



TEXAS ANIMAL HEALTH COMMISSION
AUSTIN, TEXAS

ANNUAL FINANCIAL REPORT

August 31, 2012

Dee B. Ellis, D.V.M., M.P.A.
Executive Director



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ANNUAL FINANCIAL REPORT
TEXAS ANIMAL HEALTH COMMISSION
Austin, Texas
For The Fiscal Year Ended August 31, 2012

DEE B. ELLIS, D.V.M., M.P.A.
EXECUTIVE DIRECTOR



**TEXAS ANIMAL HEALTH
COMMISSION**

Ernie Morales
Chairman

Dee B. Ellis, D.V.M., M.P.A.
Executive Director

November 20, 2012

Honorable Rick Perry, Governor
Honorable Susan Combs, State Comptroller
John O'Brien, Director, Legislative Budget Board
John Keel, CPA, State Auditor

Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of the Texas Animal Health Commission for the year ended August 31, 2012, in compliance with the TEX.GOV'T CODE ANN Chapter 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 Debbie Metzler, Director of Financial Services, at 719-0754. Ms. Metzler may also be contacted for matters related to the Schedule of Expenditures of Federal Assistance.

Sincerely,

Dee B. Ellis, D.V.M., M.P.A.
Executive Director

Brandon Bouma
Randy C. Brown
William Edmiston, Jr., D.V.M.
Ken Jordan
Thomas G. Kezar
Coleman H. Locke

COMMISSIONERS:

Charles E. "Chuck" Real
Ralph Simmons
Mike Vickers, D.V.M.
Mark A. Wheelis
Beau White
R. W. "Dick" Winters, Jr.

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TEXAS ANIMAL HEALTH COMMISSION (554)

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

For the Fiscal Year Ended August 31, 2012

	General Funds (Exh A-2)	Governmental Funds Total
ASSETS		
Current Assets:		
Cash and Temporary Investments		
Cash on Hand	(1,000.00)	(1,000.00)
Cash in Bank	31,500.00	31,500.00
Cash in State Treasury		-
Legislative Appropriations	1,606,767.71	1,606,767.71
Federal Receivable	2,571.25	2,571.25
Interfund Receivable	87.01	87.01
Consumable Inventories	137,722.55	137,722.55
Total Current Assets	<u>\$ 1,777,648.52</u>	<u>\$ 1,777,648.52</u>
Noncurrent Assets:		
Capital Assets:		
Non-Depreciable		
Depreciable		
Furniture and Equipment		
Accumulated Depreciation		
Other Assets		
Accumulated Depreciation		
Total Noncurrent Assets	<u>\$ -</u>	<u>\$ -</u>
Total Assets	<u><u>\$ 1,777,648.52</u></u>	<u><u>\$ 1,777,648.52</u></u>
LIABILITIES AND FUND BALANCES		
Current Liabilities:		
Payables from		
Accounts Payable	186,069.61	186,069.61
Payroll Payable	656,338.91	656,338.91
Interfund Payable	314.32	314.32
Due to Other Agencies	976.50	976.50
Deferred Revenue		
Total Current Liabilities	<u>\$ 843,699.34</u>	<u>\$ 843,699.34</u>
Noncurrent Liabilities:		
Interfund Payable		
Employees Compensable Leave		
Total Noncurrent Liabilities	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u><u>\$ 843,699.34</u></u>	<u><u>\$ 843,699.34</u></u>
Fund Financial Statement-Fund Balances		
Fund Balances (Deficits):		
Nonspendable for:		
Inventories	\$ 137,722.55	137,722.55
Unassigned	796,226.63	796,226.63
Committed:		-
Total fund balances	<u>\$ 933,949.18</u>	<u>\$ 933,949.18</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,777,648.52</u></u>	<u><u>\$ 1,777,648.52</u></u>

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Exhibit II - Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances/Statement of Activities - Governmental Funds
For the Fiscal Year Ended August 31, 2012

	<u>General Funds</u>	<u>Governmental Funds Total</u>
REVENUES		
Legislative Appropriations:		
Original Appropriations	\$ 6,110,576.00	\$ 6,110,576.00
Additional Appropriations	1,251,049.36	1,251,049.36
Federal Revenue	3,432,751.24	3,432,751.24
Federal Pass-Through	15,169.54	15,169.54
Licenses, Fees & Permits	203,665.59	203,665.59
Sales of Goods and Services	175,000.00	175,000.00
Other	29.00	29.00
Total Revenues	<u>\$ 11,188,240.73</u>	<u>\$ 11,188,240.73</u>
EXPENDITURES		
Salaries and Wages	\$ 6,552,745.20	\$ 6,552,745.20
Payroll Related Costs	1,822,532.53	1,822,532.53
Professional Fees and Services	51,146.20	51,146.20
Travel	458,763.46	458,763.46
Materials and Supplies	507,216.49	507,216.49
Communication and Utilities	225,729.52	225,729.52
Repairs and Maintenance	116,667.41	116,667.41
Rentals & Leases	435,258.99	435,258.99
Printing and Reproduction	6,171.06	6,171.06
Grants	100,000.00	100,000.00
Other Expenditures	203,253.46	203,253.46
Capital Outlay	30,283.00	30,283.00
Depreciation Expense		
Total Expenditures/Expenses	<u>\$ 10,509,767.32</u>	<u>\$ 10,509,767.32</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 678,473.41</u>	<u>\$ 678,473.41</u>
OTHER FINANCING SOURCES (USES)		
Operating Transfers In		-
Operating Transfers Out	(347,837.00)	(347,837.00)
Total other financing sources and uses	<u>\$ (347,837.00)</u>	<u>\$ (347,837.00)</u>
Net change in fund balances/net assets	<u>\$ 330,636.41</u>	<u>\$ 330,636.41</u>
Fund Financial Statement-Fund Balances		
Fund Balances--Beginning, Sept. 1, 2011	\$ 606,793.09	\$ 606,793.09
Restatements		
Fund Balances, September 1, 2011, as Restated	<u>606,793.09</u>	<u>606,793.09</u>
Appropriations Lapsed	3,480.32	3,480.32
Fund Balances--August 31, 2012	<u>\$ 933,949.18</u>	<u>\$ 933,949.18</u>

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Exhibit VI

Combined Statement of Net Assets - Fiduciary Funds

For the Fiscal Year Ended August 31, 2012

	Agency Funds (Exh J-1)	Total
ASSETS		
Cash in State Treasury	1,550.69	1,550.69
Legislative Cash	227.31	227.31
Legislative Appropriations	(227.31)	(227.31)
Interfund Receivable	227.31	227.31
Total Assets	<u><u>1,778.00</u></u>	<u><u>1,778.00</u></u>
LIABILITIES		
Vouchers Payable	0.00	0.00
Funds Held for Others	1,778.00	1,778.00
Total Liabilities	<u><u>1,778.00</u></u>	<u><u>1,778.00</u></u>

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Not required.

NOTE 2 : CAPITAL ASSETS

A summary of changes in General Fixed Assets for the year ended August 31, 2012, is presented below.

	PRIMARY GOVERNMENT					Balance 08/31/12
	Balance 09/01/11	Adjustments	Reclassi- fication	Additions	Deletions	
Governmental Activities:						
Depreciable Assets						
Furniture and Equipment	556,997.39	8,948.00				565,945.39
Vehicles	766,883.59			30,283.00		797,166.59
Total depreciable assets at historical cost:	1,323,880.98	8,948.00	-	30,283.00	-	1,363,111.98
Less accumulated depreciation for:						
Furniture and Equipment	(355,010.98)	(74.56)		(48,380.62)		(403,466.16)
Vehicles	(406,800.49)			(80,505.77)		(487,306.26)
Total accumulated depreciation	(761,811.47)	(74.56)	-	(128,886.39)	-	(890,772.42)
Depreciable assets, net	562,069.51	8,873.44	-	(98,603.39)	-	472,339.56
Amortized Assets-Intangible						
Software	61,206.73				(24,401.34)	36,805.39
Total amortized assets - Intangible:	61,206.73	-	-	-	(24,401.34)	36,805.39
Less accumulated amortization for:						
Software	(61,206.73)				24,401.34	(36,805.39)
Total accumulated amortization	(61,206.73)	-	-	-	24,401.34	(36,805.39)
Amortizable assets, net	-	-	-	-	-	-
Governmental activities Total Governmental activities	\$562,069.51	\$ 8,873.44	\$ -	\$ (98,603.39)	\$ -	\$ 472,339.56

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NOTE 3: DEPOSITS, INVESTMENTS, & REPURCHASE AGREEMENTS

The Texas Animal Health Commission is authorized to maintain travel advance and petty cash funds for the central office and petty cash funds for each of the seven field offices and the two laboratories.

The Texas Animal Health Commission is authorized by statute to make investments following the “prudent person rule.” There were no significant violations of legal provisions during the period.

All deposits are within limits for coverage by depository insurance.

Deposits of Cash in Bank

As of August 31, 2012, the carrying amount of deposits was zero.

Governmental Activities

<u>Cash in Bank – Carrying Value</u>	<u>\$30,500.00</u>
<u>Cash in Bank per AFR</u>	<u>\$30,500.00</u>
<u>Governmental Funds Current Assets Cash in Bank</u>	<u>\$30,500.00</u>
<u>Cash in Bank per AFR</u>	<u>\$30,500.00</u>

Investments

The Texas Animal Health Commission does not participate in investments.

NOTE 4: SHORT-TERM DEBT

Not applicable

NOTE 5: SUMMARY OF LONG TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2012, the following changes occurred in liabilities.

Governmental Activities	Balance 09/01/11	Additions	(Reductions)	Balance 08/31/12	Amounts Due Within One Year
Compensable Leave	<u>\$1,357,666.30</u>	<u>\$955,727.84</u>	<u>(1,086,413.98)</u>	<u>\$1,226,980.16</u>	<u>\$598,951.04</u>
Total Governmental Activities	<u>\$1,357,666.30</u>	<u>\$955,727.84</u>	<u>(\$1,086,413.98)</u>	<u>\$1,226,980.16</u>	<u>\$598,951.04</u>

Employees’ Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee’s resignation, dismissal, or separation from state employment, provided the employee has had continuous employment with the state for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. An expense and liability for proprietary fund types are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

NOTE 6: BONDED INDEBTEDNESS

Non-Applicable

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NOTE 7: CAPITAL LEASES

Non-Applicable

NOTE 8: OPERATING LEASE OBLIGATIONS

Included in the expenditures reported in the financial statements are the following amounts of rent paid, vehicle leases or due under operating lease obligations.

<u>Fund Type</u>	<u>Amount</u>
General Fund	\$ 379,849.67

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

For the year ended August 31	Amount
2013	\$ 387,899.88
2014	411,307.30
2015	234,575.00
2016	149,716.95
2017	100,769.28
2018-2022	142,756.48
2023-2027	<u>0.00</u>
Total future minimum lease payments	\$ 1,427,024.89

NOTE 9: EMPLOYEES RETIREMENT PLANS

Not Required

NOTE 10: DEFERRED COMPENSATION

Not Required

NOTE 11: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Not Required

NOTE 12: INTERFUND BALANCES

As explained in Note 1 on Interfund Activities and Balances there are numerous transactions between funds and agencies. At year-end amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables
- Due From Other Agencies or Due to Other Agencies
- Due From Other Funds or Due to 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.

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Individual balances and activity at August 31, 2012, follows:

Total Operating Transfers (Exh II)	<u>Operating Transfers-In</u>	<u>Operating Transfers-Out</u>
<u>GAAP Fund 0001</u>		
Agency 902, Fund 0001		\$ 347,837.00
Total Transfers		<u>\$ 347,837.00</u>
Total Due To/Due From (Exh I)	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<u>General Revenue Fund 0001</u>		
Agency 320, Fund 0165		\$ 976.50
Total Due To and Due From		<u>\$ 976.50</u>
Total Inter Rec/Pay From (Exh I)	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<u>General Revenue Fund 0001</u>		
Agency 554, Fund 0001		\$ 314.32
Agency 554, Fund 0001	\$ 87.01	
<u>Fund Type 9, Fund 1000</u>		
Agency 554, Fund 0001	\$ 227.31	\$ 0
Total Interfund Rec/Payable	<u>\$ 314.32</u>	<u>\$ 314.32</u>

NOTE 13: CONTINUANCE SUBJECT TO REVIEW

The Texas Animal Health Commission is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the Board is abolished and this Act expires September 1, 2019. If abolished, the agency may continue until September 1, 2020 to close out its operations.

NOTE 14: ADJUSTMENT OF FUND BALANCES/NET ASSETS

General Fixed Assets

Fund Balance/Net Assets	
September 1, 2011	\$ 562,069.51
Restatement/Adjustment	<u>8,873.44</u>
Fund Balance/Net Asset	
September 1, 2011, restated	<u>\$ 570,942.95</u>

Adjustments were made to prior valuation in furniture and equipment due to minor error

NOTE 15: CONTINGENT LIABILITIES

Non-Applicable

NOTE 16: SUBSEQUENT EVENTS

Non-Applicable

NOTE 17: RISK MANAGEMENT

Non-Applicable

NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS

Non-Applicable

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TEXAS ANIMAL HEALTH COMMISSION (554)

NOTE 19: THE FINANCIAL REPORTING ENTITY & JOINT VENTURE

Non-Applicable

NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Non-Applicable

NOTE 21:

Non-Applicable

NOTE 22: DONOR-RESTRICTED ENDOWMENTS

Non-Applicable

NOTE 23: SPECIAL OR EXTRAORDINARY ITEMS

Non-Applicable

NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES Non-Applicable

NOTE 25: TERMINATION BENEFITS

Not Required

NOTE 26: SEGMENT INFORMATION

Not Required

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TEXAS ANIMAL HEALTH COMMISSION (554)

EXHIBIT J-1
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
 For the Fiscal Year Ended August 31, 2012

	Beginning Balance September 1, 2011	Additions	Deductions	Ending Balance August 31, 2012
Child Support Employee Deduction Fund 0807				
ASSETS				
Cash in State Treasury	2,434.08	27,012.32	27,668.40	1,778.00
Total Assets	\$ 2,434.08	\$ 27,012.32	\$ 27,668.40	\$ 1,778.00
LIABILITIES				
Vouchers Payable				-
Funds Held for Others	2,434.08	24,578.24	25,234.32	1,778.00
Total Liabilities	\$ 2,434.08	\$ 24,578.24	\$ 25,234.32	\$ 1,778.00
Unappropriated Fund 1000				
ASSETS				
Cash in State Treasury		\$ 432,911.82	\$ 433,139.13	\$ (227.31)
Legislative Cash		227.31		227.31
Legislative Appropriations			227.31	(227.31)
Interfund Receivable		227.31		227.31
Total Assets	\$ -	\$ 433,366.44	\$ 433,366.44	\$ -
LIABILITIES				
Vouchers Payable	\$ -	\$ 262.30	\$ 262.30	-
Funds Held for Others		433,841.82	433,841.82	-
Total Liabilities	\$ -	\$ 434,104.12	\$ 434,104.12	\$ -
Totals - All Agency Funds				
ASSETS				
Cash in State Treasury	\$ 2,434.08	\$ 459,924.14	\$ 460,807.53	\$ 1,550.69
Legislative Cash		227.31	0.00	227.31
Legislative Appropriations		0.00	227.31	(227.31)
Interfund Receivable		227.31	0.00	227.31
Total Assets	\$ 2,434.08	\$ 460,378.76	\$ 461,034.84	\$ 1,778.00
LIABILITIES				
Vouchers Payable	\$ -	\$ 262.30	\$ 262.30	-
Funds Held for Others	2,434.08	458,420.06	459,076.14	1,778.00
Total Liabilities	\$ 2,434.08	\$ 458,682.36	\$ 459,338.44	\$ 1,778.00

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TEXAS ANIMAL HEALTH COMMISSION (554)

SCHEDULE 1A

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended August 31, 2012

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	IDENTIFYING NUMBER	Pass AGY./ UNIV. #	Through From AGENCIES OR UNIV. AMOUNT
U.S. Department of Agriculture:				
<u>Direct Programs:</u>				
Plant and Animal Disease, Pest Control and Animal Care	10.025			
Total U.S. Department of Agriculture				\$0.00
<u>Homeland Security Cluster</u>				
<u>Public Assistance Cluster</u>				
U. S. Department of Homeland Security				
<u>Pass Through From:</u>				
Disaster Grants-Public Assistance (Presidentially Declared Diasters)	97.036			
<u>Pass Through From:</u>				
Texas Department of Public Safety			405	\$15,169.54
Total Department of Homeland Security				\$15,169.54
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$15,169.54

Note 1: The Texas Animal Health Commission does not have Nonmonetary Assistance for Commodities/Surplus Property

Note 2: Below is a reconciliation of the total of federal pass through and federal expenditures as reported on the Schedule of Federal Financial Assistance to the total of federal revenues and federal grant pass through revenues as reported in the general-purpose financial statements. Generally, federal funds are not earned expended; therefore federal revenues equal federal expenditures for the reporting period.

Federal Revenues (Exh II)	\$3,432,751.24
Federal Pass Thru Revenue (Exh II)	\$15,169.54
Total Pass Thru and Expenditures per Federal Schedule	\$3,447,920.78

DIRECT PROGRAM AMOUNT	TOTAL PT FROM & DIRECT PROGRAM	Pass AGY./ UNIV. #	Through AGENCIES OR UNIV. AMOUNT	To NON-STATE ENTITIES AMOUNT	EXPENDITURES AMOUNT	TOTAL PT FROM & EXPENDITURES
\$3,432,751.24	\$3,432,751.24				\$3,432,751.24	\$3,432,751.24
\$3,432,751.24	\$3,432,751.24		\$0.00	\$0.00	\$3,432,751.24	\$3,432,751.24
	\$15,169.54				\$15,169.54	\$15,169.54
\$0.00	\$15,169.54		\$0.00	\$0.00	\$15,169.54	\$15,169.54
\$3,432,751.24	\$3,447,920.78		\$0.00	\$0.00	\$3,447,920.78	\$3,447,920.78

Note 3: The Texas Animal Health Commission does not have Student Loans Processed and Administrative Cost Recovered.

Note 4: The Texas Animal Health Commission does not have Depository Libraries for Governmental Publications.

Note 5: The Texas Animal Health Commission does not have Unemployment Insurance Funds.

Note 6: The Texas Animal Health Commission does not have Rebates for the Special Supplemental Food Program for Women, Infants and Children.

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ADDENDUM I

ORGANIZATION AND GENERAL COMMENTS

In 1893 the Texas Legislature established the Texas Livestock Sanitary Commission to fight the tick fever epidemic which threatened to cripple the economic viability of the state's cattle industry. In 1959 the agency was renamed the Texas Animal Health Commission (TAHC). Over time, the Legislature has expanded TAHC's jurisdiction and animal health responsibilities into a growing number of new animal health programs. Many programs of which are mandated by state and federal law, some of which were requested by the affected industry and all of which have significant real or potential impact on Texas' animal agriculture industries. Today, TAHC works to prevent, control, and eradicate disease in Texas livestock, exotic livestock, domestic fowl, and exotic fowl.

Administration of the Commission's programs is handled at the Austin central office. The TAHC is divided into seven "regions", each with a regional office managed by a veterinarian. TAHC and its USDA APHIS Veterinary Services (VS) partners are responsible for ensuring that Texas meets animal disease prevention, surveillance, control, and eradication standards. Three main elements embody animal health program field operations functions — Animal Health Assurance, Animal Health Management, and Animal Health Emergency Response.

Thirteen Commissioners are appointed by the Governor to serve for six-year terms. Representing all segments of the livestock industry and the public, to ensure industry representation by the Commission, one member, qualified by experience, must be from each of the following fields: (1) practitioner of veterinary medicine; (2) dairy industry; (3) cattle industry; (4) hog industry; (5) sheep or goat industry; (6) poultry industry; (7) feed-lot industry; (8) equine industry; (9) livestock marketing industry; and (10) exotic livestock industry. The three remaining members represent the general public.

Commission members serving at August 31, 2012, were:

<u>Name</u>	<u>Industry</u>	<u>Term Expires</u>
Ernesto A. Morales, Chairman, Devine	Feedlot	09/06/2017
Brandon Bouma, Plainview	Dairy	09/06/2017
Randy C. Brown, Lubbock	General Public	09/06/2013
William F. Edmiston, Jr., DVM, Eldorado	Sheep and Goat	09/06/2013
Kenneth G. Jordan, San Saba	Livestock Market	09/06/2013
Thomas G. Kezar, Dripping Springs	General Public	09/06/2017
Coleman H. Locke, Wharton	Beef Cattle	09/06/2015
Charles E. Real, Marion	Swine	09/06/2013
Ralph Simmons, Center	Poultry	09/06/2015
Michael L. Vickers, DVM, Falfurrias	Veterinary Profession	09/06/2017
Mark A. Wheelis, Karnes City	Equine	09/06/2013
Beau White, Rosanky	General Public	09/06/2015
Richard W. Winters, Eden	Exotic Livestock & Fowl	09/06/2013

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TEXAS ANIMAL HEALTH COMMISSION (554)

The Commission's key employees at August 31, 2012, were:

Name	Title
Dee Ellis, D.V.M., M.P.A.	Executive Director
Sami Chadli	Director for Administration & Finance
Vacant	Assistant Executive Director for Animal Health Programs
Andy Schwartz, D.V.M	Assistant Executive Director for Epidemiology & Laboratories
Holly Hughes-Garza, D.V.M.	Director of Laboratories
Wallace E. Snelson	General Counsel

Region Offices:

David Finch, D.V.M.	Region Director, Amarillo
Mark Michalke, D.V.M.	Region Director, Hempstead
Maxwell Dow, D.V.M.	Region Director, Ft Worth
Gregory Hawkins, D.V.M.	Region Director, Mt Pleasant
T. R. Lansford, D.V.M.	Region Director, Beeville
Pete Fincher, D.V.M.	Region Director, Lampasas
Tommy Barton, D.V.M.	Region Director, Rockdale

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ADDENDUM II

BALANCE SHEET COMMENTS

Exhibit I presents a combined balance sheet for the fund types of the Texas Animal Health Commission at August 31, 2012. The following comments expound on various elements of that exhibit.

Legislative Appropriations

Legislative appropriations consist of unexpended general revenue fund appropriation balances in the state treasury and federal cooperative agreement funds deposited to these appropriations.

Cash in State Treasury

Eighty-second Texas Legislatures approved rider 10 for Contingency Appropriations: Cost Recovery for Animal Health Programs for the Texas Animal Health Commission assessing fees sufficient to generate during the 2012-2013 biennium, revenue to cover, at a minimum the General Revenue appropriations expended for these programs. During fiscal year 2012, collected fees are reflected in the increase of \$160,072.59 Livestock Imp/Export Processing Fees. An additional amount of \$347,899.41, for the sale of Certificates of Veterinary Inspection, Fowl Registration and administrative penalties, was deposited to unappropriated funds in the state treasury and swept by the Comptroller during the year.

Transactions for agency funds for fiscal 2012 are shown in Exhibit J-1.

Cash in Bank- Travel Advance Fund

The Commission maintains a \$25,000.00 travel advance fund at Frost Bank.

Cash in Bank- Petty Cash Fund

The Austin office of the Commission maintains a \$1,000.00 petty cash fund at Frost Bank. Seven of the Commission's region offices and two of the laboratories maintain \$500.00 petty cash funds in local banks.

Consumable Supplies and Postage

Consumable supplies and postage on hand at August 31, 2012 were:

Insecticides	\$ 16,196.46
Field/Office Supplies	111,114.18
Postage	<u>10,411.91</u>
Total	<u>\$ 137,722.55</u>

Fixed Assets

Accounting policies with respect to fixed assets are presented in the notes to the financial statements.

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UNAUDITED

TEXAS ANIMAL HEALTH COMMISSION (554)

ADDENDUM III

COMMENTS ON OPERATIONS

The Statement of Revenues, Expenditures and Changes in Fund Balances for the year ended August 31, 2012, is presented in Exhibit II. The following comments provide supplemental information regarding fiscal operations.

The Commission works to prevent, control, and eradicate disease in Texas livestock, exotic livestock, domestic fowl, and exotic fowl. The agency mission includes:

- protecting livestock and fowl from domestic, foreign, and emerging animal diseases;
- increasing the marketability of Texas livestock commodities worldwide;
- promoting and ensuring animal health and productivity;
- protecting human health from animal disease and conditions that are transmissible to people; and
- preparing for and responding to emergencies involving animals.

As Texas hones its competitiveness in the global food market, TAHC programs support animal agriculture by focusing on the control and eradication of domestic diseases and emerging diseases and/or pests such as cattle and swine brucellosis, tuberculosis, trichomoniasis, equine piroplasmiasis, and cattle fever ticks. The TAHC also ensures that the basic infrastructure is in place to reduce the risk of emerging and foreign animal diseases and exotic pests.

The Texas Animal Health Commission, as a livestock and poultry health agency, also provides services to key groups which include: private practice veterinarians, cattle producers/feeders, poultry producers, swine producers, exotic livestock and fowl producers, auction markets, livestock shows and rodeos, stakeholder organizations, equine producers, equestrians, non-profit emergency response organizations, and local governments.

New and/or innovative funding streams, and/or the return of traditional forms of fiscal support will be needed to ensure the agency can handle the long standing disease response activities, while strengthening new processes and partnerships to manage all the emerging situations mentioned above. Regardless, TAHC leadership is committed to continuing the proud tradition of service to the citizens and animals of Texas and looks forward to meeting any future challenges.

Six key functions of the agency in addressing diseases and parasites in animals and emergency management are: (1) Prevention, (2) Surveillance, (3) Diagnosis, (4) Control, (5) Eradication, and (6) Emergency Management/Homeland Security.

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Texas Animal Health Commission Fiscal Year 2012



