TEXAS BOND REVIEW BOARD

ANNUAL FINANCIAL REPORT

For The Year Ended August 31, 2015

Robert C. Kline
Executive Director

TEXAS BOND REVIEW BOARD

Governor Greg Abbott , Chairman
Lieutenant Governor Dan Patrick
Speaker Joe Straus
Comptroller Glenn Hegar

Robert C. Kline
Executive Director

September 15, 2015

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

Dear Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of the Texas Bond Review Board for the year ended August 31, 2015, in compliance with TEX. GOV'T CODE ANN Section 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 Jodee Martinez at 512-463-9890.

Sincerely,

Robert C. Kline
Executive Director

P.O. BOX 13292 • AUSTIN, TEXAS 78711-3292 • TEL: 512/463-1741 • FAX: 512/475-4802
WEBSITE: http://www.brb.state.tx.us • EMAIL: bondz@brb.state.tx.us

TABLE OF CONTENTS

I. LETTER OF TRANSMITTAL

II. GENERAL PURPOSE FINANCIAL STATEMENTS

A. Combined Balance Sheet / Statement of Net Assets - Governmental Funds 2
B. Combined Statement of Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities - Governmental Funds 6

III. NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies 10
2. Capital Assets 14
3. Deposits, Investments, & Repurchase Agreements 15
4. Short Term Debt 15
5. Summary of Long-Term Liabilities 15
6. Bonded Indebtedness 15
7. Derivative Instruments 16
8. Leases 16
9. Pension Plans 16
10. Deferred Compensation 16
11. Post Employment Health Care and Life Insurance Benefits 16
12. Interfund Balances/Activities 16
13. Continuance Subject to Review 16
14. Adjustments to Fund Balances/Net Assets 16
15. Contingencies and Commitments 16
16. Subsequent Events 16
17. Risk Management 16
18. Management Discussion and Analysis (Material Changes to AFR) 17
19. The Financial Reporting Entity 17
20. Stewardship, Compliance and Accountability 17
21. N/A 17
22. Donor-Restricted Endowments 17
23. Extraordinary and Special Items 17
24. Disaggregation of Receivable and Payable Balances 17
25. Termination Benefits 17
26. Segment Information 17
27. Service Concession Agreements 17
28. Deferred Outflows of Resources & Deferred Inflows of Resources 17
29. Trouble Debt Restructuring 17
30. Non-Exchange Financial Guaranters 18

UNAUDITED

TEXAS BOND REVIEW BOARD (352)
EXHIBIT I
COMBINED BALANCE SHEET/ STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2015

	GOVERNMENTAL FUNDS Fd 0001 U/F 0001	CAPITAL ASSETS ADJUSTMENTS
ASSETS		
Current Assets:		
Cash and Cash Equivalents		
Cash on Hand	$ 0.00	$
Legislative Appropriations	346,958.23	
Consumable Inventories	8,138.72	
Total Current Assets	355,096.95	0.00
Non-Current Assets:		
Capital Assets:		
Depreciable		
Furniture and Equipment	$	$ 6,681.20
Less Accumulated Depreciation - Furn & Equip		(6,681.20)
Total Non-Current Assets	0.00	0.00
TOTAL ASSETS	$ 355,096.95	$ 0.00
LIABILITIES		
Current Liabilities:		
Payables from:		
Accounts Payable	$ 164,103.45	$
Payroll Payable	65,659.38	
Employees' Compensable Leave		
Total Current Liabilities	229,762.83	0.00
Non-Current Liabilities:		
Employees' Compensable Leave		
Total Non-Current Liabilities	0.00	0.00
TOTAL LIABILITIES	229,762.83	0.00
Fund Financial Statements - Fund		
FUND BALANCES (DEFICITS):		
	$	$
Nonspendable - Consumable Inventories	8,138.72	
Unassigned	117,195.40	0.00

LONG-TERM LIABILITIES ADJUSTMENTS	OTHER ADJUSTMENTS	STATEMENT OF NET ASSETS
$	$	$ 0.00
		346,958.23
		8,138.72
0.00	0.00	355,096.95
$	$	$ 6,681.20
		(6,681.20)
0.00	0.00	0.00
$ 0.00	$ 0.00	$ 355,096.95
$	$	$ 164,103.45
		65,659.38
38,278.44		38,278.44
38,278.44	0.00	268,041.27
48,104.66		48,104.66
48,104.66	0.00	48,104.66
86,383.10	0.00	316,145.93
$	$	$
		8,138.72
0.00	0.00	117,195.40

TEXAS BOND REVIEW BOARD (352)
EXHIBIT I
COMBINED BALANCE SHEET/ STATEMENT OF NET ASSETS -
GOVERNMENTAL FUNDS
For the Year Ended August 31, 2015

	GOVERNMENTAL FUNDS Fd 0001 U/F 0001	CAPITAL ASSETS ADJUSTMENTS
TOTAL FUND BALANCES	125,334.12	0.00
TOTAL LIABILITIES AND FUND BALANCES	$ 355,096.95	$ 0.00
Government-wide Statement - Net Assets		
Net Assets:		
Net Investment in Capital Assets		$ 0.00
Restricted for:		
Debt Retirement		
Employee Benefit		
Unrestricted		
Total Net Assets		$ 0.00

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

LONG-TERM LIABILITIES ADJUSTMENTS	OTHER ADJUSTMENTS	STATEMENT OF NET ASSETS
0.00	0.00	125,334.12
$ 86,383.10	$ 0.00	$ 441,480.05
$	$	$ 0.00
		0.00
		0.00
(86,383.10)		(86,383.10)
$ (86,383.10)	$ 0.00	$ 38,951.02
		$ 355,096.95

UNAUDITED

TEXAS BOND REVIEW BOARD (352)
EXHIBIT II
COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES/
STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2015

	Governmental Funds Fd 0001 U/F (0001)	Capital Asset Adjustments
REVENUES:	$	$
Legislative Appropriations		
Original Appropriations	865,910.00	
Additional Appropriations	165,206.27	
Other Revenue	0.00	
Total Revenues	1,031,116.27	0.00
EXPENDITURES:		
Salaries and Wages	633,484.80	
Payroll Related Costs	159,882.25	
Professional Fees & Services	49,267.11	
Travel	372.47	
Materials and Supplies	28,420.68	
Communication and Utilities	5,611.94	
Repairs and Maintenance	507.50	
Rentals and Leases	4,111.70	
Printing and Reproduction	4,360.00	
Other Operating Expenditures	12,873.52	
Depreciation Expense	0.00	0.00
Total Expenditures	898,891.97	0.00
EXCESS OF REVENUES OVER EXPENDITURES	132,224.30	0.00
OTHER FINANCING SOURCES (USES):		
Total Other Financing Sources (Uses)	0.00	0.00
NET CHANGE IN FUND BALANCES/NET ASSETS	132,224.30	0.00
FUND BALANCES - Beginning	7,997.78	
Lapsed Appropriations	(14,887.96)	
FUND BALANCES - Ending	$ 125,334.12	

Long-term Liabilities Adjustments	Statement of Activities
$	$
	865,910.00
	165,206.27
	0.00
0.00	1,031,116.27
4,130.50	637,615.30
	159,882.25
	49,267.11
	372.47
	28,420.68
	5,611.94
	507.50
	4,111.70
	4,360.00
	12,873.52
	0.00
4,130.50	903,022.47
(4,130.50)	128,093.80
	0.00
0.00	0.00
(4,130.50)	128,093.80
	$ 7,997.78
	(14,887.96)
	$ 121,203.62

TEXAS BOND REVIEW BOARD (352)
EXHIBIT II
COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES/
STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2015

	Governmental Funds Fd 0001 U/F (0001)	Capital Asset Adjustments
Government-wide Statement - Net Assets		
Change in Net Assets		0.00
Net Assets Beginning		0.00
Restatement		
Net Assets Beginning as Restated and Adjusted		0.00
Net Assets Ending		$ 0.00

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

	Long-term Liabilities Adjustments		Statement of Activities
	(4,130.50)		
$	(82,252.60)	$	(82,252.60)
			0.00
	(82,252.60)		(82,252.60)
$	(86,383.10)	$	38,951.02

TEXAS BOND REVIEW BOARD (352)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ENTITY

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

The Board is comprised of the Governor, as Chairman, the Lieutenant Governor, the Speaker of the House of Representatives, and the Comptroller of Public Accounts.

The Texas Bond Review Board operates under the authority of Chapter 1231, Texas Government Code. Legislative mandates have resulted in the Board serving the state with three functions:

Oversight and reporting of state bond issuance and coordination of the debt management and capital planning process for the state;

Reporting on the bonded indebtedness of local governments in Texas. This includes the collection, maintenance, and analysis of the data, so the public and the state leadership has access to current information;

Allocation of Texas' federal authorization to issue private activity bonds in accordance with state statute.

Due to the significant changes related to 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 financial report to be in compliance with generally accepted accounting principles (GAAP). The financial report will be considered for audit by the State Auditor as part of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

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

B. FUND STRUCTURE

The accompanying financial statements are presented on the basis of funds and account groups, each of which is considered a separate accounting entity.

GOVERNMENTAL FUND TYPES & GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

General Revenue Fund
The general revenue fund (fund 0001) is used to account for all financial resources of the state except those required to be accounted for in another fund.

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.

FIDUCIARY FUND TYPES

Agency Funds
Agency funds are used 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.

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 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 sixty days after year-end to be available and recognizes them as revenues of the current year for fund financial statements prepared on the modified accrual basis. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Governmental adjustment fund types that will build the government-wide financial statements are accounted for using the full accrual method of accounting. The Following 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 judgements
* Full accrual revenues and expenses

D. BUDGETS AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act).

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

TEXAS BOND REVIEW BOARD (352)
NOTES TO THE FINANCIAL STATEMENTS

E. ASSETS, LIABILITIES, AND FUND BALANCES/NET POSITION

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.

Inventories & Prepaid Items
Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally utilizing the last-in, first-out method. Inventories for governmental fund types use the purchase method of accounting. The consumption method of accounting is used to account for inventories that appear in the proprietary fund types and the government-wide statements. 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 any purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets such as works of art and historical treasures are not depreciated. Road and highway infrastructure is reported on the modified basis. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

All capital assets acquired by proprietary funds or trust funds are reported at cost or estimated historical cost, if actual historical cost is not available. Donated assets are reported at fair value on the acquisition date. Depreciation is charged to operations over the estimated useful life of each asset, using the straight-line method.

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.

Employees' Compensable Leave
Employees' Compensable Leave Balances represent the liability that became "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.

TEXAS BOND REVIEW BOARD (352)
NOTES TO THE FINANCIAL STATEMENTS

FUND BALANCES/NET POSITION

"Fund balance" is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources on the governmental fund statements. "Net position" is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources on the government-wide, proprietary and fiduciary fund statements.

Fund Balance Components
Fund balances for governmental funds are classified as either 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:
Not in spendable form -OR- Legally or contractually required to be maintained intact.

Restricted fund balance includes those resources that have constraints placed on their use through external parties - such as creditors, grantors, contributors, laws or regulations of other governments - or by law through constitutional provisions or enabling legislation.

Committed fund balance can be used only for specific purposes pursuant to constraints imposed through legislation passed into law by a forma action of the Texas Legislature, the state's highest level decision making authority.

Assigned fund balance includes amount constrained by the state's intent to be used for specific purposes, but the constraints do not meet the requirements to be reported as restricted or committed. Intent is expressed by: The Texas Legislature -OR- A body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

Net Investment in Capital Assets
Net investment in capital assets, 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, construction, or improvement of those assets.

Restricted Net Position
Restricted Net Position results when constraints placed on net resources use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position
Unrestricted Net Position consists of net resources, which do not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources, which are imposed by management, but can be removed or modified.

TEXAS BOND REVIEW BOARD (352)
NOTES TO THE FINANCIAL STATEMENTS

F. INTERFUND TRANSACTIONS AND BALANCES

The agency has 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 that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

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, 2015 if any, is presented in Note 12.

NOTE 2: CAPITAL ASSETS

A summary of changes in Capital Assets for the year ended August 31, 2015:

	Balance 9/1/14	Adjustments	Completed CIP	Inc Int'agy Trans
Governmental Activities:				
Depreciable Assets				
Furniture and Equipment	$ 6,681.20	$ 0.00	$	$
Other Cap Assets	0.00	0.00	0.00	0.00
Total depreciable assets	6,681.20	0.00	0.00	0.00
Less Accum Deprec for:				
Furniture and Equip	(6,681.20)			
Other Cap Assets	0.00	0.00		
Total Accum Deprec	(6,681.20)	0.00	0.00	0.00
TOTAL	$ 0.00	$ 0.00	$ 0.00	$ 0.00

	Dec Int'agy Trans	Addition	Deletions	Balance 8/31/15
Governmental Activities:				
Depreciable Assets				
Furniture and Equipment	$	$ 0.00	$	$ 6,681.20
Other Cap Assets	0.00	0.00	0.00	0.00
Total depreciable				

TEXAS BOND REVIEW BOARD (352)
NOTES TO THE FINANCIAL STATEMENTS

assets	0.00	0.00	0.00	6,681.20
Less Accum Deprec for:				
Furniture and Equip		0.00		(6,681.20)
Other Cap Assets				0.00
Total Accum Deprec	0.00	0.00	0.00	(6,681.20)
TOTAL	$ 0.00	$ 0.00	$ 0.00	$ 0.00

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS

Not applicable

NOTE 4: SHORT TERM DEBT

Not applicable

NOTE 5: SUMMARY OF LONG-TERM LIABILITIES

Notes and Loans Payable:
The agency did not have any notes or loans payable as of August 31, 2015.

Changes In Long-Term Liabilities
During the year ended August 31, 2015, the following changes occurred in liabilities.

Governmental Activities:	Balance 9/01/14	Additions	Deductions	Balance 8/31/15	Amounts Due Within One Yr
Compensable Leave	$ 82,252.60	$ 54,254.04	$ (50,123.54)	$ 86,383.10	$ 38,278.44
TOTAL	$ 82,252.60	$ 54,254.04	$ (50,123.54)	$ 86,383.10	$ 38,278.44

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 funds 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

TEXAS BOND REVIEW BOARD (352)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: DERIVATIVE INSTRUMENTS

Not applicable

NOTE 8: LEASES

Not applicable

NOTE 9: PENSION PLANS

Not applicable

NOTE 10: DEFERRED COMPENSATION

Not applicable

NOTE 11: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Not applicable

NOTE 12: INTERFUND BALANCES/ACTIVITIES

Not applicable

NOTE 13: CONTINUANCE SUBJECT TO REVIEW

The Texas Bond Review Board is not subject to the Texas Sunset Act.

NOTE 14: ADJUSTMENTS TO FUND BALANCES/NET ASSETS

Not applicable

NOTE 15: CONTINGENCIES AND COMMITMENTS

Not applicable

NOTE 16: SUBSEQUENT EVENTS

Not applicable

NOTE 17: RISK MANAGEMENT

The agency is exposed to a variety of civil 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 assumes substantially all risks associated with tort claims and liability claims due to the performance of its duties. Currently, there is no purchase of commercial insurance, nor is the agency involved in any risk pools with other government entities.

TEXAS BOND REVIEW BOARD (352)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS/MATERIAL CHANGES TO AFR

Not applicable

NOTE 19: THE FINANCIAL REPORTING ENTITY: RELATED ORGANIZATIONS

Not applicable

NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Not applicable

NOTE 21: N/A

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

NOTE 27: SERVICE CONCESSION AGREEMENTS

Not applicable

NOTE 28: DEFERRED OUTFLOWS OF RESOURCES & DEFERRED INFLOWS OF RESOURCES

Not applicable

NOTE 29: TROUBLED DEBT RESTRUCTURING

Not applicable

TEXAS BOND REVIEW BOARD (352)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 30: NON-EXCHANGE FINANCIAL GUARANTERS

Not applicable