



TEXAS ANIMAL HEALTH COMMISSION  
AUSTIN, TEXAS

**ANNUAL FINANCIAL REPORT**  
August 31, 2015

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

**ANNUAL FINANCIAL REPORT**  
**TEXAS ANIMAL HEALTH COMMISSION**  
**Austin, Texas**  
**For The Fiscal Year Ended August 31, 2015**

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



## TEXAS ANIMAL HEALTH COMMISSION

Ernie Morales  
*Chairman*

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

November 16, 2015

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

Ladies and Gentlemen:

We are pleased to submit the annual financial report of the Texas Animal Health Commission for the year ended Aug. 31, 2015, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) 34, 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 (CAFR); 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 Megan Hilker at (512) 719-0752. Ms. Hilker may also be contacted for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

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

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Brandon Bouma  
William Edmiston, Jr., D.V.M.  
Ken Jordan  
Thomas G. Kezar  
Joe L. Leathers  
Coleman H. Locke

COMMISSIONERS:

Thomas E. Oates  
Ralph Simmons  
Mike Vickers, D.V.M.  
Beau White  
Eric D. White  
Jay R. Winter

## TABLE OF CONTENTS

	<u>Page</u>
<b>I. Letter of Transmittal</b>	
<b>II. Combined Financial Statements</b>	
A. Exhibit I – Combined Balance Sheet/Statement of Net Assets – Governmental Funds	1
B. Exhibit II – Combined Statement of Revenues, Expenditures & Changes in Fund Balances/Statement of Activities – Governmental Funds	3
C. Exhibit VI – Combined Statement of Net Assets – Fiduciary Funds	5
<b>III. Notes to the Financial Statements</b>	7
<b>IV. Combining Financial Statements</b>	
A. Exhibit J-1 – Combining Statement of Changes in Assets And Liabilities – Agency Funds	13
<b>V. Supporting Schedules</b>	
A. Schedule 1A – Schedule of Expenditures of Federal Awards	14
<b>VI. Supplemental Information - Addenda</b>	
A. Addendum I – Organization and General Comments	16
B. Addendum II – Balance Sheet Comments	19
C. Addendum III – Comments on Operations	21
D. Organizational Chart	23

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TEXAS ANIMAL HEALTH COMMISSION (554)

Exhibit I - Combined Balance Sheet/Statement of Net Assets -  
 Governmental Funds  
 For the Fiscal Year Ended August 31, 2015

	General Funds	Governmental Funds Total
<b>ASSETS</b>		
Current Assets:		
Cash and Temporary Investments		
Cash in Bank	30,000.00	30,000.00
Cash in State Treasury	-	-
Legislative Appropriations	1,767,518.97	1,767,518.97
Consumable Inventories	178,932.73	178,932.73
Total Current Assets	<u>\$ 1,976,451.70</u>	<u>\$ 1,976,451.70</u>
Noncurrent Assets:		
Capital Assets:		
Non-Depreciable		
Depreciable		
Furniture and Equipment		
Accumulated Depreciation		
Other Assets		
Accumulated Depreciation		
Total Noncurrent Assets	<u>\$ -</u>	<u>\$ -</u>
Total Assets	<u>\$ 1,976,451.70</u>	<u>\$ 1,976,451.70</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Current Liabilities:		
Payables from		
Accounts Payable	436,204.20	436,204.20
Payroll Payable	848,324.62	848,324.62
Due to Other Agencies	-	-
Employees Compensable Leave	-	-
Total Current Liabilities	<u>\$ 1,284,528.82</u>	<u>\$ 1,284,528.82</u>
Noncurrent Liabilities:		
Employees Compensable Leave		
Total Noncurrent Liabilities	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 1,284,528.82</u>	<u>\$ 1,284,528.82</u>
Fund Financial Statement-Fund Balances		
Fund Balances (Deficits):		
Nonspendable for:		
Inventories	\$ 178,932.73	178,932.73
Unassigned	512,990.15	512,990.15
Total fund balances	<u>\$ 691,922.88</u>	<u>\$ 691,922.88</u>
Total Liabilities and Fund Balance	<u>\$ 1,976,451.70</u>	<u>\$ 1,976,451.70</u>

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TEXAS ANIMAL HEALTH COMMISSION (554)

Exhibit II - Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balances/Statement of Activities - Governmental Funds  
For the Fiscal Year Ended August 31, 2015

	General Funds	Governmental Funds Total
<b>REVENUES</b>		
Legislative Appropriations:		
Original Appropriations	\$ 8,895,382.00	\$ 8,895,382.00
Additional Appropriations	2,011,495.67	2,011,495.67
Federal	3,020,840.76	3,020,840.76
Federal Pass-Through		-
License, Fees and Permits	450,777.70	450,777.70
Total Revenues	<u>\$ 14,378,496.13</u>	<u>\$ 14,378,496.13</u>
<b>EXPENDITURES</b>		
Salaries and Wages	\$ 7,935,367.46	\$ 7,935,367.46
Payroll Related Costs	2,387,589.01	2,387,589.01
Professional Fees and Services	55,968.58	55,968.58
Travel	929,090.60	929,090.60
Materials and Supplies	1,063,412.91	1,063,412.91
Communication and Utilities	312,280.18	312,280.18
Repairs and Maintenance	169,306.42	169,306.42
Rentals & Leases	578,790.80	578,790.80
Printing and Reproduction	30,075.42	30,075.42
Settlement of claims	8,000.00	8,000.00
Other Expenditures	349,424.43	349,424.43
Capital Outlay	444,844.60	444,844.60
Depreciation Expense		-
Total Expenditures/Expenses	<u>\$ 14,264,150.41</u>	<u>\$ 14,264,150.41</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 114,345.72</u>	<u>\$ 114,345.72</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating Transfers Out	(286,971.00)	(286,971.00)
Total other financing sources and uses	<u>\$ (286,971.00)</u>	<u>\$ (286,971.00)</u>
Net change in fund balances/net assets	<u>\$ (172,625.28)</u>	<u>\$ (172,625.28)</u>
<b>Fund Financial Statement-Fund Balances</b>		
Fund Balances--Beginning, Sept. 1, 2014	\$ 864,548.16	\$ 864,548.16
Restatements		-
Fund Balances, September 1, 2014, as Restated	<u>864,548.16</u>	<u>864,548.16</u>
Appropriations Lapsed		-
Fund Balances--August 31, 2014	<u>\$ 691,922.88</u>	<u>\$ 691,922.88</u>

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TEXAS ANIMAL HEALTH COMMISSION (554)

Exhibit VI  
Combined Statement of Net Assets - Fiduciary Funds  
August 31, 2015

	Agency Funds (Exh J-1)	Total
<b>ASSETS</b>		
Cash in State Treasury	11,640.71	11,640.71
<b>Total Assets</b>	<u>\$ 11,640.71</u>	<u>\$ 11,640.71</u>
<b>LIABILITIES</b>		
Vouchers Payable	\$ -	-
Funds Held for Others	17,342.71	17,342.71
<b>Total Liabilities</b>	<u>\$ 17,342.71</u>	<u>\$ 17,342.71</u>

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TEXAS ANIMAL HEALTH COMMISSION (554)

NOTES TO THE FINANCIAL STATEMENTS

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

Not required.

**NOTE 2: CAPITAL ASSETS**

A summary of changes in General Fixed Assets for the year ended August 31, 2015, is presented below.

	PRIMARY GOVERNMENT					Balance 8/31/2015
	Balance 9/1/2014	Adjustments	Reclassi- fication	Additions	Deletions	
<b>Governmental Activities:</b>						
<i>Depreciable Assets</i>						
Furniture and Equipment	914,088.13	(106,200.00)	-	163,653.72	(16,346.00)	955,195.85
Vehicles	1,161,850.61	35,322.25	-	281,190.88	-	1,478,363.74
<b>Total depreciable assets at historical cost:</b>	<b>2,075,938.74</b>	<b>(70,877.75)</b>	<b>-</b>	<b>444,844.60</b>	<b>(16,346.00)</b>	<b>2,433,559.59</b>
<i>Less accumulated depreciation for:</i>						
Furniture and Equipment	(496,529.60)	-	-	(67,601.60)	15,128.90	(549,002.30)
Vehicles	(663,946.38)	(5,887.00)	-	(178,846.35)	-	(848,679.73)
<b>Total accumulated depreciation</b>	<b>(1,160,475.98)</b>	<b>(5,887.00)</b>	<b>-</b>	<b>(246,447.95)</b>	<b>15,128.90</b>	<b>(1,397,682.03)</b>
<b>Depreciable assets, net</b>	<b>651,967.57</b>	<b>(76,765.75)</b>	<b>-</b>	<b>198,396.65</b>	<b>(1,217.10)</b>	<b>1,035,877.56</b>
<i>Amortized Assets-Intangible</i>						
Software	36,805.39	-	-	-	-	36,805.39
<b>Total amortized assets - Intangible:</b>	<b>36,805.39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,805.39</b>
<i>Less accumulated amortization for:</i>						
Software	(36,805.39)	-	-	-	-	(36,805.39)
<b>Total accumulated amortization</b>	<b>(36,805.39)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(36,805.39)</b>
<b>Amortizable assets, net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Governmental Activities</b>	<b>\$915,462.76</b>	<b>\$(76,765.75)</b>	<b>-</b>	<b>\$198,396.65</b>	<b>\$(1,217.10)</b>	<b>\$1,035,877.56</b>

UNAUDITED

TEXAS ANIMAL HEALTH COMMISSION (554)

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

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

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

All deposits are within limits for coverage by depository insurance.

**Deposits of Cash in Bank**

As of August 31, 2015, the carrying amount of deposits was zero.

Governmental Activities	
<u>Cash in Bank – Carrying Value</u>	<u>\$30,000.00</u>
<u>Cash in Bank per AFR</u>	<u>\$30,000.00</u>
<u>Governmental Funds Current Assets Cash in Bank</u>	<u>\$30,000.00</u>
<u>Cash in Bank per AFR</u>	<u>\$30,000.00</u>

**Investments**

The Texas Animal Health Commission does not participate in investments.

**NOTE 4: SHORT-TERM DEBT**

Not applicable

**NOTE 5: SUMMARY OF LONG TERM LIABILITIES**

**Changes in Long-Term Liabilities**

During the year ended August 31, 2015, the following changes occurred in liabilities.

<b>Governmental Activities</b>	<b>Balance 09/01/14</b>	<b>Additions</b>	<b>(Reductions)</b>	<b>Balance 08/31/15</b>	<b>Amounts Due Within One Year</b>
Compensable Leave	<u>\$1,428,467.76</u>	<u>\$1,505,342.91</u>	<u>(\$1,348,597.50)</u>	<u>\$1,585,213.17</u>	<u>\$880,306.79</u>
Total Governmental Activities	<u>\$1,428,467.76</u>	<u>\$1,505,342.91</u>	<u>(\$1,348,597.50)</u>	<u>\$1,585,213.17</u>	<u>\$880,306.79</u>

UNAUDITED

TEXAS ANIMAL HEALTH COMMISSION (554)

Employees' Compensable Leave

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

**NOTE 6: BONDED INDEBTEDNESS**

Non-Applicable

**NOTE 7: CAPITAL LEASES**

Non-Applicable

**NOTE 8: OPERATING LEASE OBLIGATIONS**

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

<u>Fund Type</u>	<u>Amount</u>
General Fund	\$ 507,832.14

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

For the year ended August 31	Amount
2016	\$ 445,642.52
2017	375,569.24
2018	371,169.24
2019	278,397.38
2020	226,134.36
2021-2025	691,156.24
2026-2030	0.00
Total future minimum lease payments	\$ 2,388,068.98

**NOTE 9: EMPLOYEES RETIREMENT PLANS**

Not Required

**NOTE 10: DEFERRED COMPENSATION**

Not Required

UNAUDITED

TEXAS ANIMAL HEALTH COMMISSION (554)

**NOTE 11: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE  
BENEFITS**

Not Required

**NOTE 12: INTERFUND BALANCES**

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

- Interfund Receivables or Interfund Payables
- Due From Other Agencies or Due to Other Agencies
- Due From Other Funds or Due to Other Funds
- Transfers In or Transfers Out.
- Legislative Transfers In or Legislative Transfers Out

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

Individual balances and activity at August 31, 2015, follows:

Total Operating Transfers (Exh II)	<u>Operating Transfers-In</u>	<u>Operating Transfers-Out</u>
<u>GAAP Fund 0001</u>		
Agency 902, Fund 0001	-	\$ 286,971.00
	-----	-----
Total Transfers	-	\$ 286,971.00
	-----	-----

**NOTE 13: CONTINUANCE SUBJECT TO REVIEW**

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

**NOTE 14: ADJUSTMENT OF FUND BALANCES/NET ASSETS**

<b>Balance of General Fixed Assets</b>	<b><u>09/01/14</u></b>
Beginning Balance	<u>\$915,462.76</u>
Restatement	<u>(76,764.75)</u>

UNAUDITED

TEXAS ANIMAL HEALTH COMMISSION (554)

Ending Balance as  
Restated \$838,698.01

Restatement due to adjustments in valuation of furniture and equipment and vehicles. Restatements were caused by entry error and misunderstanding of costs included in asset acquisition.

**NOTE 15: CONTINGENT LIABILITIES**

Non-Applicable

**NOTE 16: SUBSEQUENT EVENTS**

Non-Applicable

**NOTE 17: RISK MANAGEMENT**

Non-Applicable

**NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS**

Non-Applicable

**NOTE 19: THE FINANCIAL REPORTING ENTITY & JOINT VENTURE**

Non-Applicable

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

Non-Applicable

**NOTE 21:**

Non-Applicable

**NOTE 22: DONOR-RESTRICTED ENDOWMENTS**

Non-Applicable

**NOTE 23: SPECIAL OR EXTRAORDINARY ITEMS**

Non-Applicable

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

Non-Applicable

**NOTE 25: TERMINATION BENEFITS**

Not Required

**NOTE 26: SEGMENT INFORMATION**

Not Required

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UNAUDITED

TEXAS ANIMAL HEALTH COMMISSION (554)

Exhibit J-1  
Combining Statement of Changes in Assets and Liabilities - Agency Funds  
August 31, 2015

	Beginning Balance September 1, 2014	Additions	Deductions	Ending Balance August 31, 2015
<b>Child Support Employee Deduction Fund 0807</b>				
<b>ASSETS</b>				
Cash in State Treasury	1,979.46	28,182.98	27,769.98	2,392.46
<b>Total Assets</b>	<b>\$ 1,979.46</b>	<b>\$ 28,182.98</b>	<b>\$ 27,769.98</b>	<b>\$ 2,392.46</b>
<b>LIABILITIES</b>				
Vouchers Payable	-	25,790.52	25,790.52	-
Funds Held for Others	1,976.46	28,182.98	27,769.98	2,389.46
<b>Total Liabilities</b>	<b>\$ 1,976.46</b>	<b>\$ 53,973.50</b>	<b>\$ 53,560.50</b>	<b>\$ 2,389.46</b>
<b>Direct Deposit Fund 0980</b>				
<b>ASSETS</b>				
Cash in State Treasury	6,367.26	2,880.99	-	9,248.25
<b>Total Assets</b>	<b>\$ 6,367.26</b>	<b>\$ 2,880.99</b>	<b>\$ -</b>	<b>\$ 9,248.25</b>
<b>LIABILITIES</b>				
Funds Held for Others	6,367.26	2,880.99	-	9,248.25
<b>Total Liabilities</b>	<b>\$ 6,367.26</b>	<b>\$ 2,880.99</b>	<b>\$ -</b>	<b>\$ 9,248.25</b>
<b>Unappropriated Fund 1000</b>				
<b>ASSETS</b>				
Cash in State Treasury	-	271,002.00	271,002.00	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 271,002.00</b>	<b>\$ 271,002.00</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Vouchers Payable	-	35.00	35.00	-
Funds Held for Others	-	265,332.00	259,627.00	5,705.00
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 265,367.00</b>	<b>\$ 259,662.00</b>	<b>\$ 5,705.00</b>
<b>Total</b>				
<b>ASSETS</b>				
Cash in State Treasury	8,346.72	302,065.97	298,771.98	11,640.71
<b>Total Assets</b>	<b>\$ 8,346.72</b>	<b>\$ 302,065.97</b>	<b>\$ 298,771.98</b>	<b>\$ 11,640.71</b>
<b>LIABILITIES</b>				
Vouchers Payable	-	25,825.52	25,825.52	-
Funds Held for Others	8,343.72	296,395.97	287,396.98	17,342.71
<b>Total Liabilities</b>	<b>\$ 8,343.72</b>	<b>\$ 322,221.49</b>	<b>\$ 313,222.50</b>	<b>\$ 17,342.71</b>

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TEXAS ANIMAL HEALTH COMMISSION (554)

SCHEDULE 1A  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Fiscal Year Ended August 31, 2015

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	IDENTIFYING NUMBER	Pass AGY./ UNIV. #	Through From AGENCIES OR UNIV. AMOUNT
<b>U.S. Department of Agriculture</b>				
<u>Direct Programs:</u>				
Plant and Animal Disease				
Pest Control and Animal Care	10.025			
<b>Totals - U.S. Department of Agriculture</b>				<u>\$0.00</u>
<b>General Services Administration</b>				
<u>Pass Through From</u>				
Donation of Federal Surplus Personal Property (Non-monetary)				
<u>Pass Through From:</u>				
Texas Facilities Commission	39.003		303	<u>\$10,229.76</u>
<b>Totals - General Services Administration</b>				<u>\$10,229.76</u>
<b>Total Expenditures of Federal Awards</b>				<u><u>\$10,229.76</u></u>

Note 1: Below is a reconciliation of the total of federal pass through and federal expenditures as reported on the Schedule of Federal Financial Assistance to the total of federal revenues and federal grant pass through revenues as reported in the general-purpose financial statements. Generally, federal funds are not earned expended; therefore federal revenues equal federal expenditures for the reporting period.

Federal Revenues (Exh II)	\$3,020,840.76
Federal Pass Thru Revenue (Exh II)	<u>\$10,229.76</u>
Total Pass Thru and Expenditures per Federal Schedule	<u><u>\$3,031,070.52</u></u>

UNAUDITED

TEXAS ANIMAL HEALTH COMMISSION (554)

DIRECT PROGRAM AMOUNT	TOTAL PT FROM & DIRECT PROGRAM	Pass AGY./ UNIV. #	Through AGENCIES OR UNIV. AMOUNT	To NON-STATE ENTITIES AMOUNT	EXPENDITURES AMOUNT	TOTAL PT FROM & EXPENDITURES
\$3,020,840.76	\$3,020,840.76				\$3,020,840.76	\$3,020,840.76
\$3,020,840.76	\$3,020,840.76		\$0.00	\$0.00	\$3,020,840.76	\$3,020,840.76
	\$10,229.76				\$10,229.76	\$10,229.76
\$0.00	\$10,229.76		\$0.00	\$0.00	\$10,229.76	\$10,229.76
<b>\$3,020,840.76</b>	<b>\$3,031,070.52</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,031,070.52</b>	<b>\$3,031,070.52</b>

Note 2: The Texas Animal Health Commission does not have Student Loans Processed and Administrative Cost Recovered.

Note 3: The Texas Animal Health Commission does not have Depository Libraries for Governmental Publications.

Note 4: The Texas Animal Health Commission does not have Unemployment Insurance Funds.

Note 5: The Texas Animal Health Commission does not have Rebates for the Special Supplemental Food Program for Women, Infants and Children

Note 6 : The Texas Animal Health Commission does not have Deferred Federal Revenues

Note 7 : The Texas Animal Health Commission does not participate in the Supplemental Nutrition Assistance Program (SNAP)

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TEXAS ANIMAL HEALTH COMMISSION (554)

**ADDENDUM I**

**ORGANIZATION AND GENERAL COMMENTS**

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

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

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

Commission members serving at August 31, 2015, were:

<b><u>Name</u></b>	<b><u>Industry</u></b>	<b><u>Term Expires</u></b>
Ernesto A. Morales, Chairman, Devine	Feedlot	09/06/2017
Brandon Bouma, Plainview	Dairy	09/06/2017
Eric D. White, Mason	General Public	09/09/2019
William F. Edmiston, Jr., DVM, Eldorado	Sheep and Goat	09/09/2019
Kenneth G. Jordan, San Saba	Livestock Market	09/09/2019
Thomas G. Kezar, Dripping Springs	General Public	09/06/2017
Coleman H. Locke, Wharton	Beef Cattle	09/06/2015
Jay R. Winter, Lubbock	Swine	09/09/2019
Ralph Simmons, Center	Poultry	09/06/2015
Michael L. Vickers, DVM, Falfurrias	Veterinary Profession	09/06/2017
Joe L. Leathers, Guthrie	Equine	09/09/2019
Beau White, Rosanky	General Public	09/06/2015
Thomas E. Oates, Huntsville	Exotic Livestock & Fowl	09/09/2019

UNAUDITED

TEXAS ANIMAL HEALTH COMMISSION (554)

The Commission's key employees at August 31, 2015, were:

<u>Name</u>	<u>Title</u>
Dee Ellis, D.V.M., M.P.A.	Executive Director
Larissa Schmidt, S.P.H.R.	Director of Administration
Thomas R. Lansford, D.V.M.	Assistant Executive Director for Animal Health Programs
Andy Schwartz, D.V.M	Assistant Executive Director for Epidemiology & Lab Systems
Holly Hughes-Garza, D.V.M.	Director of Laboratories
Wallace E. Snelson	General Counsel

Region Offices:

David Finch, D.V.M.	Region Director, Amarillo
Mark Michalke, D.V.M.	Region Director, Hempstead
Maxwell Dow, D.V.M.	Region Director, Ft Worth
Hank Hayes, D.V.M.	Region Director, Mt Pleasant
Brodie Miller, D.V.M.	Region Director, Beeville
Pete Fincher, D.V.M.	Region Director, Lampasas
Tommy Barton, D.V.M.	Region Director, Rockdale

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UNAUDITED

TEXAS ANIMAL HEALTH COMMISSION (554)

**ADDENDUM II**

**BALANCE SHEET COMMENTS**

Exhibit I presents a combined balance sheet for the fund types of the Texas Animal Health Commission at August 31, 2015. The following comments expound on various elements of that exhibit.

**Legislative Appropriations**

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

**Cash in State Treasury**

Eighty-third Texas Legislatures approved rider 9 for Contingency Appropriations: Cost Recovery for Animal Health Programs for the Texas Animal Health Commission assessing fees sufficient to generate during the 2014-2015 biennium, revenue to cover, at a minimum the General Revenue appropriations expended for these programs. During fiscal year 2015, collected fees are reflected in the amount of \$433,877.36 Livestock Imp/Export Processing Fees. An additional amount of \$265,255.00, for the sale of Certificates of Veterinary Inspection, Fowl Registration and administrative penalties, was deposited to unappropriated funds in the state treasury and swept by the Comptroller during the year.

Transactions for agency funds for fiscal 2015 are shown in Exhibit J-1.

**Cash in Bank- Travel Advance Fund**

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

**Cash in Bank- Petty Cash Fund**

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

**Consumable Supplies and Postage**

Consumable supplies and postage on hand at August 31, 2015 were:

Insecticides	\$ 3,722.12
Field/Office Supplies	163,901.05
Postage	<u>11,309.56</u>
Total	<u>\$ 178,932.73</u>

**Fixed Assets**

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

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UNAUDITED

TEXAS ANIMAL HEALTH COMMISSION (554)

**ADDENDUM III**  
**COMMENTS ON OPERATIONS**

The Statement of Revenues, Expenditures and Changes in Fund Balances for the year ended August 31, 2015, is presented in Exhibit II. The following comments provide supplemental information regarding fiscal operations.

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

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

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

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

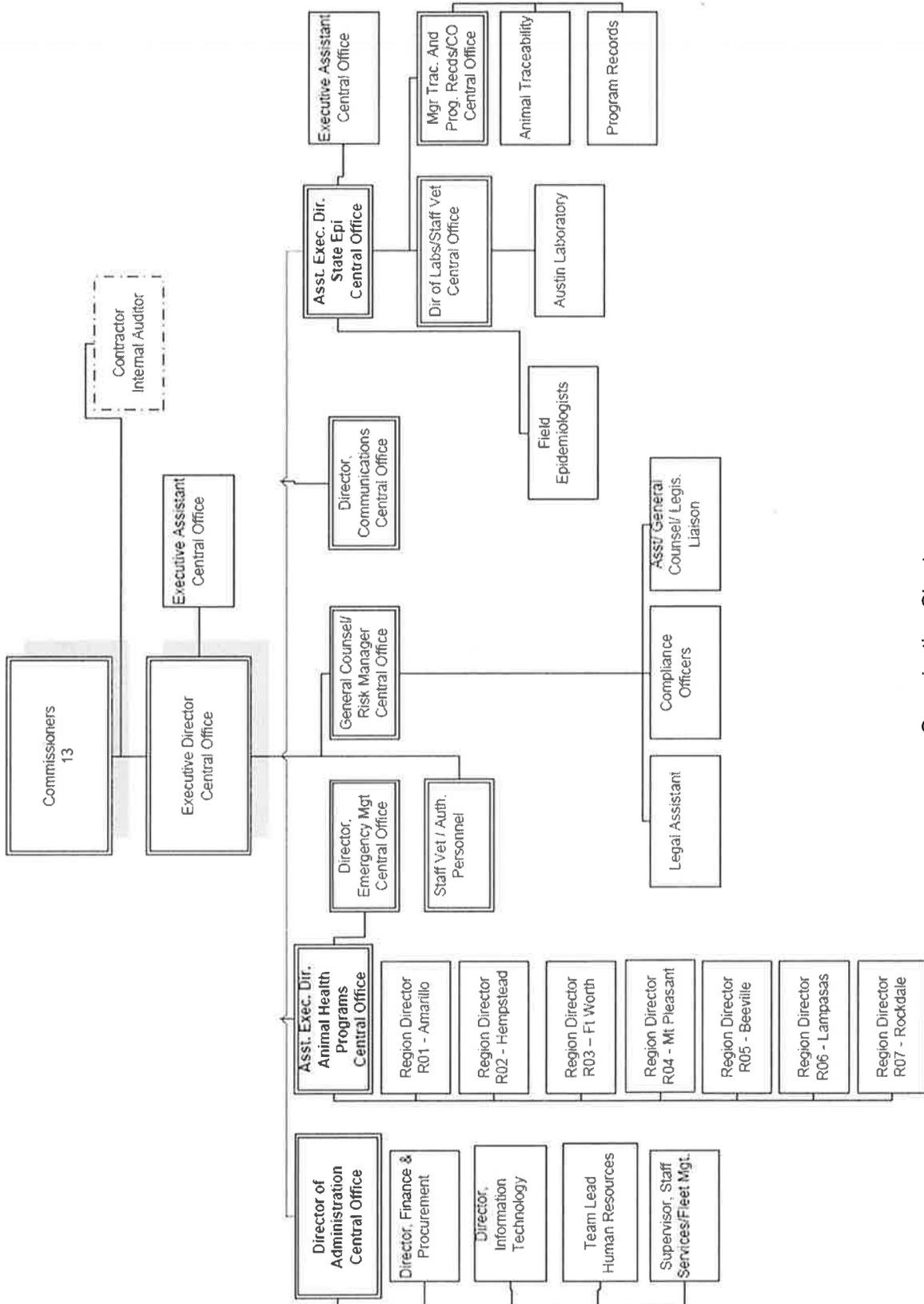
New and/or innovative funding streams, and/or the return of traditional forms of fiscal support will be needed to ensure the agency can handle the long standing disease response activities, while strengthening new processes and partnerships to manage all the emerging situations mentioned above. Regardless,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

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

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TEXAS ANIMAL HEALTH COMMISSION (554)



Organization Chart

Fiscal Year 2015