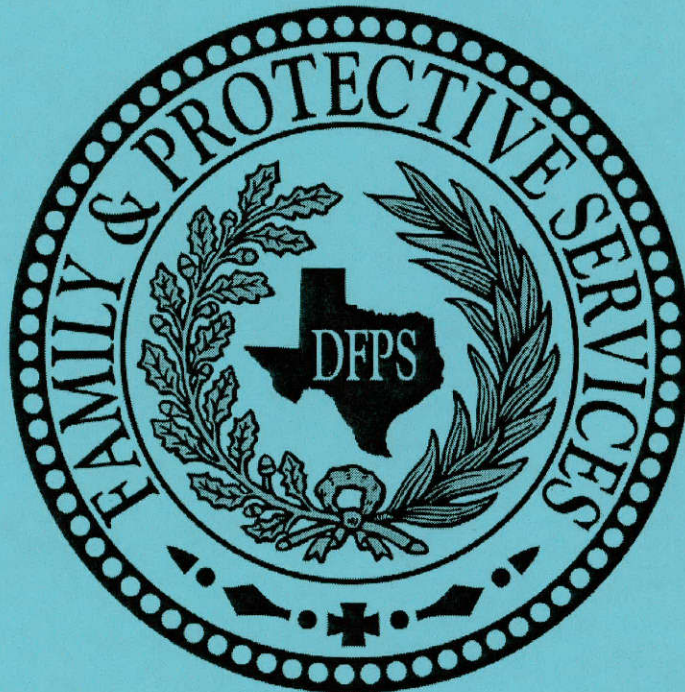


TEXAS
DEPARTMENT OF FAMILY AND PROTECTIVE
SERVICES



Unaudited
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended
August 31, 2016

UNAUDITED
ANNUAL FINANCIAL REPORT

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

Year Ended August 31, 2016

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

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TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
H. L. Whitman, Jr.

November 18, 2016

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

Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of the Texas Department of Family and Protective Services for the year ended August 31, 2016, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) 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 (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 Kevin Doucet at (512) 438-2886.

Sincerely,

A handwritten signature in black ink, appearing to read "H. L. Whitman, Jr.", is written over a faint, larger version of the signature.

H. L. Whitman, Jr.
Commissioner

HW:LS/DS:ln

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)
Exhibit I - Combined Balance Sheet/Statement of Net Position – Governmental Funds
 For the Fiscal Year Ended August 31, 2016

	Governmental Fund Types			Statement of Net Assets
	General Funds (Ex A-1)	Capital Assets Adjustments	Long-Term Liabilities Adjustments	
ASSETS				
Current Assets:				
Cash				
On Hand	\$ 97,228.63	\$ -	\$ -	\$ 97,228.63
In Bank (Note 3)	1,750,000.00	-	-	1,750,000.00
Cash in State Treasury	13,225,783.67	-	-	13,225,783.67
Legislative Appropriations	223,300,542.23	-	-	223,300,542.23
Receivables From:				
Federal	31,543,094.44	-	-	31,543,094.44
Due From Other Funds	33,054,817.72	-	-	33,054,817.72
Due From Other Agencies	1,899,892.49	-	-	1,899,892.49
Total Current Assets	<u>304,871,359.18</u>	<u>-</u>	<u>-</u>	<u>304,871,359.18</u>
Non-Current Assets:				
Capital Assets (Note 2)				
Depreciable:				
Construction in Progress	-	24,631.40	-	24,631.40
Furniture and Equipment	-	11,780,324.85	-	11,780,324.85
Less Accumulated Depreciation	-	(11,477,118.96)	-	(11,477,118.96)
Vehicle, Boats, and Aircraft	-	20,989.00	-	20,989.00
Less Accumulated Depreciation	-	(8,994.96)	-	(8,994.96)
Computer Software-Intangible	-	1,020,493.36	-	1,020,493.36
Less Accumulated Depreciation	-	(460,742.79)	-	(460,742.79)
Total Non-Current Assets	-	899,581.90	-	874,950.50
Total Assets	<u>\$ 304,871,359.18</u>	<u>\$ 899,581.90</u>	<u>\$ -</u>	<u>\$ 305,746,309.68</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts	\$ 69,457,420.31	\$ -	\$ -	\$ 69,457,420.31
Payroll	61,666,146.90	-	-	61,666,146.90
Due To Other Funds	33,054,817.72	-	-	33,054,817.72
Due To Other Agencies	8,519,796.60	-	-	8,519,796.60
Employees Compensable Leave (Note 5)	-	-	49,689,845.90	49,689,845.90
Total Current Liabilities	<u>172,698,181.53</u>	<u>-</u>	<u>49,689,845.90</u>	<u>222,388,027.43</u>
Non-Current Liabilities:				
Claims and Judgements (Note 5)	-	-	1,250,000.00	1,250,000.00
Employees Compensable Leave (Note 5)	-	-	36,755,854.72	36,755,854.72
Total Non-Current Liabilities	-	-	38,005,854.72	38,005,854.72
Total Liabilities	<u>172,698,181.53</u>	<u>-</u>	<u>87,695,700.62</u>	<u>260,393,882.15</u>
FUND FINANCIAL STATEMENT				
Fund Balances (Deficits):				
Restricted	-	-	-	-
Committed	13,201,647.64	-	-	13,201,647.64
Assigned	-	-	-	-
Unassigned	118,971,530.01	-	-	118,971,530.01
Total Fund Balances	<u>132,173,177.65</u>	<u>-</u>	<u>-</u>	<u>132,173,177.65</u>
Total Liabilities and Fund Balances	<u>\$ 304,871,359.18</u>	<u>\$ -</u>	<u>\$ 87,695,700.62</u>	<u>\$ 392,567,059.80</u>
GOVERNMENT-WIDE STATEMENT OF NET ASSETS				
Net Assets:				
Invested in Capital Asstes, Net of Related Debt		899,581.90	-	899,581.90
Unrestricted		-	(87,695,700.62)	(87,695,700.62)
Total Net Assets		<u>\$ 899,581.90</u>	<u>\$ (87,695,700.62)</u>	<u>\$ (86,796,118.72)</u>

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

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Exhibit II - Combined Statement of Revenues, Expenditures, and

Changes in Fund Balances/Statement of Activities – Governmental Funds

For the Fiscal Year Ended August 31, 2016

	General Funds (Ex A-2)	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
REVENUES				
Legislative Appropriations:				
Original Appropriations (GR)	\$ 926,154,825.16	\$ -	\$ -	\$ 926,154,825.16
Additional Appropriations (GR)	134,701,279.02	-	-	134,701,279.02
Federal Revenue (PR-OP G/C)	414,800,254.93	-	-	414,800,254.93
Federal Grant Pass-Through Revenue (PR-OP G/C)	444,003,327.28	-	-	444,003,327.28
State Grant Pass-Through Revenue	118,906.42	-	-	118,906.42
Licenses, Fees & Permits (PR-C/S)	588,826.80	-	-	588,826.80
Licenses, Fees & Permits (PR-OP G/C)	4,097,866.49	-	-	4,097,866.49
Interest and Other Investment Income (GR)	11,358.81	-	-	11,358.81
Interest and Other Investment Income (PR-OP G/C)	95,333.84	-	-	95,333.84
Sales of Goods and Services (PR-C/S)	31,982.60	-	-	31,982.60
Other (PR-OP G/C)	10,858,205.43	-	-	10,858,205.43
Total Revenues	<u>1,935,462,166.78</u>	<u>-</u>	<u>-</u>	<u>1,935,462,166.78</u>
EXPENDITURES				
Salaries and Wages	569,496,835.28	-	6,969,970.03	576,466,805.31
Payroll Related Costs	185,307,607.38	-	-	185,307,607.38
Professional Fees and Services	17,608,106.34	-	-	17,608,106.34
Travel	53,252,348.18	-	-	53,252,348.18
Materials and Supplies	8,078,523.70	-	-	8,078,523.70
Communication and Utilities	12,217,699.62	-	-	12,217,699.62
Repairs and Maintenance	25,436,943.72	-	-	25,436,943.72
Rentals & Leases	5,276,417.71	-	-	5,276,417.71
Printing and Reproduction	2,075,452.46	-	-	2,075,452.46
Claims and Judgments	10,103.48	-	1,250,000.00	1,260,103.48
Federal Grant Pass-Through Expenditures	9,551,059.36	-	-	9,551,059.36
Public Assistance Payments	882,924,632.65	-	-	882,924,632.65
Other Expenditures	110,184,131.41	-	-	110,184,131.41
Capital Outlay	622,977.39	(88,277.39)	-	534,700.00
Depreciation Expense	-	147,717.46	-	147,717.46
Computer Software Intangible	-	(534,700.00)	-	(534,700.00)
Depreciation Expense	-	177,363.54	-	177,363.54
Total Expenditures/Expenses	<u>1,882,042,836.68</u>	<u>(297,896.39)</u>	<u>8,219,970.03</u>	<u>1,889,964,912.32</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>53,419,328.10</u>	<u>297,896.39</u>	<u>(8,219,970.03)</u>	<u>45,497,254.46</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	898,498,328.28	-	-	898,498,328.28
Transfers Out	(902,505,351.70)	-	-	(902,505,351.70)
Legislative Transfers In	5,818,139.00	-	-	5,818,139.00
Legislative Transfers Out	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-
Increase/Decrease in Net Assets Due to Interagency Transfer of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,811,115.58</u>	<u>-</u>	<u>-</u>	<u>1,811,115.58</u>
Net Change in Fund Balances/Net Assets	<u>55,230,443.68</u>	<u>297,896.39</u>	<u>(8,219,970.03)</u>	<u>47,308,370.04</u>
FUND FINANCIAL STATEMENT-FUND BALANCES				
Fund Balances--Beginning September 1, 2015	82,187,385.25			
Restatements *	-			
Fund Balances, September 1, 2015, as Restated	<u>82,187,385.25</u>			
Appropriations Lapsed	(5,244,651.28)			
Fund Balances, August 31, 2016	<u>\$ 132,173,177.65</u>			
GOVERNMENT-WIDE STATEMENT OF NET ASSETS				
Change in Net Assets		<u>297,896.39</u>	<u>(8,219,970.03)</u>	<u>(7,922,073.64)</u>
Net Assets--Beginning September 1, 2015		601,685.51	(79,475,730.59)	(78,874,045.08)
Restatements		-	-	-
Net Assets, September 1, 2015, as Restated		<u>601,685.51</u>	<u>(79,475,730.59)</u>	<u>(78,874,045.08)</u>
Net Assets--As of August 31, 2016		<u>\$ 899,581.90</u>	<u>\$ (87,695,700.62)</u>	<u>\$ (86,796,118.72)</u>

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

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)
Exhibit VI - Combined Statement of Fiduciary Net Position
For the Fiscal Year Ended August 31, 2016

	<u>Agency Funds (Exhibit J-1)</u>
ASSETS	
Cash in Bank (Note 3)	\$ 4,247,613.60
Cash in State Treasury	<u>3,702,893.65</u>
Total Assets	<u>\$ 7,950,507.25</u>
LIABILITIES	
Funds Held for Others	<u>\$ 7,950,507.25</u>
Total Liabilities	<u>\$ 7,950,507.25</u>

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

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

Entity

The Texas Department of Family and Protective Services 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.

The Texas Department of Protective and Regulatory Services was created by the 72nd Legislature effective September 1, 1992. However, the 78th Legislature changed the name of the agency effective February 1, 2004 to The Texas Department of Family and Protective Services in accordance with House Bill 2292. The agency serves the State by providing protective services for families and children and adults who are elderly or have disabilities, regulating child-care facilities and child-placing agencies, and providing prevention and early intervention services. The Department operates under the authority of the Texas Human Resource Code, the Texas Family Code, and various federal laws and regulations.

The Texas Department of Family and Protective Services includes within this report all components as determined by an analysis of their relationship to the Texas Department of Family and Protective Services as listed below (if any).

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

The Texas Department of Family and Protective Services does not have any blended component units.

Discretely Presented Component Units

The Texas Department of Family and Protective Services does not have any discrete component units.

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 & Government-wide Adjustment Fund Types

General Revenue Funds

The general revenue fund (Fund 0001) is to account for all financial resources of the state except those required to be accounted for in another fund. As of Sept. 1, 2015, the Texas Specialty License Plates dedicated accounts were eliminated by the H.B. 7 and balances of those accounts were credited to a trust fund created by the comptroller outside the general revenue fund.

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

Fund Structure (continued)

Special Revenue Funds

The Texas Specialty License Plates Trust Fund (Fund 0802) is used to receive and account for proceeds of specialty license plates revenues that are legally restricted to use for specified purposes.

The Child Abuse and Neglect Prevention Trust Fund (Fund 5085) is an account in the general revenue fund. Money in the trust fund is dedicated to child abuse and neglect primary prevention programs.

Capital Assets Adjustment Fund Type

The capital assets adjustment fund is used to convert governmental fund types' capital assets from modified accrual to full accrual.

Long-Term Liabilities Adjustment Fund Type

The long-term liabilities adjustment fund is used to convert governmental fund types' debt from modified accrual to full accrual.

Fiduciary Fund Types

Agency Funds

Suspense Fund (Fund 0900) provides a temporary depository for money held in suspense pending final disposition. Items held in the fund are cleared to the various Special Funds or the General Revenue Fund, or refunded to the payer.

Direct Deposit Correction Fund (Fund 0980) accounts for money returned by financial institutions that had been transmitted for direct deposit where problems prevented credit being given to individual depositors.

TexasSaver - 401(k) trust (Fund 0942) accounts for tax-deferred portions of salaries of state employees in accordance with the provisions of IRC Section 401(k).

Basis of Accounting

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental fund types that build the fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual 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 year end.

The State of Texas considers receivables collected within sixty (60) 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.

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

Basis of Accounting (continued)

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 unmatured debt service (principal and interest) on general long-term liabilities
- Long-term capital leases
- Long-term claims and judgments
- Full accrual revenues and expenses

Proprietary funds, pension trust funds, external investment trust funds and private-purpose trust funds are accounted for on the full accrual basis of accounting. Under the full accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Operating expenses for the enterprise and internal services funds include the cost of sales and services, administrative expenses and depreciation on capital assets.

Budget and Budgetary Accounting

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

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

Assets, Liabilities and Fund Balances/Net Position

ASSETS

Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

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 purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets (such as works of art and historical treasures) are not depreciated. Road and highway infrastructure is reported on the modified accrual basis. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

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

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

Assets, Liabilities and Fund Balance/Net Position (continued)

Federal Receivables

Federal Receivables include year-end federal revenue accruals not included in any other receivable category.

Other Receivables - Current and Noncurrent

The disaggregation of other receivables as reported in the financial statements is disclosed in Note 24.

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.

Other Payables - Current and Noncurrent

The disaggregation of other payables as reported in the financial statements is disclosed in Note 24.

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.

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.

Fund Balance Components

Fund balances for governmental funds are classified as nonspendable, restricted, committed, assigned or unassigned in the fund financial statements.

- **Nonspendable fund balance** includes amounts not available to be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- **Restricted fund balance** includes those resources that have constraints placed on their use through external parties - such as creditors, grantors, contributors, laws or regulations of other governments - or by law through constitutional provisions or enabling legislation.

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

FUND BALANCE / NET POSITION (continued)

- **Committed fund balance** can be used only for specific purposes pursuant to constraints imposed through legislation passed into law 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 the constraints do not meet the requirements to be reported as restricted or 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 classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

Net Investment In Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

Unrestricted net position consists of net resources 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 ACTIVITIES AND TRANSACTIONS

The agency has the following types of transactions between funds:

1. **Transfers** - Legally required transfers that are reported when incurred as "Transfers In" by the recipient fund and as "Transfers Out" by the disbursing fund.
2. **Reimbursements** - Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.
3. **Interfund receivables and payables** - Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter, the balance is classified as "current". Balances for repayment due in two (or more) years are classified as "noncurrent".

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TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

INTERFUND ACTIVITIES AND TRANSACTIONS (continued)

4. **Interfund Sales and Purchases** - Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund (interfund services provided) and expenditures or expenses of the disbursing fund (interfund services used).

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

NOTE 2: Capital Assets

Revenue received from the sale of surplus property must be transferred to unappropriated general revenue in accordance with HB 7, Sec. 20, 78th Legislature, Regular Session. In fiscal year 2016, the Texas Department of Family and Protective Services received no revenue from the sale of surplus property.

A summary of changes in Capital Assets for the year ended August 31, 2016 is presented below:

	PRIMARY GOVERNMENT							Balance 8/31/16
	Balance 9/1/15	Adjustments	Reclassifications Completed CIP	Reclassifications Inc-Int'agy Trans	Reclassifications Dec-Int'agy Trans	Additions	Deletions	
GOVERNMENTAL ACTIVITIES								
Non-depreciable or Non-amortizable Assets								
Construction in Progress	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$24,631.40	\$0.00	\$24,631.40
Other Intangible Capital Assets								\$0.00
Other Capital Assets								\$0.00
Total Non-depreciable or Non-amortizable Assets	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$24,631.40	\$0.00	\$24,631.40
Depreciable Assets								
Furniture and Equipment	\$11,748,310.90	\$0.00	\$0.00	\$0.00	\$0.00	\$63,645.99	(\$31,632.04)	\$11,780,324.85
Vehicles, Boats and Aircraft	\$20,989.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$20,989.00
Other Capital Assets								\$0.00
Total Depreciable Assets at Historical Cost	\$11,769,299.90	\$0.00	\$0.00	\$0.00	\$0.00	\$63,645.99	(\$31,632.04)	\$11,801,313.85
Less Accumulated Depreciation for:								
Furniture and Equipment	(\$11,364,031.86)	\$0.00	\$0.00	\$0.00	\$0.00	(\$144,719.14)	\$31,632.04	(\$11,477,118.96)
Vehicles, Boats and Aircraft	(\$5,996.64)	\$0.00	\$0.00	\$0.00	\$0.00	(\$2,998.32)	\$0.00	(\$8,994.96)
Other Capital Assets								\$0.00
Total Accumulated Depreciation	(\$11,370,028.50)	\$0.00	\$0.00	\$0.00	\$0.00	(\$147,717.46)	\$31,632.04	(\$11,486,113.92)
Depreciable Assets, Net	\$399,271.40	\$0.00	\$0.00	\$0.00	\$0.00	(\$84,071.47)	\$0.00	\$315,199.93
Intangible Capital Assets - Amortizable								
Computer Software	\$485,793.36	\$0.00	\$0.00	\$0.00	\$0.00	\$534,700.00	\$0.00	\$1,020,493.36
Other Intangible Capital Assets - Term								\$0.00
Total Intangible Assets at Historical Cost	\$485,793.36	\$0.00	\$0.00	\$0.00	\$0.00	\$534,700.00	\$0.00	\$1,020,493.36
Less Accumulated Amortization for:								
Computer Software	(\$283,379.25)	\$0.00	\$0.00	\$0.00	\$0.00	(\$177,363.54)	\$0.00	(\$460,742.79)
Other Intangible Capital Assets - Term								\$0.00
Total Accumulated Amortization	(\$283,379.25)	\$0.00	\$0.00	\$0.00	\$0.00	(\$177,363.54)	\$0.00	(\$460,742.79)
Amortizable Assets, Net	\$202,414.11	\$0.00	\$0.00	\$0.00	\$0.00	\$357,336.46	\$0.00	\$559,750.57
Governmental Activities Capital Assets, Net	\$601,685.51	\$0.00	\$0.00	\$0.00	\$0.00	\$297,896.39	\$0.00	\$899,581.90

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TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

NOTE 3: Deposits, Investments and Repurchase Agreements

The Texas Department of Family and Protective Services is authorized by statute to make investments following the "prudent person rule". There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

As of August 31, 2016, the carrying amount of deposits was \$5,997,613.60 as presented below.

Governmental and Business-Type Activities	
CASH IN BANK-CARRYING AMOUNT	\$1,750,000.00
Total Cash In Bank per AFR	\$1,750,000.00
Governmental Funds Current Assets Cash In Bank	\$1,750,000.00
Cash In Bank per AFR	\$1,750,000.00
Fiduciary Funds	
CASH IN BANK-CARRYING AMOUNT	\$4,247,613.60
Total Cash In Bank per AFR	\$4,247,613.60
Fiduciary Funds Cash In Bank	\$4,247,613.60
Cash In Bank per AFR	\$4,247,613.60

These amounts consist of all cash in local banks and a portion of short-term investments. These amounts are included on the combined statement of net position as part of the "cash and cash equivalents" and "securities lending collateral" accounts.

As of August 31, 2016, the total bank balance was as follows.

Governmental and Business-Type Activities	\$1,530,470.80	Fiduciary Funds	\$4,247,613.60
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Investments

N/A

Reverse Repurchase Agreements

N/A

Securities Lending

N/A

NOTE 4: Short-Term Debt

N/A

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TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

NOTE 5: Long-Term Liabilities

Changes in Long-Term Liabilities

The following changes occurred in liabilities during the year ending August 31, 2016:

Governmental Activities	Balance 09/01/15	Additions	Reductions	Balance 08/31/16	Amounts Due Within One Year	Amounts Due Thereafter
Claims and Judgments	\$0.00	\$1,250,000.00	\$0.00	\$1,250,000.00	\$0.00	\$1,250,000.00
Employees' Compensable Leave	79,475,730.59	81,936,646.55	74,966,676.52	86,445,700.62	49,689,845.90	36,755,854.72
Total Governmental Activities	\$79,475,730.59	\$83,186,646.55	\$74,966,676.52	\$87,695,700.62	\$49,689,845.90	\$38,005,854.72

Notes and Loans Payable

N/A

Claims and Judgments

The Texas Department of Family and Protective Services was involved in litigation regarding compensation for CPS employee overtime. The settlement of \$1,250,000.00 was accrued but unpaid as of August 31, 2016.

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. For these fund types, the liability for unpaid benefits is recorded in the statement of net position. Both an expense and a liability for business-type activities are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting employees accumulating rights to receive sick pay benefits.

Pollution Remediation Obligations

N/A

Liabilities Payable from Restricted Assets

N/A

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TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

NOTE 6: Bonded Indebtedness

N/A

NOTE 7: Derivatives

N/A

NOTE 8: Leases

Operating Leases

Included in the expenditures reported in the financial statements are the following amounts of rent paid or due under operating lease obligations for information technology hardware:

Fund Type	Amount
General Fund	\$4,318,715.81

Future minimum lease rental payments under non-cancelable operating leases for information technology hardware having an initial term in excess of one year are:

Year Ended August 31	
2017	\$2,881,970.31
2018	\$1,078,708.14
2019	\$24,038.33
2020	\$0.00
Total Minimum Future Lease Rental Payments	\$3,984,716.78

This is only current obligated leases and does not include any future leases.

NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan

N/A

NOTE 10: Deferred Compensation

N/A

NOTE 11: Post Employment Health Care and Life Insurance Benefits

N/A

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TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

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 or Due To Other Agencies
- Due From or Due To Other Funds
- Transfers In or Transfers Out
- Legislative Transfers In or Legislative Transfers Out

The Texas Department of Family and Protective Services 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 as of August 31, 2016, follows:

	Legislative Transfers In	Legislative Transfers Out
General Revenue (01)		
Appd Fund 0001, D23 Fund 0001		
Agy 529, D23 Fund 0001	\$5,818,139.00	
Total Legislative Transfers	\$5,818,139.00	

NOTE 13: Continuance Subject To Review

Senate Bill 200, the Sunset bill on the Health and Human Services Commission, continued DFPS as an independent agency under the HHSC umbrella until 2023, when it would be subject to a full Sunset review in conjunction with a separate assessment of the consolidation of the health and human services system by the Sunset Commission.

Senate Bill 206, Sec. 40.003. SUNSET PROVISION. The Department of Family and Protective Services is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the department is abolished and this chapter expires September 1, 2027.

NOTE 14: Adjustments to Fund Balances and Net Position

N/A

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TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

NOTE 15: Contingencies and Commitments

Unpaid Claims and Lawsuits

As of August 31, 2016, certain lawsuits were pending against The Department of Family and Protective Services. The lawsuits, which may present contingent liabilities, are displayed below.

Type of Litigation	Number of Lawsuits	Range of Damages
Civil Rights	7	Not Specified
Employment	1	Not Specified
General Litigation	30	Not Specified
Injunctive Relief	4	\$100,000.00 - Not Specified
Tort	6	\$250,000.00 - Not Specified

Any dollar amounts associated with any particular case represent only the amount specified by the plaintiff(s), if an amount was specified. We believe that most cases will be resolved favorably to the agency without payment of any monies to the plaintiff(s).

Federal Assistance

The Department of Family and Protective Services receives federal financial assistance for specific purposes that are subject to review or audit by the federal grantor agencies. Entitlement to this assistance is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of assistance for allowable purposes. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowance (if any) will be immaterial.

NOTE 16: Subsequent Events

N/A

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TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

NOTE 17: Risk Management

The Texas Department of Family and Protective Services 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. The agency currently purchases two insurance policies: Volunteer Insurance and Hired and Non-Owned Automobile Liability Insurance. The agency assumes substantially all risks associated with tort and liability claims due to the performance of its duties.

The agency's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There were no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years. Changes in the balances of the agency's claims liabilities during fiscal year 2016 were:

	Beginning Balance	Increases	Decreases	Ending Balance
2016	\$0.00	\$10,103.48	\$(10,103.48)	\$0.00

The \$10,103.48 is made up of two claims which were settled in September 2016 for \$9,093.14 and \$1,010.34.

NOTE 18: Management's Discussion and Analysis (MD&A)

N/A

NOTE 19: The Financial Reporting Entity

N/A

NOTE 20: Stewardship, Compliance and Accountability

N/A

NOTE 21: Not Applicable to the AFR

N/A

NOTE 22: Donor Restricted Endowments

N/A

NOTE 23: Extraordinary and Special Items

N/A

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TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

NOTE 24: Disaggregation of Receivable and Payable Balances

Net other receivables as of August 31, 2016, as reported in the general fund (Exhibit I), are detailed by type as follows:

Federal Receivable

<u>Federal Receivable Program</u>	<u>Amount</u>
Health and Human Services	<u>\$31,543,094.44</u>
Total Net Federal Receivable	<u>\$31,543,094.44</u>
<u>As Reported on the Financial Statements</u>	
Current Federal Receivable	<u>\$31,543,094.44</u>
Total Net Federal Receivable	<u>\$31,543,094.44</u>

NOTE 25: Termination Benefits

N/A

NOTE 26: Segment Information

N/A

NOTE 27: Service Concession Arrangements

N/A

NOTE 28: Deferred Outflows of Resources and Deferred Inflows of Resources

N/A

NOTE 29: Troubled Debt Restructuring

N/A

NOTE 30: Non-Exchange Financial Guarantees

N/A

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)
Exhibit A-1 - Combining Balance Sheet - All General and Consolidated Funds
For the Fiscal Year Ended August 31, 2016

	<u>General</u>		
	<u>General Revenue Fund (0001) U/F (0001)</u>	<u>American Recovery and Reinvestment Act Fund (0369) U/F (0001)</u>	<u>Federal Child Welfare Services Fund (0037) U/F (0037)</u>
ASSETS			
Current Assets:			
Cash			
On Hand	\$ 97,228.63	\$ -	\$ -
In Bank	1,750,000.00	-	-
In State Treasury	-	-	-
Legislative Appropriations	223,300,542.23	-	-
Receivables From:			
Federal	-	-	31,543,094.44
Due From Other Funds	32,717,673.27	-	-
Due From Other Agencies	13,551.12	-	1,879,436.87
Total Current Assets	<u>257,878,995.25</u>	<u>-</u>	<u>33,422,531.31</u>
Total Assets	<u>\$ 257,878,995.25</u>	<u>\$ -</u>	<u>\$ 33,422,531.31</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts	\$ 69,426,379.78	\$ -	\$ -
Payroll	61,666,146.90	-	-
Due To Other Funds	-	-	32,717,673.27
Due To Other Agencies	7,814,938.56	-	704,858.04
Total Current Liabilities	<u>138,907,465.24</u>	<u>-</u>	<u>33,422,531.31</u>
Total Liabilities	<u>\$ 138,907,465.24</u>	<u>\$ -</u>	<u>\$ 33,422,531.31</u>
Fund Balances (Deficits):			
Restricted	\$ -	\$ -	\$ -
Committed	-	-	-
Assigned	-	-	-
Unassigned	118,971,530.01	-	-
Total Fund Balances	<u>118,971,530.01</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 257,878,995.25</u>	<u>\$ -</u>	<u>\$ 33,422,531.31</u>

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Consolidated Funds				
License Plates Trust Fund (0802) U/F (0802)	Sexual Assault Program Fund (5010) U/F (5010)	Child Abuse Neglect/Prev Oper Fund (5084) U/F (5084)	Child Abuse Neglect/Prev Trust Fund (5085) U/F (5085)	Total (Ex I)
\$ -	\$ -	\$ -	\$ -	\$ 97,228.63
-	-	-	-	1,750,000.00
-	-	361,280.48	12,864,503.19	13,225,783.67
-	-	-	-	223,300,542.23
-	-	-	-	31,543,094.44
-	-	-	337,144.45	33,054,817.72
6,904.50	-	-	-	1,899,892.49
<u>6,904.50</u>	<u>-</u>	<u>361,280.48</u>	<u>13,201,647.64</u>	<u>304,871,359.18</u>
<u>\$ 6,904.50</u>	<u>\$ -</u>	<u>\$ 361,280.48</u>	<u>\$ 13,201,647.64</u>	<u>\$ 304,871,359.18</u>
\$ 6,904.50	\$ -	\$ 24,136.03	\$ -	\$ 69,457,420.31
-	-	-	-	61,666,146.90
-	-	337,144.45	-	33,054,817.72
-	-	-	-	8,519,796.60
<u>6,904.50</u>	<u>-</u>	<u>361,280.48</u>	<u>-</u>	<u>172,698,181.53</u>
<u>\$ 6,904.50</u>	<u>\$ -</u>	<u>\$ 361,280.48</u>	<u>\$ -</u>	<u>\$ 172,698,181.53</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	13,201,647.64	13,201,647.64
-	-	-	-	-
-	-	-	-	118,971,530.01
-	-	-	13,201,647.64	132,173,177.65
<u>6,904.50</u>	<u>-</u>	<u>361,280.48</u>	<u>13,201,647.64</u>	<u>304,871,359.18</u>
<u>\$ 6,904.50</u>	<u>\$ -</u>	<u>\$ 361,280.48</u>	<u>\$ 13,201,647.64</u>	<u>\$ 304,871,359.18</u>

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

**Exhibit A-2 - Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances – All General and Consolidated Funds**

For the Fiscal Year Ended August 31, 2016

	General		
	General Revenue Fund (0001) U/F (0001)	American Recovery and Reinvestment Act Fund (0369) U/F (0001)	Federal Child Welfare Services Fund (0037) U/F (0037)
REVENUES			
Legislative Appropriations:			
Original Appropriations (GR)	\$ 926,154,825.16	\$ -	\$ -
Additional Appropriations (GR)	134,701,279.02	-	-
Federal Revenue (PR-Operating or Capital)	(9,995,305.18)	-	424,795,560.11
Federal Grant Pass-Through Revenue (GR)	280,342.43	-	443,722,984.85
State Grant Pass-Through Revenue	118,906.42	-	-
Licenses, Fees & Permits (PR-C/S)	588,826.80	-	-
Licenses, Fees & Permits (PR-OP G/C)	-	-	-
Interest and Other Investment Income (GR)	11,358.81	-	-
Interest and Other Investment Income (PR-OP G/C)	-	-	-
Sales of Goods and Services (PR-C/S)	31,982.60	-	-
Other (PR-OP G/C)	10,858,205.43	-	-
Total Revenues	1,062,750,421.49	-	868,518,544.96
EXPENDITURES			
Salaries and Wages	569,496,835.28	-	-
Payroll Related Costs	185,307,607.38	-	-
Professional Fees and Services	17,608,106.34	-	-
Travel	53,252,348.18	-	-
Materials and Supplies	8,078,523.70	-	-
Communication and Utilities	12,217,699.62	-	-
Repairs and Maintenance	25,436,943.72	-	-
Rentals & Leases	5,276,417.71	-	-
Printing and Reproduction	2,075,452.46	-	-
Claims and Judgments	10,103.48	-	-
Federal Pass-Through Expenditures	9,551,059.36	-	-
Public Assistance Payments	878,605,503.04	-	-
Other Expenditures	110,184,131.41	-	-
Capital Outlay	622,977.39	-	-
Total Expenditures	1,877,723,709.07	-	-
Excess (Deficiency) of Revenues Over Expenditures	(814,973,287.58)	-	868,518,544.96
OTHER FINANCING SOURCES (USES)			
Transfers In	881,276,387.81	-	-
Transfers Out	(16,764,866.27)	-	(868,518,544.96)
Legislative Transfers In	5,818,139.00	-	-
Legislative Transfers Out	-	-	-
Total Other Financing Sources (Uses)	870,329,660.54	-	(868,518,544.96)
Net Change in Fund Balances	55,356,372.96	-	-
FUND FINANCIAL STATEMENT-FUND BALANCES			
Fund Balances--Beginning September 1, 2015	68,859,808.33	-	-
Restatements	-	-	-
Fund Balances, September 1, 2015 as Restated	68,859,808.33	-	-
Appropriations Lapsed	(5,244,651.28)	-	-
Fund Balances, August 31, 2016	\$ 118,971,530.01	\$ -	\$ -

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Consolidated Funds				
License Plates Trust Fund (0802) U/F (0802)	Sexual Assault Program Fund (5010) U/F (5010)	Child Abuse Neglect/Prev Oper Fund (5084) U/F (5084)	Child Abuse Neglect/Prev Trust Fund (5085) U/F (5085)	Total (Ex II)
\$ -	\$ -	\$ -	\$ -	\$ 926,154,825.16
-	-	-	-	134,701,279.02
-	-	-	-	414,800,254.93
-	-	-	-	444,003,327.28
-	-	-	-	118,906.42
-	-	-	-	588,826.80
8,519.13	-	-	4,089,347.36	4,097,866.49
-	-	-	-	11,358.81
-	-	-	95,333.84	95,333.84
-	-	-	-	31,982.60
-	-	-	-	10,858,205.43
<u>8,519.13</u>	<u>-</u>	<u>-</u>	<u>4,184,681.20</u>	<u>1,935,462,166.78</u>
-	-	-	-	569,496,835.28
-	-	-	-	185,307,607.38
-	-	-	-	17,608,106.34
-	-	-	-	53,252,348.18
-	-	-	-	8,078,523.70
-	-	-	-	12,217,699.62
-	-	-	-	25,436,943.72
-	-	-	-	5,276,417.71
-	-	-	-	2,075,452.46
-	-	-	-	10,103.48
-	-	-	-	9,551,059.36
8,519.13	-	4,310,610.48	-	882,924,632.65
-	-	-	-	110,184,131.41
-	-	-	-	622,977.39
<u>8,519.13</u>	<u>-</u>	<u>4,310,610.48</u>	<u>-</u>	<u>1,882,042,838.68</u>
-	-	(4,310,610.48)	4,184,681.20	53,419,328.10
-	-	4,310,610.48	12,911,329.99	898,498,328.28
-	-	-	(17,221,940.47)	(902,505,351.70)
-	-	-	-	5,818,139.00
-	-	-	-	-
-	-	<u>4,310,610.48</u>	<u>(4,310,610.48)</u>	<u>1,811,115.58</u>
-	-	-	(125,929.28)	55,230,443.68
-	-	-	13,327,576.92	82,187,385.25
-	-	-	-	-
-	-	-	13,327,576.92	82,187,385.25
-	-	-	-	(5,244,651.28)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,201,647.64</u>	<u>\$ 132,173,177.65</u>

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)
Exhibit J-1 - Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended August 31, 2016

	Beginning Balance <u>September 1, 2015</u>	Additions	Reductions	Ending Balance <u>August 31, 2016</u>
OTHER AGENCY FUNDS				
1. Child Support Deductions (0807) U/F (8070)				
ASSETS				
Cash in State Treasury	\$ 74,956.59	\$ 1,013,361.99	\$ 1,006,630.10	\$ 81,688.48
Total Assets	<u>\$ 74,956.59</u>	<u>\$ 1,013,361.99</u>	<u>\$ 1,006,630.10</u>	<u>\$ 81,688.48</u>
LIABILITIES				
Funds Held for Others	\$ 74,956.59	\$ 1,013,361.99	\$ 1,006,630.10	\$ 81,688.48
Total Liabilities	<u>\$ 74,956.59</u>	<u>\$ 1,013,361.99</u>	<u>\$ 1,006,630.10</u>	<u>\$ 81,688.48</u>
2. Suspense Fund (0900) U/F (0900, 0910, 0920, 0930, 9015, 9016)				
ASSETS				
Cash in Bank	\$ 5,588,647.39	\$ 751,328.91	\$ 2,092,362.70	\$ 4,247,613.60
Cash in State Treasury	3,438,387.04	21,034,668.57	20,860,029.26	3,613,026.35
Total Assets	<u>\$ 9,027,034.43</u>	<u>\$ 21,785,997.48</u>	<u>\$ 22,952,391.96</u>	<u>\$ 7,860,639.95</u>
LIABILITIES				
Funds Held for Others	\$ 9,027,034.43	\$ 20,745,916.53	\$ 21,912,311.01	\$ 7,860,639.95
Total Liabilities	<u>\$ 9,027,034.43</u>	<u>\$ 20,745,916.53</u>	<u>\$ 21,912,311.01</u>	<u>\$ 7,860,639.95</u>
3: Direct Deposit Correction (0980) U/F (0980 & 9014)				
ASSETS				
Cash in State Treasury	\$ 8,345.55	\$ 283,137.47	\$ 283,304.20	\$ 8,178.82
Total Assets	<u>\$ 8,345.55</u>	<u>\$ 283,137.47</u>	<u>\$ 283,304.20</u>	<u>\$ 8,178.82</u>
LIABILITIES				
Funds Held for Others	\$ 8,345.55	\$ 283,137.47	\$ 283,304.20	\$ 8,178.82
Total Liabilities	<u>\$ 8,345.55</u>	<u>\$ 283,137.47</u>	<u>\$ 283,304.20</u>	<u>\$ 8,178.82</u>
4. Unappropriated General Revenue (1000) U/F (1001)				
ASSETS				
Cash in State Treasury	\$ -	\$ 1,857,178.24	\$ 1,857,178.24	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 1,857,178.24</u>	<u>\$ 1,857,178.24</u>	<u>\$ -</u>
LIABILITIES				
Funds Held for Others	\$ -	\$ 1,857,178.24	\$ 1,857,178.24	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 1,857,178.24</u>	<u>\$ 1,857,178.24</u>	<u>\$ -</u>

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Exhibit J-1 - (Continued)

	Beginning Balance September 1, 2015	Additions	Reductions	Ending Balance August 31, 2016
Totals - All Agency Funds				
ASSETS				
Cash in Bank	\$ 5,588,647.39	\$ 751,328.91	\$ 2,092,362.70	\$ 4,247,613.60
Cash in State Treasury	3,521,689.18	24,188,346.27	24,007,141.80	\$ 3,702,893.65
Total Assets	<u>\$ 9,110,336.57</u>	<u>\$ 24,939,675.18</u>	<u>\$ 26,099,504.50</u>	<u>\$ 7,950,507.25</u>
LIABILITIES				
Funds Held for Others	\$ 9,110,336.57	\$ 23,899,594.23	\$ 25,059,423.55	\$ 7,950,507.25
Total Liabilities	<u>\$ 9,110,336.57</u>	<u>\$ 23,899,594.23</u>	<u>\$ 25,059,423.55</u>	<u>\$ 7,950,507.25</u>

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TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Schedule 1A - Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended August 31, 2016

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Pass-Through From		
		Agy./ Univ. #	Agencies or Univ. Amount	Non-State Entities Amount
U.S. Department of Health and Human Services				
<u>Direct Programs:</u>				
Guardianship Assistance	93.090		\$ -	\$ -
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program	93.505		-	-
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program	93.505		-	-
Pass-Through To:				
Texas Tech University Health Sciences Center			-	-
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program			-	-
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program			-	-
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program			-	-
Pass-Through To:				
Promoting Safe and Stable Families	93.556		-	-
Community-Based Child Abuse Prevention Grants	93.590		-	-
Chafee Education & Training Vouchers Program	93.599		-	-
Adoption and Legal Guardianship Incentive Payments	93.603		-	-
Children's Justice Grants to States	93.643		-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645		-	-
Adoption Opportunities	93.652		-	-
Foster Care - Title IV-E	93.658		-	-
Pass-Through To:				
Texas Juvenile Justice Department			-	-
Tarleton State University			-	-
University of Texas at Arlington			-	-
University of Texas at Austin			-	-
University of Texas at El Paso (New)			-	-
University of Houston			-	-
Texas Women's University			-	-
Texas A & M University - Kingsville			-	-
Lamar University			-	-
University of Texas - San Antonio			-	-
University of Texas - Pan American			-	-
Texas A & M University - Commerce			-	-
University of North Texas			-	-
Texas State University - San Marcos			-	-
Stephen F. Austin State University			-	-
Adoption Assistance	93.659		-	-
Child Abuse & Neglect State Grants	93.669		-	-
Chafee Foster Care Independence Program	93.674		-	-
Elder Abuse Prevention Interventions Projects	93.747		-	-
U.S. Department of Health and Human Services				
Pass-Through From:				
Health and Human Services Commission				
Refugee & Entrant Assistance	93.566	529	6,178,040.32	-
Social Services Block Grant	93.667	529	39,061,428.66	-
Total U.S. Department of Health and Human Services			\$ 45,239,468.98	\$ -

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Direct Program Amount	Total Pass Through From & Direct Program	Pass-Through To			Expenditures Amount	Total Pass Through To & Expenditures
		Agy./ Univ. #	State Agy or Univ. Amount	Non-State Entities Amount		
\$ 6,262,176.18	\$ 6,262,176.18		\$ -	\$ -	\$ 6,262,176.18	\$ 6,262,176.18
4,371,968.92	4,371,968.92		-	-	4,371,968.92	4,371,968.92
214,997.88	214,997.88	739	214,997.88	-	-	214,997.88
519,536.93	519,536.93	742	519,536.93	-	-	519,536.93
55,689.66	55,689.66	752	55,689.66	-	-	55,689.66
322,134.06	322,134.06	785	322,134.06	-	-	322,134.06
38,211,784.46	38,211,784.46		-	8,100,634.11	30,111,150.35	38,211,784.46
4,367,187.93	4,367,187.93		-	1,537,394.88	2,829,793.05	4,367,187.93
1,923,807.02	1,923,807.02		-	-	1,923,807.02	1,923,807.02
11,994,563.24	11,994,563.24		-	-	11,994,563.24	11,994,563.24
45,489.26	45,489.26		-	-	45,489.26	45,489.26
19,419,919.94	19,419,919.94		-	-	19,419,919.94	19,419,919.94
214,884.84	214,884.84		-	205,736.98	9,147.86	214,884.84
191,909,770.00	191,909,770.00		-	4,428,318.37	187,481,451.63	191,909,770.00
3,840,977.85	3,840,977.85	644	3,840,977.85	-	-	3,840,977.85
136,931.29	136,931.29	713	136,931.29	-	-	136,931.29
613,754.86	613,754.86	714	613,754.86	-	-	613,754.86
528,449.66	528,449.66	721	528,449.66	-	-	528,449.66
269,749.42	269,749.42	724	269,749.42	-	-	269,749.42
733,523.13	733,523.13	730	733,523.13	-	-	733,523.13
206,914.08	206,914.08	731	206,914.08	-	-	206,914.08
57,953.92	57,953.92	732	57,953.92	-	-	57,953.92
63,344.28	63,344.28	734	63,344.28	-	-	63,344.28
242,745.44	242,745.44	743	242,745.44	-	-	242,745.44
134,252.38	134,252.38	746	134,252.38	-	-	134,252.38
298,874.66	298,874.66	751	298,874.66	-	-	298,874.66
208,602.28	208,602.28	752	208,602.28	-	-	208,602.28
610,734.91	610,734.91	754	610,734.91	-	-	610,734.91
110,950.54	110,950.54	755	110,950.54	-	-	110,950.54
125,214,684.42	125,214,684.42		-	-	125,214,684.42	125,214,684.42
2,495,603.40	2,495,603.40		-	-	2,495,603.40	2,495,603.40
9,173,534.00	9,173,534.00		-	-	9,173,534.00	9,173,534.00
310,868.22	310,868.22		-	-	310,868.22	310,868.22
-	6,178,040.32		-	5,928,687.37	249,352.95	6,178,040.32
-	39,061,428.66		-	-	39,061,428.66	39,061,428.66
\$ 425,086,359.06	\$ 470,325,828.04		\$ 9,170,117.23	\$ 20,200,771.71	\$ 440,954,939.10	\$ 470,325,828.04

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Schedule 1A (continued)

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Agy./ Univ. #	Pass-Through From	
			Agencies or Univ. Amount	Non-State Entities Amount
Child Care Cluster				
U.S. Department of Health and Human Services				
Pass-Through From:				
Texas Workforce Commission Child Care & Development Block Grant	93.575	320	\$ 37,479,908.88	
Totals - U.S. Department of Health and Human Services			<u>\$ 37,479,908.88</u>	
Medicaid Cluster				
U.S. Department of Health and Human Services				
Pass-Through From:				
Health and Human Services Commission Medical Assistance Program	93.778	529	13,130,855.46	-
Totals - U.S. Department of Health and Human Services			<u>\$ 13,130,855.46</u>	<u>\$ -</u>
Temporary Assistance for Needy Families				
Pass-Through To:				
Texas Tech University Health Sciences Center	93.558	739	-	-
U.S. Department of Health and Human Services				
Pass-Through From:				
Health and Human Services Commission Temporary Assistance for Needy Families TANF (ARRA)	93.558	529	345,633,066.89	-
	93.714	529	2,520,027.07	-
Totals - U.S. Department of Health and Human Services			<u>\$ 348,153,093.96</u>	<u>\$ -</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 444,003,327.28</u>	<u>\$ -</u>

Note 2 - Reconciliation

Per Combined Statement of Revenues, Expenditures, and Changes
in Fund Balance - All Governmental Fund Types (Exh II):
Federal Revenues (Exh II)
Federal Pass-Through Revenues (Exh II)
Total Pass-Through and Expenditures per Federal Schedule

Reconciling item - ERS Post-Retirement Benefits (EFF) (\$10,667,046.26)

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Schedule 1A (continued)

Direct Program Amount	Total PT From & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
		Agy./ Univ. #	State Agy or Univ. Amount	Non-State Entities Amount		
\$ -	\$ 37,479,908.88		\$ -	\$ -	\$ 37,479,908.88	\$ 37,479,908.88
\$ -	\$ 37,479,908.88		\$ -	\$ -	\$ 37,479,908.88	\$ 37,479,908.88
-	13,130,855.46		-	-	13,130,855.46	13,130,855.46
\$ -	\$ 13,130,855.46		\$ -	\$ -	\$ 13,130,855.46	\$ 13,130,855.46
380,942.13	380,942.13	739	380,942.13	-	-	380,942.13
-	345,633,066.89		-	-	345,633,066.89	345,633,066.89
-	2,520,027.07		-	-	2,520,027.07	2,520,027.07
\$ 380,942.13	\$ 348,534,036.09		\$ 380,942.13	\$ -	\$ 348,153,093.96	\$ 348,534,036.09
\$ 425,467,301.19	\$ 869,470,628.47		\$ 9,551,059.36	\$ 20,200,771.71	\$ 839,718,797.40	\$ 869,470,628.47

\$ 425,467,301.19
 444,003,327.28
\$ 869,470,628.47

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Organizational and General Comments

House Bill 7, 72nd Legislature, First Called Session (1991) created the Department of Protective and Regulatory Services (Department). The new Department was charged with protecting children, adults who are elderly or have disabilities living at home or in state facilities, and licensing group day-care homes, day-care centers, and registered family homes.

Effective February 1, 2004, the Texas Department of Protective and Regulatory Services (PRS), changed its name to the Texas Department of Family and Protective Services (DFPS). This change occurred as a result of House Bill 2292, the health and human services consolidation bill passed by the State of Texas 78th Legislature. The mission of the agency remains the same – “To Protect the Unprotected” through operation of the Child Protective Services (CPS), Adult Protective Services (APS), Child Care Licensing (CCL) and Prevention and Early Intervention (PEI) programs.

The Family and Protective Services Council will develop and evaluate Department policies and priorities and will provide recommendations for Department policies, rules and budget priorities. The Governor appoints nine members who form the Council with Senate concurrence, for staggered six-year terms with terms of three members expiring February 1 of each odd-numbered year. These nine members represent the public. These members have demonstrated an interest in and knowledge of problems and services related to the Department. The members serving on the Council at August 31, 2016 are listed here:

Name	Address (Texas)	Term Expires
Christina Rawls Martin, Chair	McAllen	09-01-16
Imogen Sherman Papadopoulos, Vice Chair	Houston	09-01-16
Lisa Annette Hembry	Dallas	09-01-16
Patricia Cole	Fort Worth	09-01-16
Benny Morris	Cleburne	09-01-16
Krizia Bernadette Ramirez	San Antonio	09-01-16
Scott Rosenbach	Amarillo	09-01-16
Juan Antonio Sorto	Houston	09-01-16
Linda Davis Timmerman	Dallas	09-01-16

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Organizational and General Comments (continued)

The Department administers four major assistance programs: Child Protective Services, Adult Protective Services, Child-Care Licensing, and Prevention and Early Intervention. The major functions of each of these four programs are discussed in the following paragraphs.

Child Protective Services - Investigates reports of abuse and neglect of children. Places children in foster care. Places children in permanent adoptive homes. Contracts with other agencies to provide clients with specialized services, and provide services to children and families in their own home.

Adult Protective Services - Investigates reports of abuse, neglect, and exploitation of elderly people and people with disabilities living at home or in facilities licensed by the Texas Department of Aging and Disability Services (DADS). Provides or arranges for protective services, which may include referral to other programs, respite care, and emergency assistance with food, shelter, and medical care, transportation, counseling, or other remedies. Oversees, monitors, and conducts investigations in facilities regulated by other state agencies.

Child-Care Regulation - Safeguards the basic health, safety, and well being of Texas children by developing and enforcing minimum standards for child-caring facilities and child-placing agencies. Investigates complaints and serious incidents involving day-care and residential-care facilities and, if necessary, takes corrective or adverse action. Licenses group day-care homes, day-care centers, and registered family homes child-placing agencies, and privately and publicly owned residential child-care facilities.

Prevention Services - Manages and contracts with community-based programs designed to prevent the abuse, neglect, delinquency, truancy and dropping out of school of Texas children. Also includes Texas Home Visiting Programs which provides support to targeted communities to develop and implement evidence-based home visiting programs across Texas and contribute to the development of a comprehensive early childhood system that promotes maternal, infant, and early childhood health, safety, and development, and strong parent-child relationships in these communities. Programs are administered through contracts with local community agencies or organizations. Helps local communities enhance the services that all Department programs provide.

The financial transactions applicable to the administration of these programs are recorded in the Department's General Funds. The following briefly describes each of these.

General Revenue Fund is the fund through which most of the financial activity relating to the Department is conducted. Revenues to this fund are derived primarily from federal grants, which are initially deposited to the Federal Child Welfare Services Fund and subsequently transferred to the General Revenue Fund. State appropriations and other revenues are also deposited directly to this fund. The expenditures financed from this fund include administrative and contract expenditures related to family and protective services programs.

Federal Child Welfare Services Fund is an account within the General Revenue Fund which finances those programs which are designed to deter child abuse, neglect, and truancy. Federal monies received for this purpose are initially deposited in this account and subsequently transferred to the General Revenue Fund as reimbursements of the federal share of expenditures are incurred.

Federal American Recovery & Reinvestment Act Fund (ARRA). This Fund was established to track Federal Stimulus Funds received by the State (Agency) from the Federal Government's efforts to stimulate the national economy. DFPS receives "Stimulus" funds for several programs from various sources. This fund facilitates the tracking of the receipt & disposition of the Stimulus Funds.

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Organizational and General Comments (continued)

Child Abuse and Neglect Prevention Operating Fund is an appropriated account within the General Revenue Fund. The Department may transfer money contained in the (Unappropriated) Child Abuse and Neglect Prevention Trust Fund to the Child Abuse and Neglect Prevention Operating Fund at any time. However, during a fiscal year the Department may not transfer more than the amount appropriated for the Child Abuse and Neglect Prevention Operating Fund for that fiscal year.

Child Abuse and Neglect Prevention Trust Fund is an unappropriated account within the General Revenue Fund. It receives \$20.00 of each fee collected for issuing a marriage license or \$12.50 of each fee for recording a declaration of informal marriage under 118.022, Local Government Code and donations. Amounts credited to this account under 118.022, Local Government Code that were transferred to the appropriated account are used only for child abuse and neglect prevention programs.

Specialty License Plates General Fund is an appropriated account within the General Revenue Fund which is used to fund programs and services supporting abused and neglected children under Section 264.004, Family Code. Monies received for specialty license plates are deposited in this account for that purpose.

Sexual Assault Program Fund is an appropriated account within the General Revenue Fund. Section 18.06 of Article IX - Contingency Provision: Sexual Assault Prevention and Intervention - authorizes the appropriated funding from the General Revenue-Dedicated Account No. 5010 contingent on a final judgment upholding Section 102.054, Business & Commerce Code Section.

Miscellaneous Comments

For the year ended August 31, 2016, the Texas Comptroller of Public Accounts issued no exception letters for Department of Family and Protective Services purchases made by the HHSC Enterprise Contract and Procurement Services unit in accordance with Article 601B, Section 3.09, and V.T.C.S.

Department of Family and Protective Services

