)		\$67,070.00
Total Legislative Transfers		\$67,070.00

	Due From Other Agencies	Due To Other Agencies
General Revenue (01)		
Appd Fund 0001, D23 Fund 0001		
To Agency 503, D23 Fund 0001 (Tx Medical Board)		\$100.00
Total Due From/Due To Other Agys		\$100.00

	Transfers In	Transfers Out
General Revenue (01)		
Appd Fund 0001, D23 Fund 0001		
To Agency 902, D23 Fund 0001 (Tx Comptroller-Fiscal Management)		\$69,158.00
Total Transfers		\$69,158.00

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TEXAS BOARD OF NURSING (507)

Note 13: Continuance Subject to Review

Under the Texas Sunset Act, the Texas Board of Nursing will be abolished effective September 1, 2017, unless continued in existence by the 85th Legislature as provided by the Act. If abolished, the agency may continue until September 1, 2018 to close out its operations.





