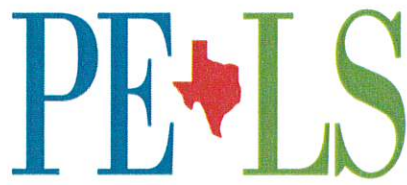


# ANNUAL FINANCIAL REPORT

FISCAL YEAR 2020



Texas Board of Professional  
Engineers and Land Surveyors

**TEXAS BOARD OF PROFESSIONAL  
ENGINEERS AND LAND SURVEYORS**

AUSTIN, TEXAS

---

ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2020

---

Lance Kinney, Ph.D., P.E.  
Executive Director



Texas Board of Professional  
Engineers and Land Surveyors

1917 S. Interstate 35  
Austin, Texas 78741-3702

512-440-7723  
<http://pels.texas.gov>

September 30, 2020

Honorable Greg Abbott, Governor  
Honorable Glenn Hegar, Texas Comptroller  
John McGeady, Director, Legislative Budget Board  
Lisa Collier, First Assistant State Auditor

Ladies and Gentlemen:

We are pleased to submit the annual financial report of the Texas Board of Professional Engineers and Land Surveyors (460) for the year ended August 31, 2020, 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 Jeff Mutscher at 512-440-3063.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lance Kinney', written in a cursive style.

Lance Kinney, Ph.D., P.E.  
Executive Director

**TEXAS BOARD OF PROFESSIONAL ENGINEERS AND LAND SURVEYORS (460)**

**TABLE OF CONTENTS**

General Purpose Financial Statements - Exhibits:

I	Combined Balance Sheet - Governmental Funds .....	1
I - a	Combined Balance Sheet/Statement of Net Position - Governmental Funds .....	2
II	Combined Statement of Revenues, Expenditures, & Changes in Fund Balance - Governmental Funds .....	3
	Notes to the Financial Statements .....	4 - 12

Addendum:

	Organization, Programs, and Miscellaneous Comments .....	13 - 18
--	--	---------

Other:

	Organizational Chart	
--	----------------------	--

UNAUDITED

TEXAS BOARD OF PROFESSIONAL ENGINEERS AND LAND SURVEYORS (460)

EXHIBIT I

Combined Balance Sheet – Governmental Funds

For the Fiscal Year Ended August 31, 2020

	Governmental Fund Type	Governmental Fund Type
	General Fund GAAP Fund 1011 Fund 2011 & 1011	Total FY 2020
<b>ASSETS</b>		
Cash in State Treasury	\$ 237,730.11	\$ 237,730.11
Cash (Note 3)		
Cash in Bank	-	-
Cash Equivalent-Misc Investments	1,493,245.88	1,493,245.88
Receivables From:		
Accounts Receivable-Lic,Fees, Permits	41,615.00	41,615.00
<b>TOTAL ASSETS</b>	<b>\$ 1,772,590.99</b>	<b>\$ 1,772,590.99</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Payables From:		
Accounts Payable	\$ 6,913.08	\$ 6,913.08
Payroll Payable	237,728.63	237,728.63
<b>TOTAL LIABILITIES</b>	<b>\$ 244,641.71</b>	<b>\$ 244,641.71</b>
<b>FUND BALANCES</b>		
Committed	1,527,949.28	1,527,949.28
<b>TOTAL FUND BALANCES</b>	<b>\$ 1,527,949.28</b>	<b>\$ 1,527,949.28</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,772,590.99</b>	<b>\$ 1,772,590.99</b>

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

UNAUDITED

TEXAS BOARD OF PROFESSIONAL ENGINEERS AND LAND SURVEYORS (460)

EXHIBIT I-a

Combined Balance Sheet/Statement of Net Position – Governmental Funds

For the Fiscal Year Ended August 31, 2020

	Governmental Fund Type General Fund GAAP Fund 1011 Fund 2011 & 1011	Governmental Fund Type Total FY 2020	Capital Assets Adjustments General Fixed Assets GAAP Fund 9998 Fund 0998	Long Term Liabilities Adjustments General Long Term Debt GAAP Fund 9997 Fund 0997	Statement of Net Position
<b>ASSETS</b>					
Cash in State Treasury	237,730.11	237,730.11			\$ 237,730.11
Cash (Note 3)					
Cash in Bank	-	-			-
Cash Equivalent-Misc Investments	1,493,245.88	1,493,245.88			1,493,245.88
Receivables From:					
Accounts Receivable-Lic,Fees, Permits	41,615.00	41,615.00			41,615.00
Capital Assets (Note2):					
Non-Depreciable			236,861.40		236,861.40
Depreciable, Net			240,834.38		240,834.38
<b>TOTAL ASSETS</b>	<b>\$ 1,772,590.99</b>	<b>\$ 1,772,590.99</b>	<b>\$ 477,695.78</b>		<b>\$ 2,250,286.77</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Current Liabilities:					
Payables From:					
Accounts Payable	6,913.08	6,913.08			\$ 6,913.08
Payroll Payable	237,728.63	237,728.63			237,728.63
Employee's Compensable Leave (Note 5)				231,520.67	231,520.67
Non-Current Liabilities:					
Employee's Compensable Leave (Note 5)				134,608.25	134,608.25
<b>TOTAL LIABILITIES</b>	<b>\$ 244,641.71</b>	<b>\$ 244,641.71</b>		<b>\$ 366,128.92</b>	<b>\$ 610,770.63</b>
<b>FUND BALANCES</b>					
Committed	1,527,949.28	1,527,949.28			1,527,949.28
<b>TOTAL FUND BALANCES</b>	<b>\$ 1,527,949.28</b>	<b>\$ 1,527,949.28</b>			<b>\$ 1,527,949.28</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,772,590.99</b>	<b>\$ 1,772,590.99</b>			

GOVERNMENT-WIDE STATEMENT OF NET POSITION

Net Position:

Invested in Capital Assets, Net of Related Debt	\$ 477,695.78	\$ 477,695.78
Unrestricted	\$ (366,128.92)	(366,128.92)
Total Net Position	<u>\$ 477,695.78</u>	<u>\$ 1,639,516.14</u>

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

UNAUDITED

TEXAS BOARD OF PROFESSIONAL ENGINEERS AND LAND SURVEYORS (460)

EXHIBIT II

Combined Statement of Revenue, Expenditures, & Changes

In Fund Balance - Governmental Funds

For the Fiscal Year Ended August 31, 2020

	GOVERNMENTAL Fund Type	TOTALS
	General Fund GAAP Fund 1011 Fund 2011 & 1011	Reporting Entity FY 2020
<b>REVENUES</b>		
Licenses, Fees & Permits	\$ 4,322,665.00	\$ 4,322,665.00
Interest and Investment Income	12,293.63	12,293.63
<b>TOTAL REVENUES</b>	<b>\$ 4,334,958.63</b>	<b>\$ 4,334,958.63</b>
<b>EXPENDITURES</b>		
Salaries and Wages	\$ 2,197,753.06	\$ 2,197,753.06
Payroll Related Costs	838,845.74	838,845.74
Professional Fees and Services	49,621.84	49,621.84
Travel	27,760.46	27,760.46
Materials and Supplies	150,683.52	150,683.52
Communication and Utilities	78,410.07	78,410.07
Repairs and Maintenance	107,597.04	107,597.04
Rentals & Leases	20,837.39	20,837.39
Printing and Reproduction	60,842.43	60,842.43
Other Expenditures	211,050.89	211,050.89
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,743,402.44</b>	<b>\$ 3,743,402.44</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 591,556.19</b>	<b>\$ 591,556.19</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In (Note 12)	\$ 4,128,065.00	4,128,065.00
Transfers Out (Note 12)	(4,501,965.00)	(4,501,965.00)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (373,900.00)</b>	<b>\$ (373,900.00)</b>
<b>EXCESS OF REVENUES &amp; OTHER FINANCING SOURCES OVER EXPENDITURES &amp; OTHER FINANCING USES</b>	<b>\$ 217,656.19</b>	<b>\$ 217,656.19</b>
<b>FUND BALANCE</b>		
Fund Balance--Beginning	\$ 1,310,293.09	1,310,293.09
<b>FUND BALANCE--August 31, 2020</b>	<b>\$ 1,527,949.28</b>	<b>\$ 1,527,949.28</b>

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

## **TEXAS BOARD OF PROFESSIONAL ENGINEERS AND LAND SURVEYORS (460)**

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

#### **Entity**

The Texas Board of Professional Engineers (the Board) is a Self-Directed Semi-Independent 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 State Agencies.

The Board was created in 1937 by the Forty-fifth Legislature to administer the provisions of the Texas Engineering Practice Act (V.T.C.S., Article 3271a). The primary functions of the Board are to examine and license applicants as professional engineers and to enforce the rules and regulations applicable to the practice of engineering as established and defined by the Act in order to protect the public.

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.

#### **Component Units**

No component units have been identified which should have been blended into an appropriated fund, discrete presentation or note disclosure.

#### **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**

##### 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. The Board of Professional Engineers Local Operating Fund (Fund 1011) is restricted to expenditures by Agency 460. It derives its financing from license fees, penalty fees, and interest revenues.

##### Capital Asset Adjustment Fund Type

The Capital Asset Adjustment Fund (Fund 9998) will be used to convert governmental fund type capital assets from modified accrual to full accrual.

##### Long-Term Liabilities Adjustment Fund Type

The Long-Term Liabilities Adjustment Fund (Fund 9997) will be used to convert governmental fund type debt from modified accrual to full accrual.

#### **Fiduciary Fund Types**

Fiduciary funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. When assets are



held under the terms of a formal trust agreement, either a pension trust fund, or a private purpose trust fund is used.

#### Agency Fund

Child Support Employee Deduct (Fund 0807) and Texasaver Hold-Transmit 401K (Fund 0942) 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.

#### **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.

Government fund types that build the fund financial statements are accounted for using the modified accrual method basis of accounting. Under the modified accrual method, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. 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 basis of accounting. This includes capital assets, accumulated depreciation, unpaid Employee Compensable Leave, the unmatured debt service (principal and interest) on general long-term liabilities, long-term capital leases, and long-term claims and judgments and full accrual revenues and expenses. The activity will be recognized in these fund types.

#### **Budget and Budgetary Accounting**

The budget is prepared annually using generally accepted accounting principles. The budget is reviewed and approved by the agency's governing Board notwithstanding any other provisions of law, including the General Appropriations Act. No costs are incurred by the General Revenue fund. The agency is responsible for all costs, both direct and indirect.

#### **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.

##### Inventories and Prepaid Items

Inventories are 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 types. The cost of these items is expensed when the items are consumed.

##### Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be capitalized, with the exception of software. The capitalization threshold for purchased software is \$100,000. 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. Assets are

depreciated over the estimated useful life of the asset using the straight-line method. Donated assets are reported at fair value on the acquisition date.

#### Current Receivables - Other

Other receivables include year-end revenue accruals. This account can appear in governmental and proprietary fund types.

#### **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.

##### Current Payables - Other

Payables are the accrual at year-end of expenditure transactions. Payables may be included in either the governmental or proprietary fund types.

##### Other Liabilities

Other Liabilities represents funds due to the State's General Revenue Fund for professional fees collected.

##### Employees' Compensable Leave

Employees' Compensable Leave balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net assets.

#### **Fund Balance/Net Assets:**

"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.

##### 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 expenditure.

##### Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the state's highest level of decision-making authority (the Legislature) are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the Legislature removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

##### Nonspendable for Inventory

HB 2042 86(R) amended Gov. Code 2101.011(c) removing the value of consumable supplies and postage from Fund Balance. Comptroller's Office made adjusting accounting entries post-AFR FY2019 to remove this amount from Fund Balance.

##### 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, construction, or improvement of those assets.

Unrestricted Net Position

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

**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.

The composition of the agency's Interfund activities and balances are presented in Note 12.

UNAUDITED

TEXAS BOARD OF PROFESSIONAL ENGINEERS AND LAND SURVEYORS (460)

NOTE 2: CAPITAL ASSETS

A summary of changes in Capital Assets for the year ended August 31, 2020 is presented below:

	PRIMARY GOVERNMENT			
	9/1/2019	Additions	Deletions and Interagency Transfers Out	8/31/2020
<b>Governmental Activities:</b>				
<b>Non-depreciable Assets:</b>				
Land and Land Improvements	\$ 236,861.40	\$	\$	\$ 236,861.40
Total non-depreciable assets:	\$ 236,861.40			\$ 236,861.40
<b>Depreciable Assets:</b>				
Buildings and Building Improvements	\$ 924,863.94	\$	\$	\$ 924,863.94
Furniture and Equipment	142,587.14		(12,258.10)	130,329.04
Total depreciable assets at historical costs:	\$ 1,067,451.08	\$ -	\$ (12,258.10)	\$ 1,055,192.98
<b>Less Accumulated Depreciation for:</b>				
Buildings and Building Improvements	\$ (670,757.00)	\$ (26,535.72)	\$	\$ (697,292.72)
Furniture and Equipment	(124,753.30)	(4,570.68)	12,258.10	(117,065.88)
Total Accumulated Depreciation:	(795,510.30)	(31,106.40)	12,258.10	(814,358.60)
Depreciable Assets Net:	\$ 271,940.78	\$ (31,106.40)	\$ -	\$ 240,834.38
<b>Governmental Activities Capital Assets, Net:</b>	<b>\$ 508,802.18</b>	<b>\$ (31,106.40)</b>	<b>\$ -</b>	<b>\$ 477,695.78</b>

NOTE 3: DEPOSITS, INVESTMENTS, & REPURCHASE AGREEMENTS

Deposits of Cash in Bank

The Texas Board of Professional Engineers is authorized by statute to deposit funds in the Texas Treasury Safekeeping Trust Company. There were no violations of legal provisions during the period. As of August 31, 2020, the carrying amount of deposits was \$1,493,245.88 as presented below.

Governmental and Business-Type Activities	
Cash in Bank - Carrying Value	\$0.00
Texas Treasury Safekeeping Trust Company	
Cash in Bank per AFR	\$0.00

Investments

As of August 31, 2019, the carrying value and fair value of investments are as presented below.

Governmental and Business-Type Activities	Carrying Value	Fair Value
Repurchase Agreement	\$ 1,493,245.88	\$ 1,493,245.88
Texas Treasury Safekeeping Trust Company		
Total	\$ 1,493,245.88	\$ 1,493,245.88

UNAUDITED

TEXAS BOARD OF PROFESSIONAL ENGINEERS AND LAND SURVEYORS (460)

**NOTE 4: SHORT-TERM DEBT**

Not applicable.

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

During the year ended August 31, 2020 the following changes occurred in liabilities.

Governmental Activities	9/1/2019	Additions	Reductions	Balance 8/31/20	Amounts Due Within 1 Year	Amounts Due Thereafter
Employee's Compensable Leave	\$ 280,736.47	\$291,988.02	\$ (206,595.57)	\$ 366,128.92	\$ 231,520.67	\$ 134,608.25
Total Governmental Activities	\$ 280,736.47	\$291,988.02	\$ (206,595.57)	\$ 366,128.92	\$ 231,520.67	\$ 134,608.25

**Employees' Compensable Leave**

If a state employee has had continuous employment with the state for at least six months, the 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. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. This obligation is usually paid from the same funding source(s) from which the employee's salary or wage compensation was paid.

**NOTE 6: BONDED INDEBTEDNESS**

Not applicable.

**NOTE 7: DERIVATIVES**

Not applicable.

**NOTE 8: LEASES**

Not applicable.

UNAUDITED

**TEXAS BOARD OF PROFESSIONAL ENGINEERS AND LAND SURVEYORS (460)**

**NOTE 9: DEFINED BENEFIT PENSION PLANS AND DEFINED CONTRIBUTION PLAN**

Not applicable.

**NOTE 10: DEFERRED COMPENSATION**

The State of Texas offers a deferred compensation plan to all state employees. This plan is in accordance with Internal Revenue Code Section 457 and permits employees to defer a portion of their salary until future years. All amounts are held in trust by the Employees Retirement System (ERS) Board of Trustees for the exclusive benefit of participants and their beneficiaries. The Board of Trustees is not liable to participating employees for the diminution or loss of participants' deferred amounts or investment income.

The state also administers the TexaSaver 401(k) plan. The assets of this plan do not belong to the state and the state has no liability related to this plan.

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

Not applicable.

**NOTE 12: INTERFUND ACTIVITIES AND TRANSACTIONS**

Individual balances and activity at August 31, 2020, follows:

	Transfers In	Transfers Out	Purpose (Disclosure Required)
General Fund (01)			
D23 Fund 2011, D24 GAAP Fund 1011		\$4,128,065.00	SDSI Local Fund
D23 Fund 1011, D24 GAAP Fund 1011	\$4,128,065.00		SDSI Local Operating Fund
From Agency 460, D23 Fund 1011 To Agency 902, D23 Fund 0001		373,900.00	Govt Code Chapter 472, Sec. 472.102 (c)
<b>Total Transfers</b>	<b>\$4,128,065.00</b>	<b>\$ 4,501,965.00</b>	

**NOTE 13: CONTINUANCE SUBJECT TO REVIEW**

Under the Texas Sunset Act, the Board will be abolished effective September 1, 2025, unless continued in existence by the Legislature as provided by the Act.

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

Not applicable.

**TEXAS BOARD OF PROFESSIONAL ENGINEERS AND LAND SURVEYORS (460)**

**NOTE 15: CONTINGENCIES AND COMMITMENTS**

Not applicable.

**NOTE 16: SUBSEQUENT EVENTS**

Not applicable.

**NOTE 17: RISK MANAGEMENT**

The Agency participates in the Statewide Property Insurance Program administered by the State Office of Risk Management. The Agency has a total insured value of \$3,167,075. The program provides client agencies a \$570 Million per occurrence limit, with sublimits for named storm (\$100M), flood (\$50M), earthquake (\$50M), and terrorism (\$5M), shared by all participants when incurring damage from the same occurrence. The program also includes a \$300 million limit for equipment breakdown. In addition to property insurance, the Agency utilizes SORM to acquire public official and employment practice liability and auto insurance at a total cost for all coverage of \$14,863.00

**NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS (MATERIAL CHANGES TO AFR)**

Not applicable.

**NOTE 19: THE FINANCIAL REPORTING ENTITY**

As required by Generally Accepted Accounting Principles, the financial statements present the activity of the Texas Board of Professional Engineers. There are no component units, related organizations or parties, and no joint ventures.

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

Not applicable.

**NOTE 21: N/A**

Not applicable to the Reporting Requirement Process.

**NOTE 22: DONOR RESTRICTED ENDOWMENTS**

Not applicable.

**NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS**

Not applicable.

UNAUDITED

**TEXAS BOARD OF PROFESSIONAL ENGINEERS AND LAND SURVEYORS (460)**

**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 ARRANGEMENTS**

Not applicable.

**NOTE 28: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

Not applicable.

**NOTE 29: TROUBLE DEBT REPORTING**

Not applicable.

**NOTE 30: NON-EXCHANGE FINANCIAL GUARANTEES**

Not applicable.

**NOTE 31: TAX ABATEMENTS**

Not applicable.

**NOTE 32: FUND BALANCE**

GAAP Fund	Fund	AFR 54 Class	Citation	Comments
1011	1011	Committed	TX Govt Code Section 472.110	Self-Directed Semi-Independent Agency



UNAUDITED

TEXAS BOARD OF PROFESSIONAL ENGINEERS AND LAND SURVEYORS (460)

ADDENDUM

**STATUTORY AUTHORITY**

The Board was created in 1937 by the Forty-Fifth Legislature to administer the provisions of the Texas Engineering Practice Act (V.T.C.S., Article 3271a). The Act has been recodified as Texas Occupations Code, Title 6, Chapter 1001.

The passage of Senate Bill 1438, 76th Legislature, authorized the Board and two other state agencies with exemplary performance to participate in the Self-Directed Semi-Independent (SDSI) Agency Project Act. Originally implemented for a two-year period, the SDSI status of the agency has been fully reviewed through the Sunset Process, adopted, and extended until the next Sunset Review of the agency in 2025. With the passage of House Bill 1685, 83rd Legislature (Regular Session), the requirements applicable to SDSI agencies now exist in Government Code Chapter 472. We have identified fiscal responsibility and quality service as our top priorities under the SDSI status. This approach establishes that the agency will be successfully run by a strong focus on responsive services, fiscal responsibility, and efficient operations in the achievement of the agency's mission objectives and financial commitments. The Board has also utilized this opportunity to "think outside the box" – we are leveraging technology and pursuing innovative improvements, such as a paperless enforcement case management system, online license applications and customer communications, and online ethics and licensing webinars to provide more efficient and effective service to the public. The Board believes the SDSI program is an innovative idea in state government management, allowing for accountability, transparency, and fiscal responsibility while providing flexibility and agility in agency operations to efficiently prioritize and optimize state resources.

**BOARD MEMBERS**

<u>Board Member</u>	<u>Hometown</u>	<u>Term Expires</u>
Dr. Sina K. Nejad, P.E., P.Eng. Chairman*	Beaumont	Appointed 1/10/2020
Lamberto (Bobby) Balli, P.E., Vice-Chair	Boerne	September 26, 2021
Catherine Norwood, P.E., Secretary	Midland	September 26, 2021
Albert Cheng, Treasurer	Houston	September 26, 2021
Rolando Rubiano, P.E.	Harlingen	September 26, 2023
Kiran Shah	Richmond	September 26, 2023
Ademola Adejokun, P.E., PMP	Arlington	September 26, 2023
Coleen M. Johnson, R.P.L.S., PMP	Leander	September 26, 2023
Marguerite McClinton Stoglin, Ph.D.	Grand Prairie	September 26, 2025
Mark J. Neugebauer, R.P.L.S., L.S.L.S.	Round Rock	Assigned by GLO

\* Chair appointed by Governor

**AGENCY MISSION**

Our mission is to protect the health, safety, and welfare of the people of Texas through the licensure and registration of qualified individuals as professional engineers and land surveyors, compliance with applicable laws and rules, and education about engineering and land surveying.

## **ADDITIONAL INFORMATION**

The practice of engineering and surveying are critical to the protection of the health, safety, property, and welfare of the citizens of the state of Texas. The Texas Board of Professional Engineers and Land Surveyors (TBPELS) achieves this mission through the effective and efficient licensure and registration of Professional Engineers (PE) and Registered Professional Land Surveyors (RPLS), the enforcement of the Texas Engineering Practice Act and the Professional Land Surveying Practices Act, and through outreach and communication to the regulated community and the public.

The agency is accountable to the public and the regulated engineering and surveying communities through the effective and efficient use of resources, and through our innovative and continuous improvement mindset which helps us optimize processes and procedures, minimize costs and eliminate redundancy, and streamline processes and regulations while still ensuring competent and ethical practice. TBPELS actively monitors a wide variety of performance measures related to our operations and continuously strives for exemplary service, clarity, and ease of use in all our customer interactions.

Since 2011, agency staff has successfully implemented a continuous improvement initiative called the Journey Toward Excellence (JTE) using the Malcolm Baldrige structure for guiding principles. A key part of this program was to create internal processes that would expand upon the operational framework required by law and could be used to more effectively guide and drive agency functions. The JTE approach to operations integrates board and stakeholder input, along with customer service and agency staff feedback, to develop and drive action plans for continuous improvement of our technology, workforce, operations, and processes and procedures.

### **Combining Agencies - Merger of Engineering and Surveying Oversight**

During the 86th Texas Legislature, the Sunset Advisory Commission recommended that the Texas Board of Professional Land Surveying (TBPLS) be merged with the Texas Board of Professional Engineers (TBPE). Through the passage of HB1523, the legislative process laid the framework for the merger of the two agencies. After passage, TBPE began immediately working with TBPLS on merger coordination and planning and by the effective date of the bill, September 1, 2019, the functions of TBPLS were being administered by the new joint board – the Texas Board of Professional Engineers and Land Surveyors (TBPELS). The merger will be complete by September 1, 2020, and the agency is currently successfully performing all necessary duties to license and register qualified engineers and land surveyors in the state of Texas as well as perform all required compliance and enforcement activities.

### **Pandemic Response and Organizational Change**

The recent coronavirus/COVID-19 pandemic has had a profound impact on the nation and the state of Texas. TBPELS operations have been impacted as well. The agency has been able to adapt quickly and migrate its operations to a primarily online and telework mode. We have been able to maintain our critical operations such as issuing and renewing licenses and registrations, processing enforcement cases and holding hearings, giving outreach presentations, and even holding committee and board meetings almost exclusively online. TBPELS has a strong IT team and robust IT infrastructure which has allowed us to move to an online presence quickly and securely. The agency team as a whole is very flexible and has a focus on innovation and teamwork which allowed us to effectively move our workspace from the office to telework. The agency staff has banded together to ensure that everyone is safe, healthy, and getting our jobs done to serve our constituents.

As we look ahead, planning has already begun on what the 'agency of the future' will look like. This is not only in response to the pandemic directly, but also understanding the budgetary constraints facing the state of Texas as we move forward. The agency is analyzing all of its key operations and looking for new ways to provide these mission critical services in a streamlined and cost-effective manner. We are looking at innovative uses of technology to expand our teleworking, communications, and online service delivery in an efficient and secure manner. Striving for these efficiencies, both technological and budgetary, will be the foundation of agency planning through at least the next biennium and beyond.

### **Management and Staff**

A total of 32 full-time positions are budgeted for, and 32 are filled, including one exempt position. Using EEO definitions, currently there are: officials and administrators—1; professionals—9; administrative support employees—17; para-professional—1 and technicians—3. Four Professional Engineers are on staff to analyze and evaluate technical engineering issues and the technical/professional credentials of applicants. The ethnic distribution of the staff is 44% White, 41% Hispanic, and 15% Black. There are no Asian/Pacific Islander members currently on staff.

The agency's workforce is comprised of 66% females and 34% males. 72% of the employees are over the age of 40. A little more than 34% of employees have less than five year's agency service. This percentage warrants training programs to ensure our employees maintain professional growth and development.

Turnover is an important issue in any organization and the TBPELS is no exception. Average tenure in the agency is 11.38 years. To address turnover, the agency is focusing on employee retention, succession planning, and performance improvement issues. The two-year average turnover rate is 8.3%.

During the last two years, three staff members have retired. The agency estimates that eleven employees would be eligible to retire within the next five years. The agency has implemented a career ladder program and is working on a retention and succession program, as well as overall staffing and workload issues to address this potential change.

### **Budget Structure**

TBPELS is a Self-Directed Semi-Independent (SDSI) agency. The SDSI program was originally a pilot project started in 1999 by Governor George W. Bush and implemented by the legislature to look for more efficient and effective ways for state agencies to operate and improve service delivery while reducing appropriations from state general revenue. Being SDSI, the agency is self-funded through fees collected and does not receive any funding through general appropriations. The SDSI program was reconfirmed after a successful Sunset review in 2013 with the passage of House Bill 1685.

Since the pilot project began, the agency has been fiscally conservative and responsible and has developed internal policies to maintain a stable balance of revenues and expenditures. Agency finances are closely monitored by the Board, including the Board Treasurer along with the agency Executive Director and Chief Financial Officer providing guidance and control of agency budget practices. A fund balance policy has been established by the Board to determine when

expenditure and revenue adjustments may be necessary to maintain a reasonable and responsible account balance. This policy has been very effective and has been shared as a model for other SDSI agencies.

Through efficient use of resources and conservative spending control, the agency has been able to improve services and handle an increase in workload with only minimal changes to staffing and without raising fees. Using a continuous budget process instead of a biennial appropriation cycle, TBPELS is able to actively monitor and control spending and explore best practices that must account for performance and productivity using business modeling and recognized quality systems such as the Baldrige Excellence Criteria and continuous process improvement concepts. The Board's budgeting process and controls have been reviewed through SAO and Comptroller audits with no significant findings.

In response to the pandemic and state budget constraints, TBPELS will utilize its planning process and budget controls to continue to streamline processes and reduce expenditures.

### Statistical Analysis of Complaints

As required by §1001.254(b), the Texas Board of Professional Engineers and Land Surveyors submits the following statistical analysis of complaints filed with the Board during the preceding year. The statistics indicated below are for the reporting period of Fiscal Year 2020: September 1, 2019, through August 31, 2020. As the merged Board was created on September 1, 2019, complaint data for each profession is being reported separately.<sup>1</sup>

1. Number of Engineering complaints filed: **423**  
Number of Surveying complaints filed: **52**
2. Categorization of complaints filed according to the basis of the complaint and the number of complaints in each category:

Type	Category	Number of Engineering Cases Opened	Number of Surveying Cases Opened <sup>1</sup>
A	Applicant Matter	0	0
B	Unlicensed Practice	56	10
C	Illegal Use-Seal or Certificate	0	0
D	Inquiries Involving P.E. Registrants	79	32
E	Illegal Use-Engineering Title or Term	6	1
F	Corporate Name Inquiry	117	0
G	Neglect by Public Official	1	0
H	Miscellaneous Inquiry	162	0
P	Preliminary Complaint Reviews	2	7
S	Surveying	0	2
N	Non-Jurisdictional	0	0
Z	Failures	0	0

3. Number of Engineering complaints filed by Board staff: **215**  
Number of Surveying complaints filed by Board staff: **4**

<sup>1</sup> The number of cases opened during Fiscal Year 2020 does not include the 41 opened, existing cases that were pending with the Texas Board of Professional Land Surveying that, as part of the merger, moved to the Texas Board of Professional Engineers and Land Surveyors on September 1, 2019.

4. Number of Engineering complaints filed by persons other than Board staff: **208**  
 Number of Surveying complaints filed by persons other than Board staff: **48**

5. Average length of time required to resolve an engineering complaint: **141 days**  
 Average length of time required to resolve a surveying complaint: **563 day<sup>2</sup>**

6. Number of complaints resolved and the manner in which they were resolved:

	Engineering	Surveying
Resolved Cases <b>(6)</b>	466	47
Voluntary Compliance <b>(6)</b>	318	4
Dismissed – insufficient evidence for violation or non-jurisdictional <b>(6a)</b> <u>These cases were dismissed for insufficient evidence to indicate a violation or were not under the agency's jurisdiction</u>	37	24
Violation Terminated / No Disciplinary Action <b>(6b)</b>	86	8
Disciplinary Action <b>(6c)</b>	25	11

The following table shows the distribution of the actions taken by how they were imposed. Consent orders result from the respondent accepting the action proposed by Board staff to resolve the complaint. Agreed Board Orders result from an informal conference, in which the complaint is discussed with a Board member and Board staff. Defaults and Final Orders result from formal hearings at the State Office of Administrative Hearings.

Action Taken	Number of Cases Closed By:							
	Consent Order		Agreed Board Order		Default		Final Order	
	Eng	Surv	Eng	Surv	Eng	Surv	Eng	Surv
Notice to Cease & Desist	1	0	0	0	0	0	0	0
Informal Reprimand <sup>3</sup>	10	NA	0	0	0	0	0	0
Formal Reprimand <sup>3</sup>	8	NA	0	0	0	0	0	0
Probated Suspension	5	2	3	0	0	0	0	0
Suspension	0	0	0	0	0	0	0	0
Refuse to Renew License	0	0	0	0	0	0	0	0
Restitution	0	0	0	0	0	0	0	0
Revocation	0	0	0	0	0	0	0	0
Ethics Course	3	0	2	0	0	0	0	0

<sup>2</sup> Average processing time for surveying complaints includes the time that cases were pending with the Texas Board of Professional Land Surveying prior to the merger of the Boards on September 1, 2019.

Administrative Penalty	11	11	2	0	0	0	0	0
Reprimand (RPLS only) <sup>3</sup>	NA	9	0	0	0	0	0	0
Other	1	4	0	0	0	0	0	0

7. Number of Engineering complaints filed that were unresolved (remain open) is: **168**  
Number of Surveying complaints filed that were unresolved (remain open) is: **48**

The number of those Engineering complaints filed by Board staff is: **46**  
The number of those Surveying complaints filed by Board staff is: 2

The number of those Engineering complaints filed by persons other than Board staff is: **122**  
The number of those Surveying complaints filed by persons other than Board staff is: **46**

The average length of time the Engineering unresolved complaints have been on file is: **289 days**  
The average length of time the Surveying unresolved complaints have been on file is: **562 days**

---

<sup>3</sup> Chapter 1001 of the Texas Occupations Code allows the Board to assess an informal or formal reprimand for violations of the Texas Engineering Practice Act or Board Rules while Chapter 1071 of the Texas Occupations Code only allows the Board to assess a reprimand for violations of the Professional Land Surveying Practices Act or Board Rules.

# Texas Board of Professional Engineers and Land Surveyors

