

**TEXAS FUNERAL SERVICE COMMISSION**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**AUGUST 31, 2014**

*Unaudited*

*Texas Funeral Service Commission*

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**Texas Funeral Service Commission**  
**Exhibit I — Combined Balance Sheet/Statement of Net Assets — Governmental Funds**  
**August 31, 2014**

	Governmental Fund Types				
	General Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds
<b>ASSETS AND DEFERRED OUTFLOWS</b>					
Current Assets:					
Cash (Note 3)					
In Transil/Reimburse from Treasury					
Cash in State Treasury					
Legislative Appropriations Receivables from:	159,767.63				
Federal Investment Trades					
Gifts, Pledges and Donations					
Other					
Interfund Receivables (Note 12)					
Consumable Inventories	7,254.00				
Loans and Contracts Restricted:					
In Bank					
In Transil/Reimburse from Treasury					
Other Current Assets					
Non-Current Assets and Deferred Outflows:					
Investments (Note 3)					
Loans and Contracts					
On Hand					
In Bank					
Short Term Investments (Note 3)					
Receivables					
Other Assets					
Derivative Hedging Instrument Assets					
Furniture and Equipment					
Less: Accumulated Depreciation					
Other Non-Current Assets					
Total Assets and Deferred Outflows	\$ 167,021.63	\$ 0	\$ 0	\$ 0	\$ 0
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
Payables from:					
Accounts	\$ 10,681.76	\$	\$	\$	\$
Payroll					
Federal	125,074.32				
Other					
Contract Retainage Payable					
Interfund Payable (Note 12)					
Deferred Revenues					



**Texas Funeral Service Commission**  
**Exhibit I — Combined Balance Sheet/Statement of Net Assets — Governmental Funds**  
**August 31, 2014**

	Governmental Fund Types				
	General Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds
Short Term Debt					
Employees' Compensable Leave (Note 5)					
Notes and Loans Payable (Note 5)					
Revenue Bonds Payable (Note 5, 6)					
Funds Held For Others					
Other Current Liabilities					
Employees' Compensable Leave (Note 5)					
Claims and Judgments (Note 5)					
Revenue Bonds Payable (Note 5, 6)					
General Obligation Bonds Payable (Note 5, 6)					
Liabilities Payable from Restricted Assets					
Assets Held for Others					
<b>Fund Financial Statement</b>					
<b>Fund Balances (Deficits):</b>					
Committed					
Assigned	17,015.45				
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 167,021.63</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Government-Wide Statement of Net Assets</b>					
Restricted For					
Debt Retirement					
Funds Held as Permanent Investments:					
Expendable					
Unrestricted					
<b>Total Net Assets</b>					

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



**Texas Funeral Service Commission  
Exhibit I — Combined Balance Sheet  
August 31, 2014**

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
<b>ASSETS AND DEFERRED OUTFLOWS</b>					
Current Assets:					
Cash (Note 3)					
In Transit/Reimburse from Treasury					
Cash in State Treasury					
Legislative Appropriations Receivables from:	159,767.63				159,767.63
Federal Investment Trades					
Gifts, Pledges and Donations Other					
Interfund Receivables (Note 12)					
Consumable Inventories	7,254.00				7,254.00
Loans and Contracts Restricted:					
In Bank					
In Transit/Reimburse from Treasury					
Other Current Assets					
Non-Current Assets and Deferred Outflows:					
Investments (Note 3)					
Loans and Contracts					
On Hand in Bank					
Short Term Investments (Note 3)					
Receivables					
Other Assets					
Derivative Hedging Instrument Assets					
Furniture and Equipment		18,500.00			
Less: Accumulated Depreciation		(18,500.00)			
Other Non-Current Assets					
<b>Total Assets and Deferred Outflows</b>	<b>\$ 167,021.63</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>167,021.63</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BAL</b>					
Payables from:					
Accounts	\$ 10,681.75	\$	\$	\$	10,681.75
Payroll	125,074.32				125,074.32
Federal					
Other					
Contract Retainage Payable					
Interfund Payable (Note 12)					
Deferred Revenues					



Texas Funeral Service Commission  
 Exhibit I — Combined Balance Sheet  
 August 31, 2014

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
Short Term Debt					
Employees' Compensable Leave (Note 5)			35,662.68		35,662.68
Notes and Loans Payable (Note 5)					
Revenue Bonds Payable (Note 5, 8)					
Funds Held For Others					
Other Current Liabilities					
Employees' Compensable Leave (Note 5)			4,061.04		4,061.04
Claims and Judgments (Note 5)					
Revenue Bonds Payable (Note 5, 8)					
General Obligation Bonds Payable (Note 5, 8)					
Liabilities Payable from Restricted Assets					
Assets Held for Others					
<b>Fund Financial Statement</b>					
<b>Fund Balances (Deficits):</b>					
Committed					
Assigned	17,015.45				17,015.45
Total Liabilities, Deferred Inflows and Fund Balances	\$ 167,021.53				
<b>Government-Wide Statement of Net Assets</b>					
Restricted For					
Debt Retirement					
Funds Held as Permanent Investments:					
Expendable					
Unrestricted					
Total Net Assets		\$ 16,500.00	\$ 39,723.72	\$ 0	\$ 87,489.28



**Texas Funeral Service Commission**  
**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**

REVENUES*	General Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
Legislative Appropriations				
Original Appropriations (GR)	\$ 719,623.00	\$ 0	\$ 0	0
Federal Revenue (PR - Operating or Capital)				
Federal Grant Pass-Through Revenue (GR)				
Interest and Other Investment Income (PR)				
Interest and Other Investment Income (GR)				
Land Income (PR)				
Settlement of Claims (PR)				
Other (PR - Chg for Serv, Operating or Capital)				
Other (GR)				
<b>Total Revenues</b>	<b>993,162.30</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EXPENDITURES</b>				
Salaries and Wages	561,163.48			
Payroll Related Costs	157,018.93			
Materials and Supplies	33,017.98			
Communication and Utilities	10,494.63			
Printing and Reproduction	18,043.50			
Claims and Judgments				
Intergovernmental Payments				
Public Assistance Payments				
Debt Service:				
Principal				
Capital Outlay				
Depreciation and Amortization Expense				
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond and Note Proceeds				
Increase in Obligations Under Capital Leases				
Transfer In				
Transfer Out				
Gain (Loss) on Sale of Capital Assets				
Inc (Dec) in Net Assets Due to Interagency Transfer				
<b>Total Other Financing Sources (Uses)</b>	<b>(13,120.00)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>SPECIAL ITEMS</b>				
Proceeds from Sale of Park Land	0	0		
<b>EXTRAORDINARY ITEMS</b>				
Natural Disaster-Hurricane				



**Texas Funeral Service Commission**  
**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**

Net Change in Fund Balances/Net Assets	40,981.44	0	0	0
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Restatements				
Fund Balances, September 1, 2013, as Restated	22,983.39	0	0	0

**Government-Wide Statement of Net Assets**

Restatements  
 Net Assets, September 1, 2013, as Restated

Net Assets, August 31, 2014

\* When analyzing which comptroller object code to use, agencies need to determine if it rolls to Program Revenue (PR) or General Revenue (GR) on the Statement of Activities

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



Permanent Funds	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
\$ 0	\$ 719,623.00	\$ 0	\$ 0	\$ 0	\$ 719,623.00
0	993,162.30	0	0	0	993,162.30
	561,163.48		(18,828.78)		542,334.70
	157,018.93				157,018.93
	33,017.98				33,017.98
	10,494.63				10,494.63
	18,043.50				18,043.50
		233,286.93			233,286.93
0	(13,120.00)	0	0	0	(13,120.00)
					0





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**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. ENTITY**

The Texas Funeral Service Commission is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*.

Due to the statewide requirements embedded in GASB 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.

This Agency has no components unit to disclose, either blended or discrete.

**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 AND GOVERNMENT-WIDE ADJUSTMENT FUND TYPES**

General Revenue Fund

The general revenue fund is used to account for all financial resources of the state except those required to be accounted for in another fund.

Capital Assets Adjustment Fund Type

The capital assets adjustment fund is used to convert governmental fund types'



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capital assets from modified accrual to full accrual.

Long-Term Liabilities Adjustment Fund Type

The long-term liabilities adjustment fund is used to convert governmental fund types' debt from modified accrual to full accrual.

Other Adjustment Fund Type

The other adjustment fund type is used to convert all other governmental fund type activity from modified accrual to full accrual.

**C. 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, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end.

The State of Texas considers receivables collected within 60 days after year-end to be available and recognizes them as revenues of the current year for fund financial statements prepared on the modified basis of accrual. 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 method of accounting. The following activities are recognized in these fund types:

- 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 adjustments
- Full accrual revenues and expenses

**D. BUDGETS AND BUDGETARY ACCOUNTING**

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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.

**E. ASSETS, LIABILITIES, AND FUND EQUITY**

**ASSETS**

Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and revenues set aside for statutory or contractual requirements. Assets held in reserve for guaranteed student loan defaults are also included.

Inventories and Prepaid Items

Inventories include only 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 fund type. 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 are capitalized. These assets are capitalized at cost or, if purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets such as works of art and historical treasures are not depreciated. Road and highway infrastructure is reported on the modified accrual basis. Assets are depreciated over the estimated useful life of the asset using the straight-line method.



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Other Receivables – Current and Noncurrent

The disaggregation of other receivables as reported in the financial statements is disclosed in Note 24, if applicable.

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.

Other Payables – Current and Noncurrent

The disaggregation of other payables as reported in the financial statements is disclosed in Note 24, if applicable.

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 covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net assets. These obligations are normally paid from the same funding sources from which each employees' salary or wage compensation was paid.

FUND BALANCE/ NET ASSETS

The difference between fund assets and liabilities is "net assets" on the government-wide fund statements, and the "fund balance" is the difference between fund assets and liabilities on the governmental fund statements.

Fund Balance Components

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

**Nonspendable fund balance** includes amounts not available to be spent because they are either: (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

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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 or committed. Intent is expressed by (1) the Texas Legislature, or (2) a body 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.

Invested in Capital Assets, Net of Related Debt

Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bond, notes and other debt that are attributed to the acquisition.

Restricted Net Assets

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors and the like or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets

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

**INTERFUND ACTIVITIES AND TRANSACTIONS**

The agency may have the following types of transactions among funds:

(1) **Transfers:** Legally required transfers that are reported when incurred as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund.

(2) **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 are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.



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Reimbursements are not displayed in the financial statements.

(3) 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".

(4) 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 receivables and payables at August 31, 2014 is presented in Note 12.

## Governmental Activities

2014

	Balance (prior year)	Adjustments	Completed C/P	Inc-int agy Trans	Dec-int agy Trans	Additions	Deletions	Ending Balance	Balance (Current Year)	Difference
<b>Non-depreciable/Non-amortizable Assets</b>										
BC Land and Land Improvements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BC Infrastructure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BC Construction in Progress	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BC Other Tangible Capital Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BC Land use Rights	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BC Other Intangible Capital Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Non-depreciable/Non-</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Depreciable Assets</b>										
BC Building and Building Improvements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BC Infrastructure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BC Facilities and Other Improvements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BC Furniture and Equipment	22,860.00	0.00	0.00	0.00	-6,360.00	0.00	0.00	16,500.00	16,500.00	0.00
BC Vehicles, Boats, and Aircraft	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BC Other Capital Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Depreciable Assets</b>	<b>22,860.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-6,360.00</b>	<b>0.00</b>	<b>0.00</b>	<b>16,500.00</b>	<b>16,500.00</b>	<b>0.00</b>
<b>Accumulated Depreciation</b>										
BC A/D Buildings and Improvements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BC A/D Infrastructure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BC A/D Facilities and Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BC A/D Furniture and Equipment	-22,860.00	0.00	0.00	0.00	6,360.00	0.00	0.00	-16,500.00	-16,500.00	0.00
BC A/D Vehicles, Boats, and Aircraft	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BC A/D Other Capital Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Accumulated Depreciation</b>	<b>-22,860.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>6,360.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-16,500.00</b>	<b>-16,500.00</b>	<b>0.00</b>
<b>Amortizable Assets-Intangible</b>										
BC Land use Rights	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BC Computer Software	226,926.93	0.00	0.00	0.00	0.00	0.00	0.00	226,926.93	226,926.93	0.00
BC Other Capital Intangible Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Amortizable Assets-Intangible</b>	<b>226,926.93</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>226,926.93</b>	<b>226,926.93</b>	<b>0.00</b>
<b>Accumulated Amortization</b>										
BC A/A Land use Rights	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BC A/A Computer Software	-226,926.93	0.00	0.00	0.00	0.00	0.00	0.00	-226,926.93	-226,926.93	0.00
BC A/A Other Intangible Capital Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Accumulated Amortization</b>	<b>-226,926.93</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-226,926.93</b>	<b>-226,926.93</b>	<b>0.00</b>
<b>Total Governmental Activities</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

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**NOTE 3: DEPOSITS, INVESTMENTS AND REPURCHASE AGREEMENTS**

Not applicable.

**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, 2014, the following changes occurred in liabilities reported in Employees' Compensable Leave, the only general long-term liability of the agency:

<u>Balance</u> <u>09/01/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>08/31/14</u>	<u>Amounts Due</u> <u>Within One</u> <u>Year</u>
\$20,894.94	\$53,045.00	\$(34,216.22)	\$39,723.72	\$35,662.68

**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**

Not applicable.

**NOTE 7: DERIVATIVES**

Not applicable.



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**NOTE 8: LEASES**

Not applicable.

**NOTE 9: PENSION PLANS**

Not applicable.

**NOTE 10: DEFERRED COMPENSATION**

Not applicable.

**NOTE 11: POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE  
BENEFITS**

Not applicable.

**NOTE 12: INTERFUND BALANCES/ ACTIVITY**

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 (Note 12 presentation required)
- 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 (Note 8 presentation required)

Individual balances and activity at August 31, 2014, were as follows:

**REQUIRED NOTE 12 PRESENTATION:**

	<i>Legislative Transfers In</i>	<i>Legislative Transfers Out</i>	<i>Purpose</i>
<b>General Revenue Fund 0001</b>			
To Agency 364, Fund 0001		\$ 13,120.00	Health Professions Council

*Unaudited*

*Texas Funeral Service Commission*

**Total Legislative Transfers (Exhibit II)    \$ 0.00                            \$ 13,120.00**

**NOTE 13:    CONTINUANCE SUBJECT TO REVIEW**

Under the Texas Sunset Act, the Texas Funeral Service Commission will be abolished effective September 1, 2019, unless continued in existence by the Legislature as provided by this Act. If abolished, the agency may continue until September 1, 2020 to close out its operations.

**NOTE 14:    ADJUSTMENTS TO FUND BALANCES AND NET ASSETS**

Not applicable.

**NOTE 15:    CONTINGENT LIABILITIES**

Not applicable.

**NOTE 16:    SUBSEQUENT EVENTS**

Not applicable.

**NOTE 17:    RISK MANAGEMENT**

The Texas Funeral Service Commission is exposed to a variety of civil claims, including worker's compensation claims, resulting from the performance of its duties. It is the agency's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed.

The agency's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There have been no significant reductions in insurance coverage in the past year and losses (if any) did not exceed funding arrangements during the past three years.

**NOTE 18:    MANAGEMENT DISCUSSION AND ANALYSIS**

Not applicable.

**NOTE 19:    THE FINANCIAL REPORTING ENTITY**

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*Texas Funeral Service Commission*

Not applicable.

**NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Not applicable.

**NOTE 21: N/A**

Not applicable.

**NOTE 22: DONOR RESTRICTED ENDOWMENTS**

Not applicable.

**NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS**

Not applicable.

**NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES**

Not applicable.

**NOTE 25: TERMINATION BENEFITS**

Not applicable.

**NOTE 26: SEGMENT INFORMATION**

Not applicable.



UNAUDITED

Texas Funeral Service Commission  
 Schedule 4 - Schedule of Modified to Full Accrual Adjustments - Governmental Funds  
 - Balance Sheet/Statement of Net Assets  
 August 31, 2014

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
<b>ASSETS</b>					
Current Assets:					
Cash					
On Hand	0.00	0.00	0.00	0.00	0.00
In Bank	0.00				0.00
In Transit/Reimburse from Treasury	0.00				0.00
In State Treasury					0.00
Securities Lending Collateral					0.00
Short Term Investments					0.00
Restricted:					
Cash					
On Hand	0.00				0.00
In Bank	0.00				0.00
In Transit/Reimburse from Treasury	0.00				0.00
In State Treasury					0.00
Short Term Investments	0.00				0.00
Legislative Appropriations	159,767.63				0.00
Receivables from:	0.00				159,767.63
Federal					0.00
Other Intergovernmental					0.00
Interest and Dividends					0.00
Accounts Receivable					0.00
Taxes	0.00				0.00
Gifts, Pledges and Donations					0.00
Other	0.00				0.00
Interfund Receivables	0.00				0.00
Due From Other Funds					0.00
Due From Other Agencies					0.00
Consumable Inventories	7,254.00				0.00
Merchandise Inventories	0.00				7,254.00
Prepaid Items	0.00				0.00
Loans and Contracts					0.00
Other Current Assets					0.00
<b>Total Current Assets</b>	<b>167,021.63</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>167,021.63</b>
Non-Current Assets:					
Restricted:					
Cash					
On Hand	0.00				0.00
In Bank	0.00				0.00
In Transit/Reimburse from Treasury	0.00				0.00
In State Treasury	0.00				0.00
Short Term Investments	0.00				0.00
Receivables	0.00				0.00
Investments	0.00				0.00
Loans and Contracts					0.00
Other Assets					0.00
Loans and Contracts	0.00				0.00
Investments					0.00
Interfund Receivables	0.00				0.00
Gifts, Pledges and Donations					0.00
Capital Assets:					0.00
Non-Depreciable					
Land and Land Improvements					0.00
Infrastructure					0.00
Construction in Progress					0.00
Other Capital Assets					0.00
Depreciable:					
Facilities and Other Improvements					0.00
Less Accumulated Depreciation					0.00
Furniture and Equipment		22,860.00			22,860.00
Less Accumulated Depreciation		-22,860.00			-22,860.00
Vehicle, Boats and Aircraft					0.00
Less Accumulated Depreciation					0.00
Other Capital Assets					0.00
Less Accumulated Depreciation					0.00
Amortizable Assets - Intangible:					
Facilities and Other Improvements					0.00
Less Accumulated Depreciation					0.00
Furniture and Equipment		226,926.93			226,926.93
Less Accumulated Depreciation		-226,926.93			-226,926.93
Vehicle, Boats and Aircraft					0.00
Less Accumulated Depreciation					0.00
Other Capital Assets					0.00
Less Accumulated Depreciation					0.00
Other Non-Current Assets	0.00				0.00
<b>Total Non-Current Assets</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Assets</b>	<b>167,021.63</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>167,021.63</b>

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Texas Funeral Service Commission  
 Schedule 4 - Schedule of Modified to Full Accrual Adjustments - Governmental Funds  
 - Balance Sheet/Statement of Net Assets  
 August 31, 2014

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
<b>Payables From</b>					
Accounts	10,681.75				10,681.75
Federal					0.00
Other Intergovernmental	0.00				0.00
Payroll	125,074.32				125,074.32
Contracts					0.00
Other					0.00
Interfund Payable	0.00				0.00
Due To Other Funds					0.00
Due To Other Agencies					0.00
Deferred Revenues					0.00
Notes and Loans Payable	0.00				0.00
Revenue Bonds Payable	0.00				0.00
General Obligation Bonds Payable	0.00				0.00
Claims and Judgments	0.00				0.00
Employees' Compensable Leave	0.00		35,662.68		35,662.68
Capital Lease Obligations	0.00				0.00
Liabilities Payable from Restricted Assets	0.00				0.00
Obligations/Reverse Repurchase Agreement	0.00				0.00
Obligations Under Securities Lending	0.00				0.00
Funds Held For Others	0.00				0.00
Other Current Liabilities	0.00				0.00
<b>Total Current Liabilities</b>	<b>135,756.07</b>	<b>0.00</b>	<b>35,662.68</b>	<b>0.00</b>	<b>171,418.75</b>
<b>Non-Current Liabilities</b>					
Interfund Payables	0.00				0.00
Notes and Loans Payable	0.00				0.00
Revenue Bonds Payable	0.00				0.00
General Obligation Bonds Payable	0.00				0.00
Claims and Judgments	0.00				0.00
Employees' Compensable Leave	0.00		4,061.04		4,061.04
Capital Lease Obligations	0.00				0.00
Liabilities from Restricted Assets	0.00				0.00
Assets Held for Others	0.00				0.00
Other Non-Current Liabilities	0.00				0.00
<b>Total Non-Current Liabilities</b>	<b>0.00</b>	<b>0.00</b>	<b>4,061.04</b>	<b>0.00</b>	<b>4,061.04</b>
<b>Total Liabilities</b>	<b>135,756.07</b>	<b>0.00</b>	<b>39,723.72</b>	<b>0.00</b>	<b>175,479.79</b>
<b>Fund Financial Statement</b>					
<b>Fund Balances (Deficits):</b>					
Nonspendable	7,254.00				7,254.00
Restricted	0.00				0.00
Committed	0.00				0.00
Assigned	17,015.45				17,015.45
Unassigned	6,996.11				6,996.11
<b>Total Fund Balances</b>	<b>31,265.56</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>31,265.56</b>
<b>Total Liabilities and Fund Balances</b>	<b>167,021.63</b>	<b>0.00</b>	<b>39,723.72</b>	<b>0.00</b>	<b>206,745.35</b>
<b>Government-Wide Statement of Net Assets</b>					
<b>Net Assets</b>					
Invested in Capital Assets, net of Related Debt		16,500.00			16,500.00
Restricted For					0.00
Debt Retirement					0.00
Capital Projects					0.00
Other					0.00
Funds Held as Permanent Investments:					0.00
Expendable					0.00
Non-Expendable					0.00
Other					0.00
Unrestricted			39,723.72		39,723.72
<b>Total Net Assets</b>		<b>16,500.00</b>	<b>39,723.72</b>	<b>0.00</b>	<b>87,489.28</b>

UNAUDITED

Texas Funeral Service Commission  
 Schedule 4 - Schedule of Modified to Full Accrual Adjustments - Governmental Funds  
 - Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities  
 For the Fiscal Year Ended August 31, 2014

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
<b>REVENUES**</b>					
Legislative Appropriations					
Original Appropriations (GR)	719,623.00	0.00	0.00	0.00	719,623.00
Additional Appropriations (GR)	149,440.30				149,440.30
Taxes (GR)					0.00
Federal Revenue (PR - Operating or Capital)					0.00
Federal Grant Pass-Through Revenue (GR)					0.00
State Grant Pass-Through Revenue (GR)					0.00
License, Fees & Permits (PR)	47,728.00				47,728.00
Interest and Other Investment Income (PR)					0.00
Interest and Other Investment Income (GR)					0.00
Net Increase (Decrease) in Fair Value (PR)					0.00
Net Increase (Decrease) in Fair Value (GR)					0.00
Land Income (PR)					0.00
Settlement of Claims (PR)					0.00
Settlement of Claims (GR)					0.00
Sales of Goods and Services (PR)	76,371.00				76,371.00
Other (PR - Chg for Serv, Operating or Capital)	0.00				0.00
Other (GR)	0.00				0.00
<b>Total Revenues</b>	<b>993,162.30</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>993,162.30</b>
<b>EXPENDITURES</b>					
Salaries and Wages	561,163.48		-18,828.78		542,334.70
Payroll Related Costs	157,018.93				157,018.93
Professional Fees and Services	32,788.00				32,788.00
Travel	41,789.77				41,789.77
Materials and Supplies	33,017.98				33,017.98
Communication and Utilities	10,494.63				10,494.63
Repairs and Maintenance	25,583.32				25,583.32
Rentals and Leases	3,088.82				3,088.82
Printing and Reproduction	18,043.50				18,043.50
Claims and Judgments					0.00
Federal Grant Pass-Through Expenditures					0.00
State Grant Pass-Through Expenditures					0.00
Intergovernmental Payments					0.00
Public Assistance Payments					0.00
Employee Benefit Payments					0.00
Other Expenditures	56,072.43				56,072.43
Debt Service:					0.00
Principal					0.00
Interest					0.00
Other Payments for Refunding	0.00				0.00
Capital Outlay	0.00				0.00
Depreciation Expense	0.00	233,286.93			233,286.93
<b>Total Expenditures/Expenses</b>	<b>939,060.86</b>	<b>233,286.93</b>	<b>-18,828.78</b>	<b>0.00</b>	<b>1,153,519.01</b>
Excess (Deficiency) of Revenues over Expenditures	54,101.44	-233,286.93	18,828.78	0.00	-160,356.71
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond and Note Proceeds					0.00
Increase in Obligations Under Capital Leases					0.00
Sale of Capital Assets					0.00
Transfers In	0.00				0.00
Transfers Out					0.00
Legislative Transfers In	-12,000.00				-12,000.00
Legislative Transfers Out	-1,120.00				-1,120.00
Gain (Loss) on Sale of Capital Assets	0.00				0.00
Inc in Net Assets Due to Interagency Transfer					0.00
(Dec) in Net Assets Due to Interagency Transfer	0.00				0.00



UNAUDITED

Texas Funeral Service Commission  
 Schedule 4 - Schedule of Modified to Full Accrual Adjustments - Governmental Funds  
 - Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities  
 For the Fiscal Year Ended August 31, 2014

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
Total Other Financing Sources (Uses)	-13,120.00	0.00	0.00	0.00	-13,120.00
<b>SPECIAL ITEMS</b>					
Proceeds from Sale of Park Land					0.00
<b>EXTRAORDINARY ITEMS</b>					
Natural Disaster-Hurricane					0.00
Net Change in Fund Balances/Net Assets	40,981.44	233,286.93	18,828.78	0.00	-173,476.71
<b>Fund Financial Statement - Fund Balances</b>					
Fund Balances - Beginning Balance September 1, 2013	22,983.39		0.00		22,983.39
Restatements					0.00
Fund Balances - September 1, 2013, as Restated	22,983.39		0.00		22,983.39
Appropriations Lapsed	-32,699.27				0.00
Fund Balances, August 31, 2014	31,265.56	233,286.93	18,828.78	0.00	-183,192.59
<b>Government-Wide Statement of Net Assets</b>					
Change in Net Assets		233,286.93	18,828.78	0.00	
Net Assets, Beginning Balance September 1, 2013		249,786.93	20,894.94		270,681.87
Restatements					0.00
Net Assets, September 1, 2013, as Restated		249,786.93	20,894.94	0.00	270,681.87
Net Assets as of August 31, 2014		16,500.00	39,723.72	0.00	87,489.28

\*\* When analyzing which comptroller object code to use, agencies need to determine if it rolls to Program Revenue (PR) or General Revenue (GR) on the Statement of Activities

**Texas Funeral Service Commission  
Organizational Chart**

