

TEXAS STATE BOARD OF PHARMACY

ANNUAL REPORT OF FINANCIAL DATA

FOR THE YEAR END AUGUST 31, 2002

Gay Dodson, R.Ph.
Executive Director

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November 20, 2002

Honorable Rick Perry, Governor
Honorable Carole Keeton Rylander, State Comptroller
John Keel, Director, Legislative Budget Board
Lawrence F. Alwin, CPA, State Auditor

Dear Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of the Texas State Board of Pharmacy for the year ended August 31, 2002, in compliance with the TEX. GOV'T CODE ANN Sec. 2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

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 annual 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 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 Jane Bennett at 305-8017.

Sincerely,

Gay Dodson, R.Ph.
Executive Director/Secretary

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TEXAS STATE BOARD OF PHARMACY (515)
 EXHIBIT I
 COMBINED BALANCE SHEET/ STATEMENT OF NET ASSETS

GOVERNMENTAL FUNDS
 For the Year Ended August 31, 2002

	GOVERNMENTAL FUND TYPES	
	GENERAL FUNDS	CAPITAL ASSETS
	FD 0523	ADJUSTMENTS
	U/F FD 0523	
	<u> </u>	<u> </u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents		
Cash on Hand	\$ 1,000.00	\$
Cash in Bank:	2,000.00	
Travel Advance Fund (Note)		
Cash in State Treasury	3,925,709.81	
Consumable Inventories	<u>2,184.24</u>	<u> </u>
 Total Current Assets	 <u>3,930,894.05</u>	 <u>0.00</u>
Non-Current Assets:		
Capital Assets:		
Depreciable		
Furniture and Equipment		120,858.55
Less Accumulated Depreciation		-91,309.57
Vehicles, Boats, and Aircraft		215,294.43
Less Accumulated Depreciation		<u>-143,068.32</u>
 Total Non-Current Assets	 <u>0.00</u>	 <u>101,775.09</u>
 TOTAL ASSETS	 \$ <u>3,930,894.05</u>	 \$ <u>101,775.09</u>
 LIABILITIES		
Current Liabilities:		
Payables from :		
Accounts Payable	\$ 192,096.36	\$
Payroll Payable	248,727.62	
Employees' Compensable Leave (Note 4)		
Total Current Liabilities	<u>440,823.98</u>	<u>0.00</u>
Non-Current Liabilities:		
Employees' Compensable Leave (Note 4)		
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>
 TOTAL LIABILITIES	 <u>440,823.98</u>	 <u>0.00</u>

<u>LONG-TERM LIABILITIES ADJUSTMENTS</u>	<u>OTHER ADJUSTMENTS</u>	<u>STATEMENT OF NET ASSETS</u>
\$	\$	\$
		1,000.00
		2,000.00
		3,925,709.81
		2,184.24
<u>0.00</u>	<u>0.00</u>	<u>3,930,894.05</u>
		120,858.55
		-91,309.57
		215,294.43
		-143,068.32
<u>0.00</u>	<u>0.00</u>	<u>101,775.09</u>
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 4,032,669.14</u>
\$	\$	\$
		192,096.36
		248,727.62
<u>156,097.94</u>		<u>156,097.94</u>
<u>156,097.94</u>	<u>0.00</u>	<u>596,921.92</u>
		104,074.64
<u>104,074.64</u>	<u>0.00</u>	<u>104,074.64</u>
<u>260,172.58</u>	<u>0.00</u>	<u>700,996.56</u>

TEXAS STATE BOARD OF PHARMACY (515)
 EXHIBIT I
 COMBINED BALANCE SHEET/ STATEMENT OF NET ASSETS

-
 GOVERNMENTAL FUNDS
 For the Year Ended August 31, 2002

Fund Financial Statements - Fund
 FUND BALANCES (DEFICITS):

Reserved For:	\$		\$
Encumbrances		30,374.54	
Imprest Accounts		3,000.00	
Consumable Inventories		2,181.24	
Unreserved:			
Undesignated:			
Other Unreserved - Undesignated		<u>3,454,514.29</u>	<u>0.00</u>
TOTAL FUND BALANCES		<u>3,490,070.07</u>	<u>0.00</u>
TOTAL LIABILITIES AND FUND BALANCES	\$	<u>3,930,894.05</u>	\$ <u>0.00</u>

Government-wide Statement - Net Assets

Net Assets:		
Invested in Capital Assets, Net of Related Debt		101,775.09
Restricted for:		
Debt Retirement		
Employee Benefit		
Unrestricted		<u> </u>
Total Net Assets		<u>101,775.09</u>

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

\$	\$	\$	30,374.54
			3,000.00
			2,181.24
<u>0.00</u>	<u>0.00</u>	<u>3,454,514.29</u>	
<u>0.00</u>	<u>0.00</u>	<u>3,490,070.07</u>	
\$ <u>260,172.58</u>	\$ <u>0.00</u>	\$ <u>4,191,066.63</u>	
		101,775.09	
		0.00	
		0.00	
<u>-260,172.58</u>	<u> </u>	<u>-260,172.58</u>	
<u>-260,172.58</u>	<u>0.00</u>	<u>-158,397.49</u>	
		<u>4,032,669.14</u>	

TEXAS STATE BOARD OF PHARMACY (515)
EXHIBIT II
COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES/
STATEMENT OF ACTIVITIES - GOVERNMENTAL
FUNDS
For the Year Ended August 31, 2002

	General Funds (Exhibit A-2)	Capital Asset Adjustments
REVENUES:	\$	\$
Licenses and Permits	3,824,162.65	
Interest Income	11.29	
Sales of Goods and Services	130,718.56	
Other Revenue	-12,179.02	
Total Revenues	<u>3,942,713.48</u>	<u>0.00</u>
EXPENDITURES:		
Salaries and Wages	2,163,988.43	
Payroll Related Costs	552,934.22	
Professional Fees & Services	350,292.57	
Travel	119,041.21	
Materials and Supplies	138,521.63	-1,237.19
Communication and Utilities	43,831.70	
Repairs and Maintenance	14,964.13	
Rentals and Leases	17,494.21	
Printing and Reproduction	136,877.28	
Other Operating Expenditures	261,226.82	
Capital Outlay	29,578.00	-29,578.00
Depreciation Expense	0.00	62,305.06
Total Expenditures	<u>3,828,750.20</u>	<u>31,489.87</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>113,963.28</u>	<u>-31,489.87</u>
OTHER FINANCING SOURCES (USES):		
Sale of Capital Assets	2,242.52	-2,242.52
Net Change in Reserve for Inventories	1,237.19	-1,237.19
Transfers Out	-30,513.00	
Gain (Loss) on Sale of Capital Assets		4,742.52
Total Other Financing Sources (Uses)	<u>-27,033.29</u>	<u>1,262.81</u>
NET CHANGE IN FUND BALANCES/NET ASSETS	<u>86,929.99</u>	<u>-30,227.06</u>

Long-term Liabilities Adjustments	Statement of Activities
\$	\$
	3,824,162.65
	11.29
	130,718.56
	-12,179.02
<u>0.00</u>	<u>3,942,713.48</u>
35,264.23	2,199,252.66
	552,934.22
	350,292.57
	119,041.21
	137,284.44
	43,831.70
	14,964.13
	17,494.21
	136,877.28
	261,226.82
	0.00
	<u>62,305.06</u>
<u>35,264.23</u>	<u>3,895,504.30</u>
<u>-35,264.23</u>	<u>47,209.18</u>
	0.00
	0.00
	-30,513.00
	4,742.52
	<u>0.00</u>
<u>0.00</u>	<u>-25,770.48</u>
<u>-35,264.23</u>	<u>21,438.70</u>

TEXAS STATE BOARD OF PHARMACY (515)
 EXHIBIT II
 COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES/
 STATEMENT OF ACTIVITIES - GOVERNMENTAL
 FUNDS
 For the Year Ended August 31, 2002

	<u>General Funds (Exhibit A-2)</u>	<u>Capital Asset Adjustments</u>
FUND BALANCES - Beginning	3,403,140.08	
FUND BALANCES - Ending	<u>\$ 3,490,070.07</u>	
Government-wide Statement - Net Assets		
Change in Net Assets		<u>-30,227.06</u>
Net Assets Beginning		
Adjustments to Beginning Net Assets		
Convert from Fund Balances to Net Assets		
FY01 Capital Asset Balances in GFAAG		617,665.73
Reduce for Threshold Increase of Capital Assets		-277,609.05
Accumulated Depreciation from Prior Years		-205,554.53
Sale of Asset Reported in Prior Year		-2,500.00
FY01 Compensable Leave Bal in GLTDAG		
Net Assets Beginning as Restated and Adjusted		<u>132,002.15</u>
Net Assets Ending		<u>101,775.09</u>

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

Long-term Liabilities Adjustments	Statement of Activities
	3,403,140.08
	<u>\$ 3,424,578.78</u>
<u>-35,264.23</u>	<u>-65,491.29</u>
	617,665.73
	-277,609.05
	-205,554.53
	-2,500.00
<u>-224,908.35</u>	<u>-224,908.35</u>
<u>-224,908.35</u>	<u>-92,906.20</u>
<u>-260,172.58</u>	<u>-158,397.49</u>

TEXAS STATE BOARD OF PHARMACY (515)
EXHIBIT VI
COMBINED STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
For the Year Ended August 31, 2002

	<u>AGENCY FUNDS EXHIBIT J-1</u>	<u>TOTAL</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents		
Cash in State Treasury	\$ 125.02	\$ 125.02
Accounts Receivable	<u>14,750.00</u>	<u>14,750.00</u>
Total Current Assets	<u>14,875.02</u>	<u>14,875.02</u>
TOTAL ASSETS	<u>\$ 14,875.02</u>	<u>\$ 14,875.02</u>
LIABILITIES		
Current Liabilities:		
Funds Held for Others	\$ <u>14,875.02</u>	\$ <u>14,875.02</u>
Total Current Liabilities	<u>14,875.02</u>	<u>14,875.02</u>
TOTAL LIABILITIES	<u>14,875.02</u>	<u>14,875.02</u>
NET ASSETS		
	<u>\$ 0.00</u>	<u>\$ 0.00</u>
TOTAL NET ASSETS	<u>0.00</u>	<u>0.00</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,875.02</u>	<u>\$ 14,875.02</u>

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ENTITY

The Texas State Board of Pharmacy is a state agency operating under the authority of Occupational Code Chapters 551-566 recodified September 1, 1999 from Tex. Rev. Civ. Stat. Ann. Art. 4542a-1. The function of the Board is to regulate the practice of pharmacy in Texas.

The Texas Board of Pharmacy 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.

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 general 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 Fund

The general fund 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 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. This includes unpaid Employee Compensable leave, the unmatured debt service (principal and interest) on general long-term liabilities, long-term capital leases, and long-term claims and judgments. The activity will be recognized in these new fund types.

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.

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

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

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

TEXAS STATE BOARD OF PHARMACY (515)
NOTES TO THE FINANCIAL STATEMENTS

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 concurrent in the statement of net assets.

FUND BALANCES/NET ASSETS

The difference between fund assets and liabilities is "Net Assets" on the government-wide, proprietary and fiduciary fund statements, and the "Fund Balance" is the difference between fund assets and liabilities on the governmental fund statements.

Reservations of Fund Balance

Fund balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use or not available for expenditures.

Reserved for Encumbrances

This represents commitments of the value of contracts awarded or assets ordered prior to year-end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

Reserved for Consumable Inventories

This represents the amount of supplies, postage and prepaid held to be used in the next fiscal year.

Unreserved/Undesignated

Other - represents the unappropriated balance at year-end.

Invested in Capital Assets, Net of Related Debt

TEXAS STATE BOARD OF PHARMACY (515)
 NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: CAPITAL ASSETS

A summary of changes in Capital Assets for the year ended August 31, 2002:

	Balance 9/1/01	Adjustments *	Addition	Deletions	Balance 8/31/02
Governmental Activities:					
Depreciable Assets					
Furniture and					
Equipment	407,294.30	-276,114.05	0.00	-10,321.70	120,858.55
Library Books	1,495.00	-1,495.00			0.00
Vehicle, Boats & Aircraft	208,876.43		29,578.00	-23,160.00	215,294.43
Total depreciable assets	617,665.73	-277,609.05	29,578.00	-33,481.70	336,152.98
Less Accum Deprec for:					
Furniture and Equip	0.00	-84,587.85	-17,043.12	10,321.70	-91,309.27
Vehicle, Boats & Aircraft		-120,966.68	-45,261.94	23,160.00	-143,068.62
Total Accum Deprec	0.00	-205,554.53	-62,305.06	33,481.70	-234,377.89
TOTAL	617,665.73	-483,163.58	-32,727.06	0.00	101,775.09

Adjustment Column Worksheet

	GASB 34/35 Fund Type Changes	Capitalization Threshold Changes	Accumulated Depreciation	Other Adjustment	Total Adjustments
Governmental Activities:					
Depreciable Assets:					
Furniture and					
Equipment		-276,114.05			-276,114.05
Library Books		-1,495.00			-1,495.00
Vehicle, Boats & Aircraft			0.00	0.00	0.00
Total depreciable assets	0.00	-277,609.05	0.00	0.00	-277,609.05
Less Accum Deprec for:					
Furniture and Equip			-84,587.85		-84,587.85
Vehicle, Boats & Aircraft			-120,966.68		-120,966.68
Total Accum Deprec	0.00	0.00	-205,554.53	0.00	-205,554.53
TOTAL	0.00	-277,609.05	-205,554.53	0.00	-483,163.58

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS

Texas State Board of Pharmacy is authorized by statute to make investments following the "prudent person rule." There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

A. The carrying amount of \$2,000 for Cash in Bank (including restricted assets and discretely presented component units) is presented below.

B. The bank balance of the Texas State Board of Pharmacy has been classified according to the following risk categories.

1. Category 1 - Insured or collateralized with securities held by the governmental entity or by its agent in the name of the governmental entity.
2. Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the name of the governmental entity.
3. Category 3 - Uncollateralized (which would include any deposits collateralized with securities held by the pledging financial institutions, or by its trust department or agent but not in the governmental entity's name).

<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
\$ 2,001.66	\$ _____	\$ _____	\$ 2,001.66	\$ 2,000.00
Consisting of the following:				
Demand Deposits				\$ 2,000.00
Total Cash in Bank (Exh I)				\$ 2,000.00

NOTE 4: SUMMARY OF LONG-TERM LIABILITIES

Notes and Loans Payable:

The agency did not have any notes or loans payable as of August 31, 2002.

Changes In Long-Term Liabilities

During the year ended August 31, 2002, the following changes occurred in liabilities.

	<u>Balance</u> <u>9/01/01</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>8/31/02</u>	<u>Amounts Due</u> <u>Within One Yr</u>
Governmental Activs:					
Compensable Leave	224,908.35	229,134.46	-193,870.23	260,172.58	156,097.94
TOTAL	224,908.35	229,134.46	-193,870.23	260,172.58	156,097.94

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 5: CAPITAL LEASES

Not applicable

NOTE 6: OPERATING LEASE OBLIGATIONS

Not applicable

NOTE 7: INTERFUND BALANCES/ACTIVITIES

As explained in Note 1 on Interfund Transactions 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, Advances From or Advances To, or Due From or Due To Other Funds. Individual interfund receivable and payable balances at August 31, 2002 were as follows:

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

The following interfund examples are for note presentation purposes only and do not tie to Exhibit I.

Individual balances and activities at August 31, 2002, follows:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
Governmental Funds:		
Appd Fund 0001, D23 Fund 0001		
Agency 364, D23 Fd 0001	<u> </u>	<u>-30,513.00</u>
Total Operating Transfers	<u> 0.00</u>	<u>-30,513.00</u>

NOTE 8: EMPLOYEES RETIREMENT PLANS

The State has joint contributory retirement plans for substantially all its employees. The Agency participates in the plans administered by the Employees Retirement System of Texas. Future pension costs are the liabilities of the Retirement System. The System does not account for each State agency separately. Annual financial reports prepared by the System include audited financial statements and actuarial assumptions and conclusions.

NOTE 9: DEFERRED COMPENSATION

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the Tex. Govt. Code Ann. Sec. 609.001. Two plans are available for employees' deferred compensation plan. Both plans are administered by the Employees Retirement System.

NOTE 10: CONTINGENT LIABILITIES

Not applicable

NOTE 11: CONTINUANCE SUBJECT TO REVIEW

Under the Texas Sunset Act, the Agency will be abolished effective September 1, 2005, unless continued in existence by the State Legislature as provided by the Act. If abolished, the Agency may continue until September 1, 2006 to close out its operations.

NOTE 12: RISK FINANCING AND RELATED INSURANCE

Not applicable

NOTE 13: SEGMENT INFORMATION

Not applicable

NOTE 14: BONDED INDEBTEDNESS

Not applicable

NOTE 15: SUBSEQUENT EVENTS

Not applicable

NOTE 16: RELATED PARTIES

The Board is a member of the Health Professions Council (HPC), created by the 73rd Legislature, Texas Occupations Code, Chapter 101 (recodified September 1, 1999 from Texas Government Code Article 4521p). The HPC office is located in the William P. Hobby Building, 333 Guadalupe, Suite 2-220, Austin, Texas. Three staff members are employed: an administrator, an assistant and an information technology support person.

HPC is charged statutorily with assisting the member boards' efforts in achieving efficiency and effectiveness measures through cooperative collocation. HPC reports annually to the Governor, the Lieutenant Governor, and the Speaker of the House of Representatives on its progress in these areas. The Council consists of one representative appointed by each of the following set forth below. Representatives are not compensated for their service.

- Texas Board of Chiropractic Examiners
- Texas State Board of Dental Examiners
- Texas State Board of Medical Examiners
- Board of Nurse Examiners
- Texas Optometry Board
- Texas State Board of Pharmacy
- Executive Council of Physical Therapy and Occupational Therapy Examiners
- Texas State Board of Podiatric Medical Examiners
- Texas State Board of Examiners of Psychologists
- Texas Board of Veterinary Medical Examiners
- Texas State Board of Vocational Nurse Examiners
- Texas Department of Health Professional Licensing and Certification Division
- The Governor's Office
- Texas Funeral Services Commission

TEXAS STATE BOARD OF PHARMACY (515)
NOTES TO THE FINANCIAL STATEMENTS

The Health Professions Council has been successful in creating a number of shared initiatives which save money and promote improved quality and consistency for member agencies. Major efforts include:

- * Collation to one state office building
- * Shared conference rooms, reception areas, break rooms
- * Purchase of a shared Imaging System for purposes of agency documentation of archives and ongoing daily records
- * Creation and operation of a statewide toll-free complaint system for public complaints against any licensed health professional. This one-stop complaint system provides easy access for consumers, many of whom are unsure of which agency to contact. This shared system also significantly lowers costs for member agencies to provide a toll-free consumer line.
- * Development of shared manuals including a Board Member Training Manual, Risk Management Manual, Disaster Recovery Plan, and policy and procedure statements on various topics. These statements and manuals are designed to save staff time and assure consistency.
- * Coordinated Staff Training. The Council provides training through an ongoing schedule of varied programs for member agencies, most of whom are too small to provide staff development programs.
- * A document management center, operated by a private vendor, provides copying services thereby reducing costs, freeing agency staff for other duties, and providing improved copy quality.
- * Shared legislative tracking of bills during legislative session and shared information regarding effects of proposed legislation.
- * Development of backup payroll support amongst member agencies to assist small agencies through times of staff absence or turnover.
- * Joint employee assistance program providing reduced costs for larger agencies and services previously unavailable to smaller agencies.
- * A number of smaller initiatives including joint posting of job opening information, shared courier service for daily deposit of funds to the State Treasury, sharing of legal libraries and resources and ongoing communication and support among staff in work areas such as information systems and accounting.

HPC is funded by a pro rate share of appropriations from each member agency. The Board's pro rata share during fiscal year 2002 was \$30,513. In addition, the Board reimbursed HPC a nominal amount for its pro rata share of operating the toll-free telephone complaint system.

NOTE 17: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Not applicable

TEXAS STATE BOARD OF PHARMACY (515)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 18: THE FINANCIAL REPORTING ENTITY AND JOINT VENTURES

Not applicable

NOTE 19: RESTATEMENT OF FUND BALANCES

Not applicable

NOTE 20: DONOR-RESTRICTED ENDOWMENTS

Not applicable

NOTE 21: PLEDGED/NON-PLEDGED REVENUES AND DISCOUNTS AND ALLOWANCES

Not applicable

NOTE 22: MANAGEMENT DISCUSSION AND ANALYSIS/ MATERIAL CHANGES TO AFR

Not applicable

TEXAS STATE BOARD OF PHARMACY (515)
EXHIBIT A-2
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
FUND BALANCES - GENERAL AND CONSOLIDATED FUNDS
For the Year Ended August 31, 2002

	Pharmacy Bd Operating Fd (0523) U/F (0523)	Pharmacy Bd Operating Fd (0523) U/F (9000)	TOTALS EXHIBIT II 2002
REVENUES:			
Licenses, Fees and Permits	3,824,162.65		3,824,162.65
Interest and Investment Income	11.29		11.29
Sales of Goods and Services	130,718.56		130,718.56
Other Revenue	476.06	-12,655.08	-12,179.02
Total Revenues	3,955,368.56	-12,655.08	3,942,713.48
EXPENDITURES:			
Salaries and Wages	2,163,988.43		2,163,988.43
Payroll Related Costs	552,934.22		552,934.22
Professional Fees & Services	350,292.57		350,292.57
Travel	119,041.21		119,041.21
Materials and Supplies	138,521.63		138,521.63
Communication and Utilities	43,831.70		43,831.70
Repairs and Maintenance	14,964.13		14,964.13
Rentals and Leases	17,494.21		17,494.21
Printing and Reproduction	136,877.28		136,877.28
Other Operating Expenditures	261,226.82		261,226.82
Capital Outlay	29,578.00		29,578.00
Total Expenditures	3,828,750.20	0.00	3,828,750.20
EXCESS OF REVENUES OVER EXPENDITURES	126,618.36	-12,655.08	113,963.28
OTHER FINANCING SOURCES (USES):			
Operating Transfers Out (Agy 364, Fd 0001)	-30,513.00		-30,513.00
Sale of Capital Assets	2,242.52		2,242.52
Total Other Financing Sources (Uses)	-28,270.48	0.00	-28,270.48
EXCESS OF REVENUE & OTHER FINANCING SOURCES Over Expenditures & Other Financing Uses	98,347.88	-12,655.08	85,692.80
FUND BALANCES - Beginning	3,390,485.00	12,655.08	3,403,140.08
Net Change in Reserve for Inventories	1,237.19		1,237.19
FUND BALANCES - Ending	3,490,070.07	0.00	3,490,070.07

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

TEXAS STATE BOARD OF PHARMACY (515)
EXHIBIT J-1
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS

For the fiscal year ended August 31, 2002

	Balances September 1, 2001	Additions
	<u> </u>	<u> </u>
UNAPPROPRIATED RECEIPTS		
General Revenue Fund (0001) U/F (1001)		
Assets:		
Cash in State Treasury	\$ 0.00	\$ 77,057.29
Accounts Receivable (Fines)	3,900.00	14,750.00
Due From Other Funds	1,000.00	
Total Assets	<u>\$ 4,900.00</u>	<u>\$ 91,807.29</u>
Liabilities:		
Accounts Payable	\$ 0.00	\$ 0.00
Funds Held for Others	4,900.00	92,340.40
Total Liabilities	<u>\$ 4,900.00</u>	<u>\$ 92,340.40</u>
OTHER AGENCY FUNDS		
Suspense Fund (0900) U/F (9015)		
Assets:		
Cash on Hand	\$ 0.00	\$ 0.00
Cash in State Treasury	0.00	0.09
Total Assets	<u>\$ 0.00</u>	<u>\$ 0.09</u>
Liabilities:		
Accounts Payable	\$ 0.00	\$ 0.00
Funds Held for Others	0.00	0.09
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 0.09</u>
Savings Bonds (0901) U/F (0901)		
Assets:		
Cash on Hand	\$ 0.00	\$ 0.00
Cash in State Treasury	275.00	3,800.00
Total Assets	<u>\$ 275.00</u>	<u>\$ 3,800.00</u>
Liabilities:		
Accounts Payable	\$ 0.00	\$ 0.00
Funds Held for Others	275.00	3,800.00
Total Liabilities	<u>\$ 275.00</u>	<u>\$ 3,800.00</u>

Balances
August 31,
2002

Deductions	
\$ -77,057.29	\$ 0.00
-3,900.00	14,750.00
-1,000.00	0.00
\$ -81,957.29	\$ 14,750.00

\$ 0.00	\$ 0.00
-82,490.40	14,750.00
\$ -82,490.40	\$ 14,750.00

\$ 0.00	\$ 0.00
-0.07	0.02
\$ -0.07	\$ 0.02

\$ 0.00	\$ 0.00
-0.07	0.02
\$ -0.07	\$ 0.02

\$ 0.00	\$ 0.00
-3,950.00	125.00
\$ -3,950.00	\$ 125.00

\$ 0.00	\$ 0.00
-3,950.00	125.00
\$ -3,950.00	\$ 125.00

TEXAS STATE BOARD OF PHARMACY (515)
EXHIBIT J-1
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS

For the fiscal year ended August 31, 2002

	Balances September 1, 2001	Additions
	<u> </u>	<u> </u>
TOTALS - ALL AGENCY FUNDS		
Assets:		
Cash on Hand	\$ 0.00	\$ 0.00
Cash in State Treasury	275.00	80,857.38
Accounts Receivable (Fines)	3,900.00	14,750.00
Due From Other Funds	1,000.00	0.00
Total Assets	<u>\$ 5,175.00</u>	<u>\$ 95,607.38</u>
Liabilities:		
Accounts Payable	\$ 0.00	\$ 0.00
Funds Held for Others	5,175.00	96,140.49
Total Liabilities	<u>\$ 5,175.00</u>	<u>\$ 96,140.49</u>

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

<u>Deductions</u>	<u>Balances August 31, 2002</u>
\$ 0.00	\$ 0.00
-81,007.36	125.02
-3,900.00	14,750.00
-1,000.00	0.00
<u>\$ -84,907.36</u>	<u>\$ 14,875.02</u>
\$ 0.00	\$ 0.00
-86,440.47	14,875.02
<u>\$ -86,440.47</u>	<u>\$ 14,875.02</u>