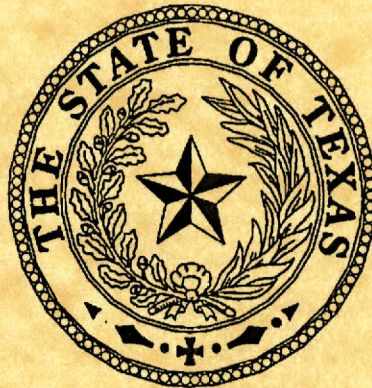


**TEXAS  
BOARD OF LAW EXAMINERS**

**ANNUAL FINANCIAL REPORT**

**For The Year Ending August 31, 2014**



Julia Vaughan  
Executive Director



UNAUDITED

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# Board of Law Examiners

Appointed by the Supreme Court of Texas

SANDRA C. ZAMORA, Dallas  
CHAIR  
JOHN SIMPSON, Lubbock  
MICHAEL SOKOLOW, Houston  
AL ODOM, Houston  
AUGUSTIN RIVERA, JR., Corpus Christi  
TERESA EREON GILTNER, Dallas  
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JOHN H. CAYCE, JR., Fort Worth  
BARBARA ELLIS, Austin

JULIA E. VAUGHAN  
EXECUTIVE DIRECTOR

LORI S. ADELMAN, DIRECTOR  
CHARACTER & FITNESS

NAHDIAH HOANG, DIRECTOR  
ELIGIBILITY & EXAMINATION

October 31<sup>st</sup>, 2014

Honorable Rick Perry, Governor  
Honorable Susan Combs, Texas Comptroller  
Ursula Parks, Director, Legislative Budget Board  
John Keel, CPA State Auditor

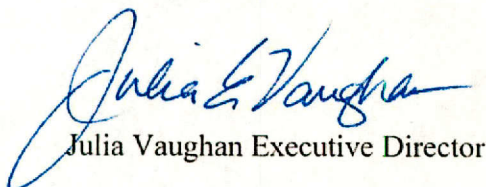
Ladies and Gentlemen:

We are pleased to submit the Annual Financial Report of the Board of Law Examiners for the year ended August 31, 2014, 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 Yours



Julia Vaughan Executive Director

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

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Post Office Box 13486  
Austin, Texas 78711-3486

TELEPHONE: 512-463-1621 ♦ FACSIMILE: 512-463-5300 ♦ WEBSITE: [www.ble.state.tx.us](http://www.ble.state.tx.us)

STREET ADDRESS  
205 West 14th Street, 5th Floor  
Austin, Texas 78701

UNAUDITED  
 Board of Law Examiners (203)  
 Exhibit I - Combined Balance Sheet/Statement of Net Assets ) Governmental Funds  
 August 31, 2014

	<u>Governmental Fund Types</u>					<u>Statement of Net Assets</u>
	<u>Special Revenue Fund</u>	<u>Governmental Funds Total</u>	<u>Capital Assets Adjustments</u>	<u>Long-Term Liabilities Adjustments</u>	<u>Other Adjustments</u>	
Current Assets:						
Cash and Cash Equivalents:						
Cash in Bank	\$3,428,169	\$3,428,169	\$0	\$0	\$0	\$3,428,169
Investments Treasury	0	0				0
Receivables	0	0				0
Interest Receivable	0	0				
Consumable Inventories	18,369	18,369				18,369
Due From Agencies	0	0				0
<b>Total Current Assets</b>	<b>3,446,538</b>	<b>3,446,538</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,446,538</b>
Non-Current Assets:						
Capital Assets:						
Depreciable						
Furniture and Equipment			172,670			172,670
Accumulated Depreciation			(164,909)			(164,909)
Vehicle, Boats, and Aircraft			17,001			17,001
Accumulated Depreciation			(17,001)			(17,001)
Other Non-Current Assets						0
<b>Total Non-Current Assets</b>	<b>0</b>	<b>0</b>	<b>7,761</b>	<b>0</b>	<b>0</b>	<b>7,761</b>
<b>Total Assets</b>	<b>\$3,446,538</b>	<b>\$3,446,538</b>	<b>\$7,761</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,454,299</b>

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

UNAUDITED  
 Board of Law Examiners (203)  
 Exhibit I - Combined Balance Sheet/Statement of Net Assets ) Governmental Funds  
 August 31, 2014

	<u>Governmental Fund Types</u>					<u>Statement of Net Assets</u>
	<u>Special Revenue Fund</u>	<u>Governmental Funds Total</u>	<u>Capital Assets Adjustments</u>	<u>Long-Term Liabilities Adjustments</u>	<u>Other Adjustments</u>	
<b>LIABILITIES AND FUND BALANCES</b>						
Current Liabilities:						
Payables From:						0
Accounts Payable	\$444,575	\$444,575	\$0	\$0	\$0	\$444,575
Payroll	3,804					3,804
Deferred Revenue	151,445	151,445				151,445
Employees						
Compensable Leave		0		71,981		71,981
Total Current Liabilities	<u>599,823</u>	<u>599,823</u>	<u>0</u>	<u>71,981</u>	<u>0</u>	<u>671,804</u>
Non-Current Liabilities:						
Employees						
Compensable Leave		0		47,189		47,189
Total Non-Current Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>47,189</u>	<u>0</u>	<u>47,189</u>
	<u>599,823</u>	<u>599,823</u>	<u>0</u>	<u>119,170</u>	<u>0</u>	<u>718,993</u>

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

UNAUDITED

Board of Law Examiners (203)

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

August 31, 2014

	<u>Governmental Fund Types</u>					<u>Statement of Net Assets</u>
	<u>Special Revenue Fund</u>	<u>Governmental Funds Total</u>	<u>Capital Assets Adjustments</u>	<u>Long-Term Liabilities Adjustments</u>	<u>Other Adjustments</u>	
<b>FUND FINANCIAL STATEMENT-FUND BALANCES</b>						
Reserved for:						
Encumbrances		0				0
Consumable Inventories	18,369	18,369				18,369
Unreserved Designated for:						
Undesignated	2,828,346	2,828,346				2,828,346
	2,846,715	2,846,715	0	0	0	2,846,715
Total Liabilities and Fund Balances	<u>\$3,446,538</u>	<u>\$3,446,538</u>	<u>\$0</u>	<u>\$119,170</u>	<u>\$0</u>	<u>\$3,565,708</u>
<b>GOVERNMENT-WIDE STATEMENT-NET ASSETS</b>						
Net Assets:						
Invested in Capital Assets, Net of Related Debt			7,761			7,761
Unrestricted				(119,170)		(119,170)
Total Net Assets			<u>\$7,761</u>	<u>(\$119,170)</u>	<u>\$0</u>	<u>\$3,454,299</u>

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

UNAUDITED

**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, 2014

	Special Revenue Fund	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
<b>REVENUES</b>						
Licenses, Fees and Permits	\$3,254,089	\$3,254,089	\$0	\$0	\$0	\$3,254,089
Interest and Investment Income	4,402	4,402				4,402
Other Revenues	4,805	4,805				4,805
Total Revenues	<u>3,263,296</u>	<u>3,263,296</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,263,296</u>
<b>EXPENDITURES</b>						
Salaries and Wages	1,381,683	1,381,683				1,381,683
Payroll Related Costs	362,808	362,808		(5,048)		357,760
Professional Fees and Services	418,275	418,275				418,275
Travel	82,043	82,043				82,043
Materials and Supplies	142,791	142,791				142,791
Communication and Utilities	19,941	19,941				19,941
Repairs and Maintenance	2,369	2,369				2,369
Rentals & Leases	182,571	182,571				182,571
Printing and Reproduction	49	49				49
Claims and Judgments	0	0				0
Other Expenditures	566,376	566,376				566,376
Capital Outlay		0	(7,434)			(7,434)
Depreciation Expense			1,747			1,747
Total Expenditures/Expenses	<u>3,158,906</u>	<u>3,158,906</u>	<u>(5,687)</u>	<u>(5,048)</u>	<u>0</u>	<u>3,148,171</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>104,390</u>	<u>104,390</u>	<u>5,687</u>	<u>5,048</u>	<u>0</u>	<u>115,125</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers Out	0	0				0
Legislative Transfers In	0	0				0
Legislative Transfers Out	0	0				0
Total Other Financing Sources and Uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances/Net Assets	104,390	104,390	5,687	5,048	0	115,125

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

UNAUDITED

**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, 2014

	<u>Special Revenue Fund</u>	<u>Governmental Funds Total</u>	<u>Capital Assets Adjustments</u>	<u>Long-Term Liabilities Adjustments</u>	<u>Other Adjustments</u>	<u>Statement of Activities</u>
<b>FUND FINANCIAL STATEMENT-FUND BALANCES</b>						
Fund Balances--Beginning	\$2,742,325	2,742,325		(\$124,218)		2,618,107
Restatements		0				
Fund Balances, September 1, 2013, as Restated	2,742,325	2,742,325	0	(124,218)	0	2,618,107
Appropriations Lapsed	0	0				
Fund Balances--August 31, 2014	<u>\$2,846,715</u>	<u>\$2,846,715</u>				2,846,715
<b>GOVERNMENT-WIDE STATEMENT-NET ASSETS</b>						
Change in Net Assets			5,687	(124,218)	0	(118,531)
Net Assets-Beginning			\$2,073			2,073
Adjustments to Beginning Net Assets:						
Convert from Fund Balances to Net Assets (CPA)						0
FY13 Capital Assets Balances in GFAAG						0
Assets to Not Previously Reported						0
Reduce for Threshold Increase of Capital Assets						0
Accumulated Depreciation from Prior Years						0
FY13 Compensable Leave Balance						0
Net Assets, September 1, 2013, as Restated and Adjusted			<u>2,073</u>	<u>0</u>	<u>0</u>	<u>2,073</u>
Net Assets-August 31, 2014			<u>\$7,760</u>	<u>(\$124,218)</u>	<u>\$0</u>	<u>2,730,257</u>

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



UNAUDITED

Board of Law Examiners (203)  
 Exhibit VI - Combined Statement of Net Assets ) Fiduciary Funds  
 August 31, 2014

Fiduciary Fund Types

	<u>Agency Funds</u>	<u>Agency Funds Total</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents:			
Cash in Bank	\$81,500	\$81,500	\$81,500
Investments Treasury Bills/Notes		0	0
Receivables	0	0	0
Interest Receivable		0	0
Consumable Inventories		0	0
Due From Agencies	0	0	0
<b>Total Current Assets</b>	<u>81,500</u>	<u>81,500</u>	<u>81,500</u>
Non-Current Assets:			
Capital Assets:			
Depreciable			
Furniture and Equipment			
Accumulated Depreciation			0
Vehicle, Boats, and Aircraft			0
Accumulated Depreciation			0
Other Non-Current Assets			0
Total Non-Current Assets	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Assets</b>	<u>\$81,500</u>	<u>\$81,500</u>	<u>\$81,500</u>
<b>LIABILITIES</b>			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts Payable			0
Payroll			\$0
Deferred Revenue			0
Funds Held For Others	81,500	81,500	81,500
<b>Total Current Liabilities</b>	<u>81,500</u>	<u>81,500</u>	<u>81,500</u>
Non-Current Liabilities:			
Employees Compensable Leave		0	0
Total Non-Current Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities</b>	<u>81,500</u>	<u>81,500</u>	<u>81,500</u>

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

UNAUDITED

Board of Law Examiners (203)  
Exhibit VI - Combined Statement of Net Assets ) Fiduciary Funds  
August 31, 2014

	<u>Fiduciary Fund Types</u>		
	<u>Agency Funds</u>	<u>Agency Funds Total</u>	<u>Total</u>
<b>NET ASSETS</b>			
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>\$81,500</u>	<u>\$81,500</u>	<u>\$81,500</u>

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

UNAUDITED

**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, including a determination 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.

## UNAUDITED

### **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.

##### Inventories

Consumable inventories include postage on hand at year-end and Deposits on Exam Site Venues.

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 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.



UNAUDITED

**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 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, 2013, is presented below:

Asset Type	Balance 08/31/2013	Adjustments [*a]	Reclass-ification	Additions	Deletions	Exhibit 1 Balance 08/31/2014
Furniture & Equipment	165,236			7,434		172,670
Vehicles, Boats, Aircraft	17,001					17,001
Other Fixed Assets	0					0
Accumulated Deprec.	(-180164)			(1,747)		(181,911)
Total	2,073				0	7,760

UNAUDITED

**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
Wells Fargo Bank CK	\$2,265,444				\$2,265,444	\$2,265,444
Wells Fargo MM	\$0				\$0	\$0
Capitol Credit Union	\$2,244				\$2,244	\$2,244
Capitol Credit Union SC	\$248,713				\$248,713	\$248,713
Austin Telco FCU	\$976				\$976	\$976
Austin Telco FCU SC	\$247,097				\$247,097	\$247,097
I-Bank Texas CD(s)	\$250,043				\$250,043	\$250,043
Velocity Credit Union	\$101				\$101	\$101
Velocity Credit Union SD	\$245,713				\$245,713	\$245,713
Frost Bank CD	\$249,338				\$249,338	\$249,338
Total	\$3,509,669				\$3,509,669	\$3,509,669

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
US Gov't TBills	\$0				\$0	\$0
US Gov't TNotes	\$0				\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

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.

UNAUDITED

**NOTE 4: SHORT-TERM DEBT**

CHANGES IN SHORT-TERM DEBT

During the year ended August 31, 2014, the following changes occurred in liabilities reported in the short-term debt account.

Type of Debt	Balance 08/31/2013	Adjustments		Additions	Deductions	Balance 08/31/2014
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, 2014, the following changes occurred in liabilities reported in the general long-term debt account.

Type of Debt	Balance 08/31/2013	Adjustments	Additions	Deductions	Balance 08/31/2014	Amt. Due W/in 1 Year
Compensable Leave	\$71,980	\$0	\$70,022	\$33,002	\$109,000	\$84,330
Total	\$71,980	\$0	\$70,022	\$33,002	\$109,000	\$84,330

**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, 2014, 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, 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 ten 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 \$537.66 per month for those enrolled in the "employee only" category, \$845.54 per "employee and spouse", and \$743.80 per employee and children" and \$984.02 per "employee and family". For the year ended August 31, 2014, these expenditures, for active employees, totaled \$124,778. The cost of providing those benefits for nine [at year-end], retirees was \$75,784.



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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 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, 2014.

**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, including a determination of the present moral character and fitness of each applicant.

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, plus actual expenses, pursuant to TEXAS GOVERNMENT CODE, Sec. 82.005. The members for the 2013 fiscal year were as follows:

Board Members

Sandra C. Zamora [Chair]  
John Simpson  
H. Michael Sokolow  
E. Lee Parsley [Through August 31, 2014]  
Harold A. Odom  
Augustin Rivera, Jr.  
Teresa Ereon Giltner  
Laura R. Swann  
John H. Cayce, Jr. [Appointment Effective September 1, 2013]  
Barbara Ellis [Appointment Effective September 1, 2014]

Julia Vaughan was appointed by the Board to serve as Executive Director effective March 21, 2000. Her annual salary, as set by the Board, for the fiscal year beginning September 1, 2013, is \$141,429.

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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 seven licensure analysts. In addition, the Board employs two attorneys, an accountant and an executive assistant to the Executive Director, a reproduction equipment operator, a purchasing/accounting clerk, a system support technician, and a secretary/receptionist.

As of August 31, 2014, 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 by Fidelity and Deposit Company of Maryland. This is a three-year prepaid bond, expiring August 31, 2014.

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 2014:

Declarants	In-State TBE Applicants	O/S Applicants	Attorneys TBE Appl.	TBE Re-Applicants	AWOX Applicants	Foreign Legal Const. Appl
2085	2006	998	388	1244	516	8
2085	2006	998	388	1244	516	8

The total number of applicants who sat for and completed the February & July, 2014, exams [based on the total exams graded] were 1,152 and 2,929 respectively.



