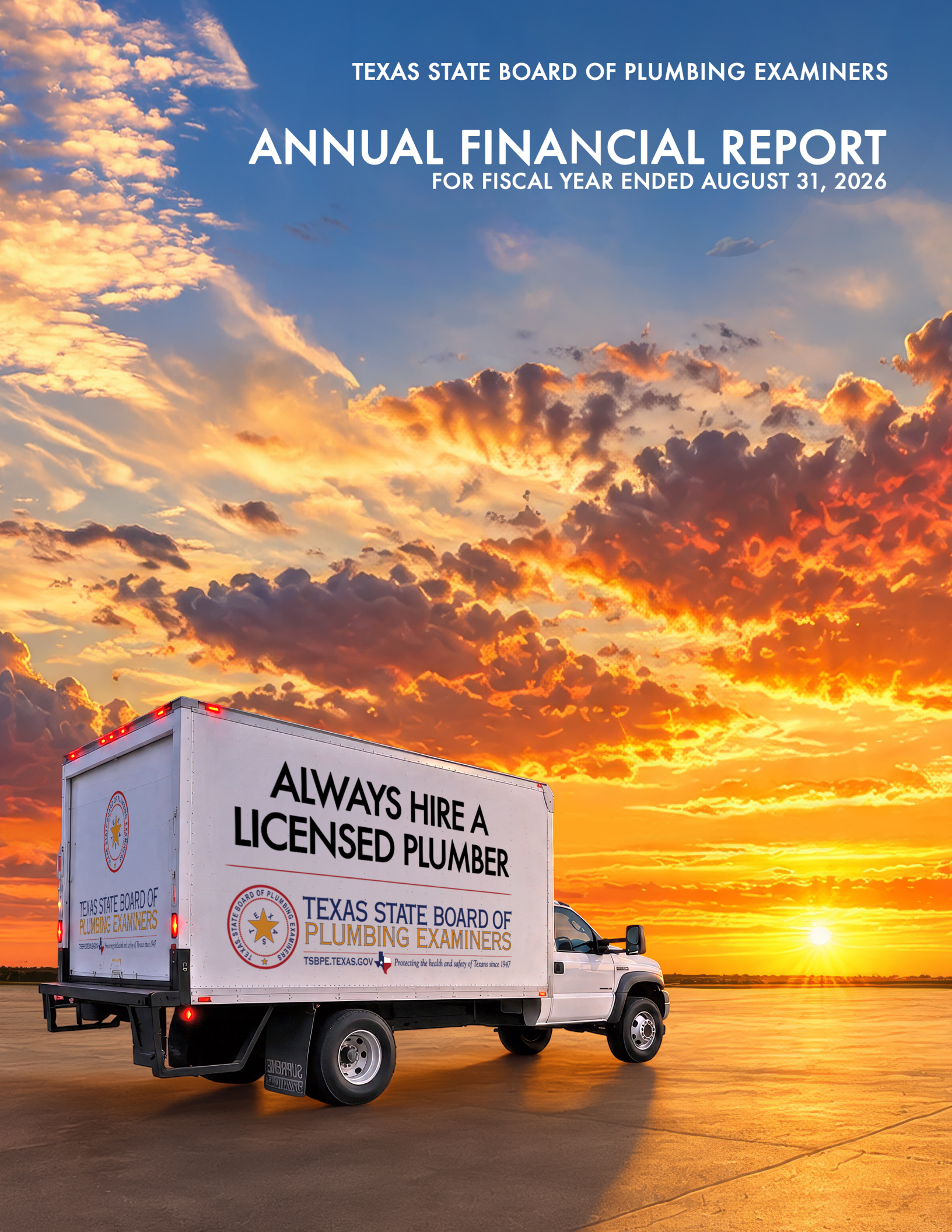
TEXAS STATE BOARD OF PLUMBING EXAMINERS

ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED AUGUST 31, 2026



Texas State Board of Plumbing Examiners, Agency Number 456

Annual Financial Report

For The Year Ended August 31, 2026

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THOMAS J. MACDONALD
CHAIR
KERRVILLE

DARRIN BLACK
MEMBER
ABILENE

MILTON R. GUTIERREZ
MEMBER
GEORGETOWN

WILLIAM K. KLOCK
MEMBER
AUSTIN

JAMES R. AINSWORTH
MEMBER
MIDLAND

THOMAS O. RICE
MEMBER
SPRING

NORMA YADO
MEMBER
MCALLEN

DAVID YELOVICH
MEMBER
FRIENDSWOOD

TEXAS STATE BOARD OF PLUMBING EXAMINERS
LISA G. HILL, EXECUTIVE DIRECTOR
7915 Cameron Road, Austin TX 78754
(512) 936-5200 | tsbpe.texas.gov

October 1, 2026

Honorable Greg Abbott, Governor
Honorable Don Huffines, Texas Comptroller
Jerry McGinty, Director, Legislative Budget Board
Lisa Collier, State Auditor

Ladies and Gentlemen:

We are pleased to submit the **Annual Financial Report** of the **Texas State Board of Plumbing Examiners** for the year ended August 31, 2026, 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 Annual Comprehensive Financial Report (ACFR); 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 Dan Kreuscher, Director of Financial Operations, at (512) 936-5222.

Sincerely,

Lisa G. Hill
Executive Director

Combined Financial Statements

Texas State Board of Plumbing Examiners, Agency Number 456

Exhibit I - Combined Balance Sheet/Statement of Net Position – Governmental Funds
August 31, 2026

	Governmental Fund Types				
	General Funds	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Assets (FY 2026)
ASSETS					
Current Assets:					
Legislative Appropriations	1,285,629.92	1,285,629.92			1,285,629.92
Accounts Receivable - Uncollected Penalties	1,811,693.00	1,811,693.00			1,811,693.00
Total Current Assets	3,097,322.92	3,097,322.92	-	-	3,097,322.92
Non-Current Assets:					
Capital Assets (Note 2):					
Depreciable					
Furniture and Equipment			104,096.94		104,096.94
Accumulated Depreciation			(58,971.05)		(58,971.05)
Vehicles, Boats, and Aircraft			409,929.59		409,929.59
Accumulated Depreciation			(311,209.88)		(311,209.88)
Right To Use Asset - Buildings					-
Accumulated Amortization		-			-
Total Non-Current Assets	-	-	143,845.60	-	143,845.60
Total Assets	**$ 3,097,322.92**	**$ 3,097,322.92**	**$ 143,845.60**	**$ -**	**$ 3,241,168.52**
LIABILITIES AND FUND BALANCES					
Liabilities					
Current Liabilities:					
Payables From:					
Accounts & Vouchers	7,660.26	7,660.26			7,660.26
Payroll	426,019.73	426,019.73			426,019.73
Unearned Revenues & Returned Expenditure Liabilities	2,817.50	2,817.50			2,817.50
Due To Other Agencies (Comptroller)	1,811,693.00	1,811,693.00			1,811,693.00
Employees Compensable Leave (Note 5)				173,938.91	173,938.91
Right To Use Lease Obligations (Note 8)					-
Interest Payable - Right To Use Lease					-
Total Current Liabilities	2,248,190.49	2,248,190.49	-	173,938.91	2,422,129.40
Non-Current Liabilities:					
Employees Compensable Leave (Note 5)		-		148,152.99	148,152.99
Total Non-Current Liabilities	-	-	-	148,152.99	148,152.99
Total Liabilities	**$2,248,190.49**	**$2,248,190.49**	**$ -**	**$322,091.90**	**$2,570,282.39**
FUND FINANCIAL STATEMENT					
Fund Balances (Deficits):					
Unassigned	849,132.43	849,132.43			849,132.43
Total Fund Balances	**849,132.43**	**849,132.43**	**-**	**-**	**849,132.43**
Total Liabilities and Fund Balances	**$ 3,097,322.92**	**$ 3,097,322.92**	**$ -**	**$ 322,091.90**	**$ 3,419,414.82**
GOVERNMENT-WIDE STATEMENT OF NET POSITION					
Net Position					
Net Investment in Capital Assets			143,845.60		143,845.60
Unrestricted				(322,091.90)	(322,091.90)
Total Net Position			**$ 143,845.60**	**$ (322,091.90)**	**$ 670,886.13**

The accompanying '**Notes to the Financial Statements**' are an integral part of this statement.

Texas State Board of Plumbing Examiners, Agency Number 456

Exhibit II - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities – Governmental Funds

For the Fiscal Year Ended August 31, 2026

	General Funds Fund 0001	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities (FY 2026)
REVENUES					
Legislative Appropriations					
Original Appropriations	$ 4,400,411.00	$ 4,400,411.00			$ 4,400,411.00
Additional Appropriations	813,801.83	813,801.83			813,801.83
Licenses, Fees & Permits	189,562.10	189,562.10			189,562.10
Conference & Seminars	17,666.00	17,666.00			17,666.00
Sale of Goods and Services & Misc Revenue	3,661.50	3,661.50			3,661.50
Total Revenues	**$ 5,425,102.43**	**$ 5,425,102.43**	**-**	**-**	**$ 5,425,102.43**
EXPENDITURES					
Salaries and Wages	$ 2,916,959.49	$ 2,916,959.49		$ 2,980.59	$ 2,919,940.08
Payroll Related Costs	860,351.47	860,351.47			860,351.47
Professional Fees and Services	110,785.85	110,785.85			110,785.85
Travel	52,784.23	52,784.23			52,784.23
Materials and Supplies	412,616.35	412,616.35			412,616.35
Communication and Utilities	65,658.79	65,658.79			65,658.79
Repairs and Maintenance	75,317.03	75,317.03			75,317.03
Rentals & Leases	24,696.99	24,696.99			24,696.99
Printing and Reproduction	43,803.84	43,803.84			43,803.84
Other Expenditures	284,627.24	284,627.24		-	284,627.24
Debt Service Principal - Leases	-	-		-	-
Capital Outlay - Vehicles	46,158.21	46,158.21	(46,158.21)		-
Capital Outlay - Leases		-			-
Total Expenditures	**$4,893,759.49**	**$4,893,759.49**	**$ (46,158.21)**	**$ 2,980.59**	**$ 4,850,581.87**
Excess (Deficiency) of Revenues Over Expenditures	**$ 531,342.94**	**$ 531,342.94**	**$ 46,158.21**	**$ (2,980.59)**	**$ 574,520.56**
OTHER FINANCING SOURCES (USES)					
Increase in Obligations - Leases		-			-
Transfers Out (Health Professions Council)	(147,335.00)	(147,335.00)			(147,335.00)
Transfers In (6% attorney)	7,400.00	7,400.00			7,400.00
Lapsed Committed Revenue	(106,011.63)	(106,011.63)			(106,011.63)
Amortization Expense			-		-
Depreciation Expense	-	-	(43,557.58)		(43,557.58)
Total Other Financing Sources (Uses)	**(245,946.63)**	**(245,946.63)**	**(43,557.58)**	**-**	**(289,504.21)**
Net Change in Fund Balances/Net Assets	285,396.31	285,396.31	2,600.63	(2,980.59)	285,016.35
FUND FINANCIAL STATEMENT - FUND BALANCES					
Fund Balances, September 1, 2025	563,736.12	563,736.12			563,736.12
Restatements	-	-	-	-	-
Fund Balances, September 1, 2025, as Restated	563,736.12	563,736.12	-	-	563,736.12
Fund Balances, August 31, 2026	**$ 849,132.43**	**$ 849,132.43**	**$ 2,600.63**	**$ (2,980.59)**	**$ 848,752.47**
GOVERNMENT-WIDE STATEMENT OF FUND BALANCE					
Net Position/Net Change in Fund Balance		$ 849,132.43	$ 2,600.63	$ (2,980.59)	$ 848,752.47
Net Position, September 1, 2025			141,244.97	(319,111.31)	(177,866.34)
Restatements					
Net Position, September 1, 2025, as Restated			141,244.97	(319,111.31)	(177,866.34)
Net Position, August 31, 2026		**$849,132.43**	**$ 143,845.60**	**$ (322,091.90)**	**$ 670,886.13**

The accompanying '**Notes to the Financial Statements**' are an integral part of this statement.

UNAUDITED

Texas State Board of Plumbing Examiners, Agency Number 456

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

Entity

The **Texas State Board of Plumbing Examiners (TSBPE)** is an agency of the State of Texas, and its financial records comply with State statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*.

MISSION: The fundamental mission of the Texas State Board of Plumbing Examiners is to help protect the health and safety of the citizens of the State of Texas by ensuring that our drinking water, air, and medical gases are free from contaminants so that we may live and work in the safe conditions that properly designed and installed plumbing systems are meant to provide. Our primary influence in fulfilling this mission is ensuring that individuals entrusted with a license issued by the Board and endowed with the inherent credibility it provides, are competent and exhibit the requisite fitness to perform plumbing work in this state. Another cornerstone in fulfilling the Board's mission is through community outreach and education, ensuring that the public is aware of the crucial role plumbing plays in guaranteeing sanitation and health, and the sometimes-unheralded role of the licensed plumbing professionals who safeguard the public's health.

The Board steadfastly believes that an informed public will demand the reliability, accountability, and sound judgment of a licensed plumbing professional, ensuring that plumbing services are only provided by such proven professionals, and not left to unqualified and sometimes unscrupulous individuals who might undermine the Board's mission through unlicensed plumbing work. Community outreach and public education also serve the dual purpose of promoting the plumbing profession as a rewarding career option; an important task after years of relatively flat growth in the workforce while the population of Texas has been and is expected to continue to grow. The Board also takes seriously its statutory charge to investigate consumer complaints alleging threats to the public's health and safety and to take enforcement and disciplinary action against persons who have violated the Plumbing License Law; thus, preventing potentially dangerous unlicensed plumbing work and ensuring that licensed plumbers continue to exhibit fitness and uphold the high standards of licensure in the field. Through equitable and consistent regulation of the plumbing industry, and by examining, licensing, and registering plumbing professionals, the Board ensures that qualified individuals following clear standards protect the health and safety of the citizens of the State of Texas.

TSBPE accomplishes its mission by complying with its statutory duties to examine and license plumbers, registrants, and plumbing inspectors, and enforcing Title 8, Chapter 1301, Occupations Code, the Plumbing License Law ("Act"), the Board's enabling statute. These statutory duties include:

- administering examinations for Tradesman Plumbers, Journeyman Plumbers, Master Plumbers, Plumbing Inspectors, Water Supply Protection Specialists, Medical Gas Piping Installers, and Multipurpose Residential Fire Protection Sprinkler Specialists

- registration of Plumber's Apprentices, Residential Utility Installers, Drain Cleaners, and Drain Cleaners-Restricted registrants
- approving and monitoring training programs and Plumbers' Continuing Professional Education programs
- investigation of consumer complaints
- monitoring of plumbing jobsites for compliance with the Plumbing License Law
- issuing administrative penalties to alleged violators
- suspending and revoking licenses
- reviewing criminal histories of applicants
- assisting local authorities with the enforcement of the Plumbing License Law
- providing public awareness programs and assisting those who may choose plumbing as a career path

TSBPE does not teach individuals how to install or repair plumbing, nor does it have authority to do so. This task is appropriately left to high schools, trade schools, community colleges, and other like-kind schools that choose to provide such training, as well as the training provided by the plumbing industry itself. However, the agency believes that to properly carry out its mission, it must endeavor to educate the industry and consumers in the requirements of the Plumbing License Law and the hazards of improperly installed plumbing. In this public awareness effort, TSBPE utilizes its experienced, licensed and knowledgeable staff to conduct highly requested awareness seminars for plumbing trade schools, high schools, universities, municipal inspection departments, plumbing companies and plumbing trade associations. Included in many of the seminars is TSBPE's unique cross-connection prevention demonstration unit that houses a display of see-through fixtures and piping which demonstrate how easily our drinking water can be contaminated by improperly installed plumbing systems. Additionally, seminars serve to provide information to individuals who may be encouraged to consider the plumbing industry as a career.

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 is 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.

Blended Component Units
TSBPE has no Blended Component Units and therefore none are identified.

Discretely Presented Component Units
TSBPE has no Discretely Presented Component Units and therefore none are identified.

Fund Structure

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

Texas State Board of Plumbing Examiners, Agency Number 456

Governmental Fund Types & Government-Wide Adjustment Fund Types

General Revenue Funds

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

Capital Assets Adjustment Fund Type

The Capital Assets Adjustment Fund (Fund 9998) is 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 (Fund 9997) is used to convert governmental fund types' debt from modified accrual to full accrual.

Fiduciary Fund Types

TSBPE has no Fiduciary Fund Types and therefore none are identified.

Basis of Accounting

The basis of accounting determines when revenues and expenditures 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 basis, 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 yearend.

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

Governmental adjustment fund types that build the government-wide financial statements are accounted for using the full accrual basis of accounting. The following activities are recognized in these fund types: capital assets; accumulated depreciation; unpaid Employee Compensable leave; the un-matured debt service (principal and interest) on general long-term liabilities; long-term capital leases; long-term claims and judgments; and full accrual revenues and expenses.

Budget and Budgetary Accounting

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

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

Texas State Board of Plumbing Examiners, Agency Number 456

Assets, Liabilities, and Fund Balances/Net Assets

Assets

Inventories and Prepaid Items: Inventories include both merchandise inventories on hand for sale and consumable inventories (TSBPE has only consumable inventories). Inventories are valued at cost, generally utilizing the last-in, first-out method. The consumption method of accounting is used to account for inventories and prepaid items that appear in the governmental and proprietary 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 are capitalized. These assets are capitalized at cost or, if not 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.

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 Balances: Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the statement of net position. These obligations are paid from the same funding source from which each employee's salary or wage compensation was paid.

Fund Balance/Net Position

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

When both restricted and unrestricted resources are available for use, it is the Texas State Board of Plumbing Examiner's policy to use unrestricted resources first, then restricted if and when they are needed. When only restricted resources are available for use, it is the Board's policy to use committed resources first, then assigned resources and unassigned resources last.

Fund Balance Components: Fund balances for governmental funds are classified as non-spendable, committed, assigned or unassigned in the fund financial statements:

- **Non-spendable fund balance** includes amounts not available to be spent because they are either (1) not in spendable form, or (2) legally or contractually required to be maintained intact.

- **Committed fund balance** can only be used for specific purposes pursuant to constraints imposed by a formal action of the Texas Legislature, the state's highest level of decision-making authority.

- **Assigned fund balance** includes amounts constrained by the state's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by (1) the Texas Legislature or (2) a body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

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

Net Invested in Capital Assets

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bond, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

Unrestricted Net Position

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

Interfund Activities and Balances

The agency has the following types of transactions between funds:

Transfers: Legally required transfers that are reported when incurred as 'Transfers In' by the recipient fund and as 'Transfers Out' by the disbursing fund.

Reimbursements: Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another are recorded as expenditures in the

reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

NOTE 2: Capital Assets

With the exception of scrap metal used during the examination process in TSBPE's Examination Centers, seventy-five percent (75%) of any revenue received from the sale of other surplus property (including vehicles) is transferred to unappropriated General Revenue in accordance with the General Appropriations Act, Article IX, §8.03, Surplus Property, TSBPE is allowed to keep the remaining twenty-five percent (25%), which is appropriated to the agency for expenditure during the fiscal year in which the receipts are received. Receipts from the sale of such surplus equipment, commodities, or salvage (including recycled products) shall be expended from the appropriation from which similar or like property, equipment, or commodities would be purchased.

However, for sales of surplus scrap metal, notwithstanding Article IX, Section 8.03, Surplus Property, one hundred percent (100%) of the receipts to the Texas State Board of Plumbing Examiners from the sale of scrap metal is appropriated to the Board for the purpose of providing materials necessary to conduct licensing examinations during the biennium in which the receipts are received.

A summary of changes in Capitalized Assets for the fiscal year ending August 31, 2026, is presented as follows:

UNAUDITED

Texas State Board of Plumbing Examiners, Agency Number 456

PRIMARY GOVERNMENT

Governmental Activities	Balance 09/01/2025	Adjustments	Reclassifications	Additions	Deletions	Balance 08/31/2026
Non-Depreciable Assets:						
Land Improvements	$ -0-			$ 4,253.36		$ 4,253.36
Total, Non-Depreciable Assets	$ -0-	$ -0-	$ -0-	$ 4,253.36	$ -0-	$ 4,253.36
Depreciable Assets:						
Facilities and Other Improvements	$ -0-			$555,000.00		$ 555,000.00
Vehicles, Boats and Aircraft	409,929.59					409,929.59
Furniture and Equipment	57,938.73			46,158.21		104,096.94
Total Depreciable Assets at Historical Cost:	$ 467,868.32	$ -0-	$ -0-	$ 601,158.21	$ -0-	$1,069,026.53
Less Accumulated Depreciation for:						
Facilities and Other Improvements	$ (-0-)			$(25,227.24)		$ (25,227.24)
Vehicles, Boats and Aircraft	(269,589.62)			(41,620.26)		(311,209.88)
Furniture and Equipment	$ (57,033.73)			(1,718.65)		(58,752.38)
Total Accumulated Depreciation of Depreciable Assets, Net	$(326,623.35)		$ -0-	$(68,566.15)	$ -0-	($395,189.50)
Governmental Activities Capital Assets, Net of Depreciation	$ 141,244.97	$ -0-	$ -0-	$ 532,592.06	$ -0-	$ 673,837.03

Texas State Board of Plumbing Examiners, Agency Number 456

NOTE 5: Long-Term Liabilities

Changes in Long-Term Liabilities

During the fiscal year ending August 31, 2026, the following changes occurred in Long-Term Liabilities:

Governmental Activities	Balance 9/1/2025	Additions	Reductions	Restatements/ Salary Adjustments	Balance 8/31/2026	Amounts Due Within One Year	Amounts Due Thereafter
Compensable Leave	$277,425.39	$252,010.03	$226,416.64	$19,073.03	$322,091.90	$173,938.91	$148,153.03
Total Governmental Activities	$277,425.39	$252,010.03	$226,416.64	$19,073.03	$322,091.90	$173,938.91	$148,153.03

Employees' Compensable Leave

A state employee is entitled to be paid for all unused annual/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 at least 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. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Claims & Judgments

There are no claims or judgments against the agency as of August 31, 2026, and none are expected.

NOTE 8: Leases

From 1981 through August 2025, the Texas State Board of Plumbing Examiners (TSBPE) administrative offices and main Examination Center were located at 929 East 41st Street, Austin, Texas, 78751. The building had been leased under a contract negotiated and administered by the Texas Facilities Commission (TFC); the lease of 15,273 square feet expired on August 31, 2025.

In working with the TFC, the TSBPE reviewed the feasibility of moving to a larger State-owned facility nearby with approximately 23,533 square feet that has no monthly lease cost. TSBPE relocated to the larger State-owned facility, which was less than 5 miles from our old location. Our

new location at 7915 Cameron Road, Austin, Texas 78754, provides much needed additional space for the agency's workforce, ample parking for visitors, staff and examinees, and further expansion of our on-site practical examination center while saving the State money by eliminating annual lease expense. The larger facility has required several updates and build-out costs that are yet to be completed.

A second Examination Center is located on the campus of the Texas State Technical College, 3801 Campus Drive, Waco, Texas 76705. There is also no lease cost associated with this second location.

NOTE 12: Interfund Activity and Transactions

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 that were consistent with the activities of the fund making the transfer.

Individual balances and activity as of August 31, 2026, are as follows:

Current Portion	**Current Interfund Receivable**	**Current Interfund Payable**
GENERAL REVENUE (01)		
Total Interfund Receivable / Payable	**$-0-**	**$-0-**

Non-Current Portion	**Non-Current Interfund Receivable**	**Non-Current Interfund Payable**	**Purpose (Disclosure Required)**
GENERAL REVENUE (01)			
Total Interfund Receivable/ Payable	**$-0-**	**$-0-**	**N/A**

Texas State Board of Plumbing Examiners, Agency Number 456

	TRANSFERS IN	TRANSFERS OUT
GENERAL REVENUE (01)		
Appropriated Fund 0001, D23 Fund 0001	$ -0-	$ -0-
Total Transfers for Fund 0001	$-0-	$ -0-
Total Transfers	**$-0-**	**$ -0-**

	Legislative TRANSFERS IN	Legislative TRANSFERS OUT
GENERAL REVENUE (01)		
Appropriated Fund 0001, D23 Fund 0001 Health Professions Council Agency #364	$-0-	$ 147,335.00
Total Legislative Transfers	**$ -0-**	**$ 147,335.00**

NOTE 13: Continuance Subject to Review

In Texas, the Sunset process works by setting an expiration (Sunset) date in law for State agencies. An agency is automatically abolished on its Sunset date unless the Legislature passes a bill to continue it, typically for another 12 years.

The Texas State Board of Plumbing Examiners (TSBPE) is subject to Chapter 325 (Sunset Law), Government Code (Texas Sunset Act), and is scheduled for its next Sunset review during the 2032–2033 review cycle, which coincides with the 93rd Texas Legislative Session. Unless continued in existence as provided by that chapter, the board would be abolished, and this chapter would expire on September 1, 2033.

NOTE 17: Risk Management

The Texas State Board of Plumbing Examiners (TSBPE) is exposed to a variety of civil claims resulting from the performance of its duties. It is agency policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed.

Automobile insurance coverage was purchased during fiscal year 2026 through the Statewide Automobile Insurance Program to cover liability for the agency's vehicles. This insurance program is managed and supervised for state agencies by the State Office of Risk Management (SORM).

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TSBPE assumes substantially all other risks associated with tort and liability claims due to the performance of its duties. The agency is not involved in any risk pools with other government entities.

NOTES: Not Applicable to the Texas State Board of Plumbing Examiners

The following notes are not applicable to the Texas State Board of Plumbing Examiners, and are therefore not presented in this Annual Financial Report:

Note 3	Deposits, Investments and Repurchase Agreements
Note 4	Short-Term Debt
Note 6	Bonded Indebtedness
Note 7	Derivative Instruments
Note 9	Defined Benefit Pension Plans and Defined Contribution Plan
Note 10	Deferred Compensation
Note 11	Post-Employment Benefits Other Than Pensions
Note 14	Adjustments to Beginning Net Position, Fund Balances, or Fund Net Position
Note 15	Contingencies and Commitments
Note 16	Subsequent Events
Note 18	Management's Discussion and Analysis
Note 19	The Financial Reporting Entity
Note 20	Stewardship, Compliance and Accountability
Note 21	Tobacco Settlement
Note 22	Donor Restricted Endowments
Note 23	Extraordinary and Special Items
Note 24	Disaggregation of Receivable and Payable Balances
Note 25	Termination Benefits
Note 26	Segment Information
Note 27	Public-Private and Public-Public Partnerships
Note 28	Deferred Outflows of Resources and Deferred Inflows of Resources
Note 29	Troubled Debt Restructuring
Note 30	Financial Guarantees
Note 31	Tax Abatements
Note 32	Governmental Fund Balances

UNAUDITED

Texas State Board of Plumbing Examiners, Agency Number 456

Addendum

Organizational and General Comments

Quality plumbing systems installed by qualified plumbers and inspected by qualified plumbing inspectors are critical to the health and safety of the citizens of Texas because improperly installed plumbing systems can cause and actually have caused injury and death through explosions, fires, hospital medical gas contamination, and noxious fumes. Improperly installed plumbing systems can transmit diseases that include typhoid fever, diarrhea, cholera, and amoebic and bacterial dysentery. Sickness or death can occur when noxious fumes such as carbon monoxide, methane gas, and fuel gas are not properly ventilated by our plumbing systems. Improperly installed medical gas systems can deliver contaminated or cross-connected medical gasses to hospital patients causing sickness and death.

Examination and Licensing
The Board's examinations and the TSBPE Examination Centers (located in Austin and Waco), are currently recognized nationwide as setting a high standard in the plumbing industry. Separate examinations are given for Tradesman Plumber-Limited, Journeyman Plumber, Master Plumber, Medical Gas Installation Specialist, Water Supply Protection Specialist, Multipurpose Residential Fire Protection Sprinkler Specialist, and Plumbing Inspector. These examinations consist of thorough written and hands-on-practical sessions that ensure that licensed plumbers and plumbing inspectors who work with public water supplies, sewage disposal, natural gases and medical gases have the qualifications, knowledge, skills, and competencies to do their jobs properly. Additionally, the Board registers Plumber's Apprentices, Residential Utility Installers, Drain Cleaners, and Drain Cleaner – Restricted registrants.

The life of any plumbing system, large or small, is directly related to the preparation and assembly of the materials that go into the making of the plumbing system. It is difficult to detect improper preparation of materials once the materials are assembled and installed in the plumbing system, until the system fails. The failure of a plumbing system can result in fires, explosions, serious health problems and considerable expense to the consumer. For this reason, the practical portion of a plumbing examination is critical to ensure that the applicant demonstrates his or her ability to properly prepare and assemble plumbing materials used in plumbing systems. After an applicant assembles materials during the examination, the materials are disassembled, and the applicant is graded on how well the materials were prepared prior to assembly.

Enforcement
Rigorous and pro-active enforcement of the plumbing regulations is critical to the health and safety of the citizens of Texas. The enforcement and regulation occur through the receiving and investigation of complaints, checking compliance of plumbing practices and plumber and plumbing inspector licenses at job sites, issuance of reprimands, revocation or suspension of licenses, and imposition of administrative penalties against plumbers who allegedly violate the Plumbing License Law, or rules and regulations of the Board. Additionally, the agency monitors the Continuing Professional Education courses that are required for obtaining and renewing licenses and registrations on a random basis to ensure that courses meet the minimum requirements of the Plumbing License Law and Board Rules. Individual instructors are critiqued on class presentations. Without the objective enforcement administered by the agency, industry compliance with the Plumbing License Law could be expected to be minimal, at best, and health and safety risks would increase.

Indirect Administration
Indirect administration includes supervision of all agency staff. Indirect administration performs all of the accounting, payroll, purchasing, reporting, human resource, information technology, risk management and other administrative tasks required by the state to operate properly and efficiently.

Public and Industry Awareness Efforts
The TSBPE has found that most plumbers desire to "do the right thing" by complying with the laws and rules that regulate their industry. However, without the Board's efforts to reach out to the industry to inform it of what is expected in the way of compliance, many plumbers would find themselves in unintentional violation of the regulations. Also, an educated consumer is able to make better decisions when choosing a plumber when the consumer knows what is expected of the plumber and understands the health and safety hazards associated with improperly installed plumbing. When the plumber knows that his or her consumer possesses such knowledge, the plumber is more likely to deliver a better service. For these reasons, the agency's awareness seminars and Internet web site are important to both the consumer and the plumbing industry.

The Texas State Board of Plumbing Examiners (TSBPE) is composed of nine members appointed by the Governor and confirmed by the Senate. The Governor has the authority to appoint the chairman. Membership consists of the following: one plumbing contractor, one master plumber, one journeyman plumber, one plumbing inspector, one professional plumbing engineer, one home builder, one commercial builder, and two public members. The Board sets policy and delegates implementation of policy to the Executive Director. In addition to travel reimbursement, the Plumbing License Law provides that each member of the Board is entitled to a per diem of $30 per day as set forth by legislative appropriations for each day the member engages in business of the Board.

Significant Changes
In July and August 2025, the TSBPE moved to a new State-owned facility located less than five miles away from our previous location. The new facility has approximately 23,533 square feet with no monthly lease cost. This location at 7915 Cameron Road, Austin, Texas 78754, provides much more needed space for the agency's workforce, ample parking for visitors, staff and examinees, and further expansion of our on-site practical examination center. The larger facility will require several updates and build-out costs that are yet to be completed.

A second Examination Center is located on the campus of the Texas State Technical College, 3801 Campus Drive, Waco, Texas 76705. There is also no lease cost associated with this second location.

The agency's overall customer base continues to expand significantly and demonstrates the vital role the agency plays for the State and its citizens. A combination of several growth factors has resulted in substantially more people being licensed and registered with the TSBPE. In order to safeguard the health and safety of the citizens of Texas, plumbing professionals must be properly qualified and exhibit requisite skills as demonstrated by and through examination and licensure by the Board. The agency's customer base consists not only of licensees and registrants, but also includes providers and instructors of required Professional Continuing Education courses; and citizens making inquiries and complaints concerning both licensees/ registrants, and those individuals who may be illegally performing plumbing work without a license or registration. The agency continues to operate as a "clearing house" for the ever-growing pool of Master Plumbers serving as a Responsible Master Plumber ("RMP") and operating plumbing companies in the State by storing and verifying certificates of insurance, processing company name changes, and verifying RMP status for political subdivisions such as municipalities, so that they may issue plumbing permits as required by the Plumbing License Law. The information maintained is also available to the general public through the agency website for those wishing to find a compliant

plumber or plumbing company. Failure or delay in delivering these key services can delay or prevent economic activity in municipalities and other local governments experiencing rapid development and would unnecessarily impede economic growth and prosperity for the State overall.

A bustling national and state economy, coupled with rapid development and sharp population growth has fueled the need for more licensed and registered plumbers. The increased demand for construction trades has also created a push for additional licensees and registrants across the State. In order to keep pace with the increased demands of a healthy and growing economy, and to continue to provide the best service possible to our customers, additional staff continue to be needed. New initiatives granted through the 87th and 88th Legislative Sessions will also make it possible to get plumbers more quickly into the profession.

The Texas Economic and Population Forecast, prepared by the Texas Comptroller of Public Accounts and the Texas State Data Center, has determined that much of the State's population growth is projected to occur in the large urban counties of Harris, Dallas, Tarrant, Bexar and Travis. This will increase the demand for licensed plumbers, plumbing inspectors, and plumber's apprentices. Industry growth will continue to increase the demands on the TSBPE, especially in the area of issuance and renewal of licenses and registrations, examinations, enforcement, complaint investigation and compliance checks.

The Texas Economic Forecast, prepared by the Texas Comptroller of Public Accounts, predicted a 1.2% increase in the Texas resident population for each fiscal year through 2028, and a 1.1% increase for each fiscal year through 2031.

These increases in population will increase the demand for licensed plumbers, specially-endorsed plumbers, plumber's apprentices and plumbing inspectors. In 2025, the construction industry in Texas surpassed all previous employment levels and maintained annual increases in establishments for ten successive periods. The Texas Workforce Commission projects an average 2.0 percent increase in construction employment each year between 2026 to 2030. This equates to an increase of 154,740 jobs, or a 21.5 percent growth over the five-year period. The largest gain in employment of more than 86,000 jobs is expected within Specialty trade contractors, with the plumbing trade in particular to grow by as much as 24% during that time. This, in turn, will increase the demands on the agency, in the areas of issuance and renewal of licenses and registrations, examinations, enforcement, complaint investigation and compliance checks in addition to monitoring education training classes for proper content and required classroom hours.

The TSBPE must also remain available to provide consumer outreach and public education to advise the public on the importance of the vital role licensed plumbing professionals play in safeguarding the public's health and wellbeing, while simultaneously serving to recruit bright and eager young minds to carry on the profession, amid an aging workforce in the skilled construction trades, and an aging workforce overall, with the retirement of the baby boomer generation looming. Through fair and consistent regulation of the plumbing industry, and by examining, licensing and registering plumbing professionals, the Board ensures that qualified individuals follow clear standards while protecting the citizens' health and safety.

Advancements in technology continue to make the agency more accessible to consumers and those regulated by the agency. Because more consumers have access to information technology

such as email and internet, consumers of plumbing related services are more informed regarding the regulations governing plumbing work and the responsibilities of the Board. Consumers and plumbers have heightened their expectations of how the agency should perform its duties. Advancements in technology have led them to expect more rapid responses from the agency to address their needs, including licensing, examination, complaint processing and requests for information. Additionally, consumers have increased their expectations of the Board to enforce the regulations governing plumbing work. Consumers expect the agency to be responsive to their complaints and ensure that it licenses and registers only qualified individuals to install and inspect plumbing. Those who are regulated by the Board and in compliance with the requirements expect the agency to take action against those who violate the Plumbing License Law and Board Rules.

TEXAS STATE BOARD OF PLUMBING EXAMINERS
List of Board Members as of August 31, 2026

BOARD MEMBER	DATES OF TERM	HOMETOWN
Thomas "Justin" MacDonald **Chair**, Commercial Builder Position	Appointment expires 09/05/2031	Kerrville
James "Ron" Ainsworth **Secretary**, Master Plumber Position	Re-Appointment expires 09/05/2029	Midland
Darrin K Black Journeyman Plumber Position	Appointment expires 09/05/2027	Abilene
Milton Gutierrez Public Member Position	Re-Appointment expires 09/05/2027	Hutto
Julia Ann Hays Public Member Position	Appointment expires 09/05/2031	Beaumont
William "Bill" Klock Professional Engineer Position	Re-Appointment expires 09/05/2029	Austin
Thomas "Tommy" Rice Jr. Plumbing Contractor Position	Appointment expires 09/05/2027	Houston
Norma Yado Plumbing Inspector Position	Re-Appointment expires 09/05/2029	McAllen
David "Dave" Yelovich Residential Builder Position	Re-Appointment expires 09/05/2031	Friendswood

Total: 58 FTEs

EXECUTIVE DIRECTOR

FINANCE & PURCHASING
(5 FTEs)

- DIRECTOR OF FINANCE — Director I
- ACCOUNTANT VI
- PURCHASER — Purchaser III
- CLERK III

COLLECTIONS
- ACCOUNTANT III

EXAMS
(14 FTEs)

- CHIEF EXAMINER — Exams Program Manager
- CUSTOMER SERVICE REP.
- EXAMINER — Program Specialist III
- EXAMINER — Program Specialist II
- EXAMINER — Program Specialist II
- EXAMS COORDINATOR
- MAINTENANCE SPECIALIST
- EXAMINER — Program Specialist II

Waco
(3 FTEs)

- EXAMINER — Program Specialist III
- EXAMINER — Program Specialist II
- MAINTENANCE SPECIALIST

Harlingen
(3 FTEs)

- EXAMINER — Program Specialist III
- EXAMINER — Program Specialist II
- MAINTENANCE SPECIALIST

EDUCATION & OUTREACH
(2 FTEs)

- EDUCATION COORDINATOR — Program Specialist II
- EDUCATION SPECIALIST — Education Specialist I

LICENSING
(9 FTEs)

- LICENSING COORDINATOR — Program Supervisor II
- CUSTOMER SERVICE REP. — CS Rep I
- CUSTOMER SERVICE REP. — CS Rep I
- CUSTOMER SERVICE REP. — CS Rep II
- CUSTOMER SERVICE REP. — CS Rep II
- CUSTOMER SERVICE REP. — CS Rep III
- CUSTOMER SERVICE REP. — CS Rep III
- CUSTOMER SERVICE REP. — CS Rep III
- CUSTOMER SERVICE REP. — CS Rep III

ENFORCEMENT
(15 FTEs)

- DIRECTOR OF ENFORCEMENT — Director I
- CHIEF OF FIELD SERVICES
- ADMINISTRATIVE ASSISTANT
- FIELD INVESTIGATOR — Investigator III - Dallas
- INVESTIGATOR — Austin
- ADMINISTRATIVE ASSISTANT
- FIELD INVESTIGATOR — Investigator III - Fort Worth
- INVESTIGATOR — Austin
- CRIMINAL ANALYST
- FIELD INVESTIGATOR — Investigator III - San Antonio
- FIELD INVESTIGATOR — Lubbock/Panhandle
- CUSTOMER SERVICE REP. — CS Rep I
- FIELD INVESTIGATOR — Investigator III - El Paso
- FIELD INVESTIGATOR — Investigator III - Harlingen
- FIELD INVESTIGATOR — Investigator III Houston

ADMINISTRATIVE
(5 FTEs)

- EXECUTIVE ASSISTANT — Executive Assistant III
- HUMAN RESOURCES SPECIALIST
- CUSTOMER SERVICE LIAISON — CS Rep III
- RECEPTIONIST — CS Rep I
- CRIMINAL ANALYST — Legal Assistant I

LEGAL
(5 FTEs)

- GENERAL COUNSEL — General Counsel III
- ATTORNEY II
- LEGAL ASSISTANT IV
- LEGAL ASSISTANT II
- INTERN
- LEGAL ASSISTANT I

COMMUNICATIONS & TECHNOLOGY
(2 FTEs)

- DIRECTOR OF COMMUNICATIONS & TECHNOLOGY — Director I
- COMMUNICATIONS & TECHNOLOGY SUPPORT SPECIALIST


ALWAYS HIRE A
LICENSED PLUMBER
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