



Annual Financial Report

UNAUDITED

Texas Department of Aging and Disability Services

Austin, TX

For the Fiscal Year Ended August 31, 2017





Annual Financial Report

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Austin, TX

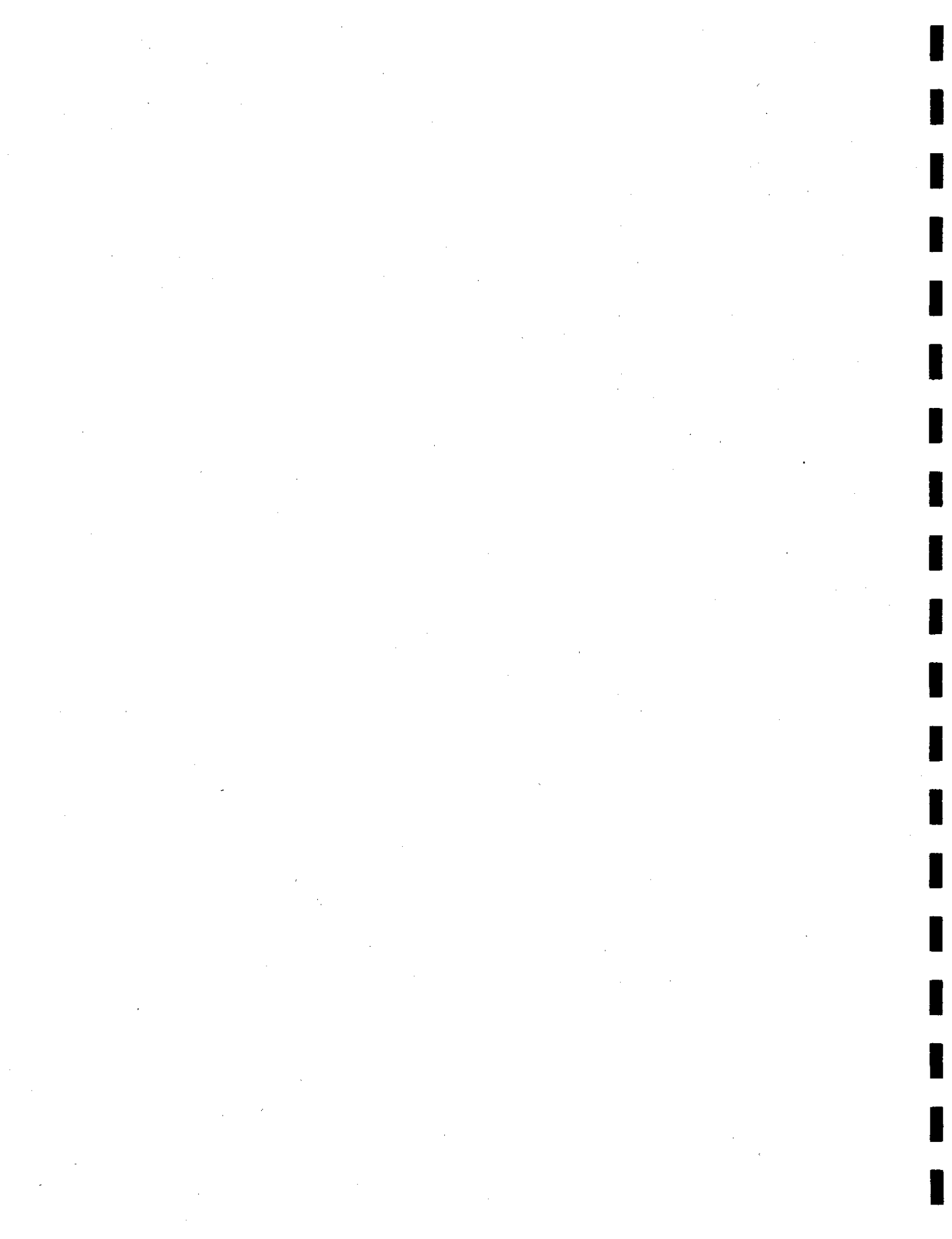
For the Fiscal Year Ended August 31, 2017



UNAUDITED
TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

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TEXAS
Health and Human
Services

Texas Health and Human Services Commission

Charles Smith
Executive Commissioner

November 15, 2017

The Honorable Greg Abbott
Governor
State Capitol Building, Room 2S.1
Austin, Texas 78701

Dear Governor Abbott:

We are pleased to submit the Annual Financial Report of the Texas Department of Aging and Disability Services for the year ended August 31, 2017, in compliance with TEX. GOV'T CODE ANN §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 Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

Please let me know if you have questions or need additional information. Ms. Diane Jackson, serves as the lead staff on this matter and can be reached by telephone at (512) 424-6555 or by email at Diane.Jackson@hhsc.state.tx.us. Ms. Jackson may also be contacted for questions related to the Schedule of Expenditures of Federal Awards.

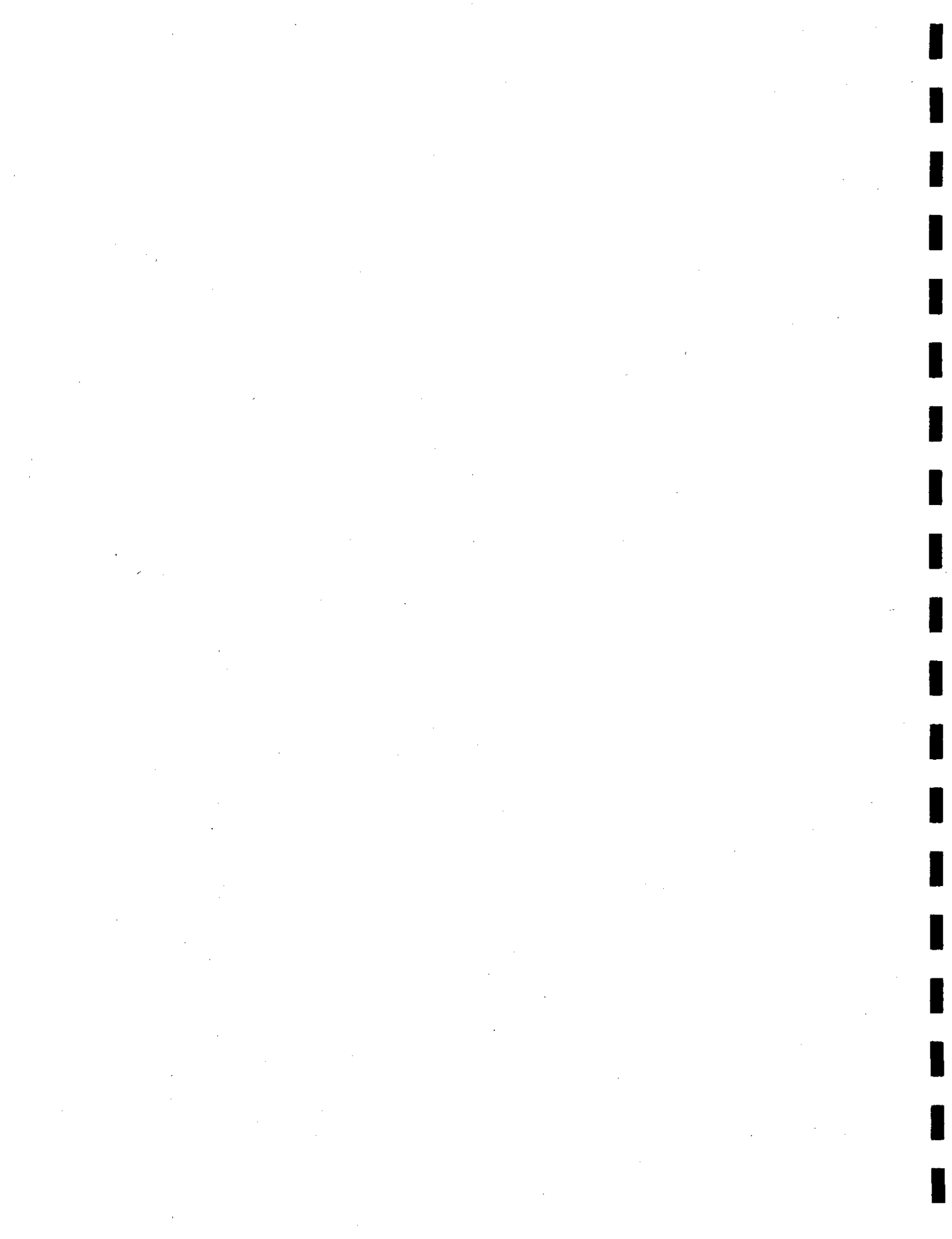
Sincerely,

A handwritten signature in black ink, appearing to read "Charles Smith", written over a horizontal line.

Charles Smith

CS:DJ:sb

Attachment



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TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT I - COMBINED BALANCE SHEET/STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS

August 31, 2017

	GOVERNMENTAL FUND TYPES		Governmental Funds Total
	General Funds (EX A-1)	Capital Projects Funds (EX D-1)	
ASSETS			
Current Assets:			
Cash (Note 3)			
On Hand	66,355.00	-	66,355.00
In Bank	114,200.00	-	114,200.00
Cash in State Treasury	37,326,255.11	-	37,326,255.11
Legislative Appropriations	93,943,773.09	-	93,943,773.09
Receivables from:			
Federal	(167,049,618.19)	-	(167,049,618.19)
Intergovernmental Other	-	-	-
Accounts Receivable	2,345,403.67	-	2,345,403.67
Other Receivables	988,963.97	-	988,963.97
Interfund Receivable (Note 12)	-	-	-
Due From Other Funds (Note 12)	(126,705,320.65)	-	(126,705,320.65)
Due From Other Agencies (Note 12)	40,441,655.52	1,894,410.83	42,336,066.35
Consumable Inventories	5,426,632.13	-	5,426,632.13
Merchandise Inventories	66,267.05	-	66,267.05
Loans & Contracts	-	-	-
Other Current Assets	-	-	-
Total Current Assets	<u>(113,035,433.30)</u>	<u>1,894,410.83</u>	<u>(111,141,022.47)</u>
Non-Current Assets:			
Other Non-Current Assets	557,198.91	-	557,198.91
Capital Assets: (Note 2)			
Non-Depreciable or Non-Amortizable	-	-	-
Depreciable or Amortizable, Net	-	-	-
Total Non-Current Assets	<u>557,198.91</u>	<u>-</u>	<u>557,198.91</u>
TOTAL ASSETS	<u>\$ (112,478,234.39)</u>	<u>\$ 1,894,410.83</u>	<u>\$ (110,583,823.56)</u>

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Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
-	-	-	66,355.00
-	-	-	114,200.00
-	-	-	37,326,255.11
-	-	-	93,943,773.09
-	-	-	(167,049,618.19)
-	-	-	-
-	-	-	2,345,403.67
-	-	-	988,963.97
-	-	-	-
-	-	-	(126,705,320.65)
-	-	-	42,336,066.35
-	-	-	5,426,632.13
-	-	-	66,267.05
-	-	-	-
-	-	-	(111,141,022.47)
-	-	-	557,198.91
-	-	-	-
-	-	-	-
-	-	-	557,198.91
\$ -	\$ -	\$ -	\$ (110,583,823.56)

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TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT I - COMBINED BALANCE SHEET/STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS

August 31, 2017

(continued)

	GOVERNMENTAL FUND TYPES		Governmental Funds Total
	General Funds (EX A-1)	Capital Projects Funds (EX D-1)	
LIABILITIES AND FUND BALANCES			
Liabilities			
Current Liabilities:			-
Payables from:			-
Accounts	52,267,225.13	1,894,410.83	54,161,635.96
Payroll	39,633,833.76	-	39,633,833.76
Other	-	-	-
Interfund Payable (Note 12)	-	-	-
Due to Other Funds (Note 12)	(126,705,320.65)	-	(126,705,320.65)
Due to Other Agencies (Note 12)	-	-	-
Deferred Revenues	-	-	-
Employees' Compensable Leave (Note 5)	-	-	-
Claims and Judgements Payable	-	-	-
Capital Lease Obligations (Note 8)	-	-	-
Pollution Remediation Obligations	-	-	-
Total Current Liabilities	<u>(34,804,261.76)</u>	<u>1,894,410.83</u>	<u>(32,909,850.93)</u>
Non-Current Liabilities			
Interfund Payable (Note 12)	-	-	-
Employees' Compensable Leave (Note 5)	-	-	-
Capital Lease Obligation (Note 8)	-	-	-
Pollution Remediation Obligations	-	-	-
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ (34,804,261.76)</u>	<u>\$ 1,894,410.83</u>	<u>\$ (32,909,850.93)</u>
Fund Balances (Deficits):			
Non Spendable	6,050,098.09	-	6,050,098.09
Restricted	-	-	-
Committed	33,675,283.04	-	33,675,283.04
Assigned	180,555.00	-	180,555.00
Unassigned	(117,579,908.76)	-	(117,579,908.76)
TOTAL FUND BALANCES	<u>\$ (77,673,972.63)</u>	<u>\$ -</u>	<u>\$ (77,673,972.63)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ (112,478,234.39)</u>	<u>\$ 1,894,410.83</u>	<u>\$ (110,583,823.56)</u>

Government-Wide Statement of Net Assets

Net Assets:

 Invested in Capital Assets, Net of Related Debt

 Restricted

 Unrestricted

Total Net Assets

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

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Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
-	-	-	-
-	-	-	54,161,635.96
-	-	-	39,633,833.76
-	-	-	-
-	-	-	(126,705,320.65)
-	-	-	-
-	27,706,942.74	-	27,706,942.74
-	-	-	-
-	32,510.88	-	32,510.88
-	<u>27,739,453.62</u>	-	<u>(5,170,397.31)</u>
-	-	-	-
-	20,450,151.29	-	20,450,151.29
-	-	-	-
-	<u>20,450,151.29</u>	-	<u>20,450,151.29</u>
\$ -	\$ <u>48,189,604.91</u>	\$ -	\$ <u>15,279,753.98</u>
-	-	-	6,050,098.09
-	-	-	33,675,283.04
-	-	-	180,555.00
-	-	-	(117,579,908.76)
\$ -	\$ -	\$ -	\$ <u>(77,673,972.63)</u>
-	-	-	-
-	(48,189,604.91)	-	(48,189,604.91)
\$ -	\$ <u>(48,189,604.91)</u>	\$ -	\$ <u>(125,863,577.54)</u>

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TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

**EXHIBIT II - COMBINED STATEMENT OF REVENUES, EXPENDITURES &
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS**
For the fiscal year ended August 31, 2017

	General Funds	Capital Projects Funds	Governmental Funds Total
REVENUES			
Legislative Appropriations:			
Original Legislative Appropriations (GR)	1,838,348,540.98	\$ -	1,838,348,540.98
Additional Appropriations (GR)	100,487,283.56	-	100,487,283.56
Federal Revenues (PR-Operating or Capital)	(149,046,358.84)	-	(149,046,358.84)
Federal Grant Pass-Through Revenues	545,071,818.04	-	545,071,818.04
State Grant Pass-Through Revenues	-	-	-
Licenses, Fees and Permits	47,376,510.42	-	47,376,510.42
Interest Income	43,177.13	-	43,177.13
Land Income	1,492,154.85	-	1,492,154.85
Settlement of Claims	-	-	-
Sales of Goods and Services (PR)	28,748,554.93	-	28,748,554.93
Other (GR)	4,160,887.75	-	4,160,887.75
TOTAL REVENUES	\$ 2,416,682,568.82	\$ -	\$ 2,416,682,568.82
EXPENDITURES			
Salaries and Wages	522,465,537.37	-	522,465,537.37
Payroll Related Costs	186,108,531.75	-	186,108,531.75
Professional Fees and Services	12,652,994.85	-	12,652,994.85
Travel	5,931,932.38	-	5,931,932.38
Materials and Supplies	231,249.03	-	231,249.03
Communication and Utilities	11,552,923.27	-	11,552,923.27
Repairs and Maintenance	673,993.09	7,682,340.00	8,356,333.09
Rentals and Leases	6,074,166.34	-	6,074,166.34
Printing and Reproduction	189,091.88	-	189,091.88
Claims and Judgments	681,005.05	-	681,005.05
Federal Grant Pass-Through Expenditures	8,149,498.90	-	8,149,498.90
State Grant Pass-Through Expenditures	-	-	-
Intergovernmental Payments	-	-	-
Public Assistance Payments	2,140.60	-	2,140.60
Other Operating Expenditures	18,659.61	176.54	18,836.15
Debt Service:			
Principal	50,766.22	-	50,766.22
Interest	-	-	-
Capital Outlay	4,450,507.53	-	4,450,507.53
Depreciation Expense (Note 2)	-	-	-
TOTAL EXPENDITURES	\$ 759,232,997.87	\$ 7,682,516.54	\$ 766,915,514.41
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	1,657,449,570.95	(7,682,516.54)	1,649,767,054.41

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Capital Asset Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
\$ -	\$ -		1,838,348,540.98
-	-		100,487,283.56
-	-		(149,046,358.84)
-	-		545,071,818.04
-	-		-
-	-		47,376,510.42
-	-		43,177.13
-	-		1,492,154.85
-	-		-
-	-		28,748,554.93
-	-		4,160,887.75
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,416,682,568.82</u>
-	(12,081,751.47)		510,383,785.90
-	-		186,108,531.75
-	-		12,652,994.85
-	-		5,931,932.38
-	-		231,249.03
-	-		11,552,923.27
-	-		8,356,333.09
-	-		6,074,166.34
-	-		189,091.88
-	-		681,005.05
-	-		8,149,498.90
-	-		-
-	-		2,140.60
-	-		18,836.15
-	(50,766.22)		-
-	-		-
(4,450,507.53)	-		-
<u>\$ (4,450,507.53)</u>	<u>\$ (12,132,517.69)</u>	<u>\$ -</u>	<u>\$ 750,332,489.19</u>
4,450,507.53	12,132,517.69	-	1,666,350,079.63

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TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

**EXHIBIT II - COMBINED STATEMENT OF REVENUES, EXPENDITURES &
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS**
For the fiscal year ended August 31, 2017

(continued)

	General Funds	Capital Projects Funds	Governmental Funds Total
OTHER FINANCING SOURCES (USES)			
Increase in Obligations - Capital Leases	-	-	-
Sale of Capital Assets	42,650.33	-	42,650.33
Insurance Recoveries	-	-	-
Transfers In	448,528,793.53	8,438,282.12	456,967,075.65
Transfers Out	(565,055,324.01)	(755,765.58)	(565,811,089.59)
Legislative Transfers In	586,000.00	-	586,000.00
Legislative Transfers Out	(1,659,547,374.15)	-	(1,659,547,374.15)
Gain (Loss) on Sale of Capital Assets	-	-	-
Inc(Dec) in Net Assets Due to Interagency Transfer	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ (1,775,445,254.30)	\$ 7,682,516.54	\$ (1,767,762,737.76)
Net Change in Pollution Remediation Obligati	-	-	-
Net Change in Fund Balances/Net Assets	(117,995,683.35)	-	(117,995,683.35)
Fund Financial Statement - Fund Balances			
Fund Balances - September 1, 2016	50,503,038.90	-	50,503,038.90
Restatements	-	-	-
Fund Balances - September 1, 2016, As Restated	<u>50,503,038.90</u>	<u>-</u>	<u>50,503,038.90</u>
Appropriations Lapsed	(10,181,328.18)	-	(10,181,328.18)
Fund Balances - August 31, 2017	<u>\$ (77,673,972.63)</u>	<u>\$ -</u>	<u>\$ (77,673,972.63)</u>
Government-Wide Statement of Net Assets			
Net Assets/Change in Net Assets			<u>(77,673,972.63)</u>
Net Assets, September 1, 2016			
Restatements			
Net Assets, September 1, 2016, As Restated			
Net Assets, August 31, 2017			<u>\$ (77,673,972.63)</u>

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

Capital Asset Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
-	63,092.86		63,092.86
(42,650.33)	-		-
-	-		456,967,075.65
-	-		(565,811,089.59)
-	-		586,000.00
456,944.35	-		(1,659,547,374.15)
(67,044,435.83)	-		456,944.35
\$ (66,630,141.81)	\$ 63,092.86	\$ -	\$ (67,044,435.83)
-	60,364.20		(1,834,329,786.71)
(62,179,634.28)	12,255,974.75		60,364.20
			(167,919,342.88)
			50,503,038.90
			-
			50,503,038.90
			(10,181,328.18)
			\$ (127,597,632.16)
(62,179,634.28)	12,255,974.75	-	(127,597,632.16)
62,537,032.29	(60,359,311.60)		2,177,720.69
(357,398.01)	(86,268.06)		(443,666.07)
62,179,634.28	(60,445,579.66)		1,734,054.62
\$ -	\$ (48,189,604.91)	\$ -	\$ (125,863,577.54)

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TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT VI - COMBINED STATEMENT OF FIDUCIARY NET ASSETS

For the Fiscal Year ended August 31, 2017

	Private Purpose Trust Funds (EX I-1)	Agency Funds (EX J-1)	TOTALS 2017
ASSETS			
Cash and Cash Equivalents (Note 3)			
Cash on Hand	-	-	-
Cash in Bank	227,637.90	1,303,454.52	1,531,092.42
Cash in State Treasury	10,225,528.90	172,176.13	10,397,705.03
Cash Equivalents	2,298,522.90	3,378,230.94	5,676,753.84
Investments	-	-	-
Receivables From:			
Interest and Dividends	-	-	-
Accounts Receivable	-	-	-
Non-Current Receivables	4,299,708.44	-	4,299,708.44
Merchandise Inventory	-	-	-
Total Assets	<u>\$ 17,051,398.14</u>	<u>\$ 4,853,861.59</u>	<u>\$ 21,905,259.73</u>
LIABILITIES			
Funds Held for Others	-	5,543,203.92	5,543,203.92
Total Liabilities	<u>\$ -</u>	<u>\$ 5,543,203.92</u>	<u>\$ 5,543,203.92</u>
NET ASSETS			
Held in Trust for			
Individuals, Organizations and Other Governments	17,051,398.14	-	17,051,398.14
Total Net Assets	<u>\$ 17,051,398.14</u>	<u>\$ -</u>	<u>\$ 17,051,398.14</u>

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TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT VII - COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the Fiscal Year Ended August 31, 2017

	Private Purpose Funds (EX I-2)	TOTALS 2017
ADDITIONS		
Sales of Goods and Services	-	-
Other Revenue	365,355.88	365,355.88
Interest Income	19,161.17	19,161.17
Licenses, Fees and Permits	-	-
Transfers In	-	-
Total Additions	\$ 384,517.05	\$ 384,517.05
DEDUCTIONS		
Material and Supplies	205,294.25	205,294.25
Communications and Utilities	9,911.61	9,911.61
Repairs and Maintenance	69,525.34	69,525.34
Rentals and Leases	19,078.73	19,078.73
Printing and Reproduction	-	-
Other Expenses	4,792.85	4,792.85
Interest Expense	-	-
Professional Fees and Services	-	-
Transfers Out	-	-
Total Deductions	\$ 308,602.78	\$ 308,602.78
Increase (Decrease) in Net Assets	75,914.27	75,914.27
Net Assets, September 1, 2016	16,975,483.87	16,975,483.87
Restatements	-	-
Net Assets, September 1, 2016 as Restated	\$ 16,975,483.87	\$ 16,975,483.87
Net Assets, August 31, 2017	\$ 17,051,398.14	\$ 17,051,398.14

NOTE 1 – Summary of Significant Accounting Policies

Entity

The Texas Department of Aging and Disability Services (DADS) 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 Aging and Disability Services (DADS) was created to administer long-term services and supports for the aging and for individuals with physical, intellectual, and developmental disabilities. DADS also licenses and regulates providers of these services and administers the state's guardianship program. DADS began formal operations on September 1, 2004.

The Texas Department of Aging and Disability Services has no component units requiring blended or discrete presentation as defined by Governmental Accounting Standards Board (GASB) Statement No. 14.

Due to the statewide requirements embedded in 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.

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 and Government-Wide Adjustment Fund Types

General Revenue Funds

The General Revenue Fund (Fund 0001) is the principal operating fund used to account for all financial resources of the state except those required to be accounted for in another fund. This fund is used to receive those revenues directed to be deposited to the General Revenue Fund and those revenues for which a specific fund has not been designated; such revenues to be used as the Constitution prescribes and the Legislature directs. This fund includes advance travel, petty cash, and imprest funds.

- The Federal Public Welfare Administration Fund (Fund 0117) is to hold federal money set aside for administration of the Public Welfare Program.
- The Texas Capital Trust Fund (Fund 0543) is used to finance acquisition, construction, repair, improvements, or equipping of a building by a state agency.
- The Home Health Services Fund (Fund 5018) is created in the General Revenue Fund to receive fees related to licensing home and community support service agencies in amounts to meet costs of administration.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited

- The License Plate Trust Fund (Fund 0802) is created in the treasury for deposit of specialty license plate fees and related revenue collected under Subchapter G, Transportation Code previously deposited in various General Revenue accounts. Dedicated balances and revenues are to be deposited into accounts within the fund to be used in accordance with their specific statutory purpose.
- The Quality Assurance Fund (Fund 5080) is created in the General Revenue Fund and consists of fees collected from Intermediate Care Facilities (ICF) and income earned on the account.
- The Medicaid Recovery Fund (Fund 5109) is created in the General Revenue Fund to receive any funds recovered related to the Medicaid program by implementing 42 U.S.C. Section 1396p(b)(1). Used only to fund long-term care, including community-based care and facility-based care.
- The Capital Project Fund (Fund 3001) was established to record the renovation costs of the electrical systems for the State Supported Living Centers. This fund is currently used to pay back loan balances advanced from the Comptroller's State Energy Conservation Office – LoanSTAR Program associated with those renovations. Interest expense and the repayment of the loan balances are the only remaining expenditures in this fund.

Capital Project Funds

The capital projects funds are used to account for general obligation bonds issued by the Texas Public Finance Authority. Capital Project Funds are used to account for financial resources used for the acquisition, repair, renovation, or construction of major capital facilities for the DADS State Supported Living Centers. The Construction in Progress balances of assets that have not been transferred from HHSC Maintenance and Construction to the various DADS State Supported Living Centers as of August 31, 2016 have been included under the General Fixed Assets Account Group.

- Texas Public Finance Authority General Obligation Bonds — DADS Project Fund (Fund 7644) is used to receive proceeds from the sale of bonds (except for amounts deposited to the Interest and Sinking Fund) and investment earnings. This fund is used to pay cost of issuance and project costs as defined in the bond resolution. (Designated to DADS during 81st Legislative Session)
- Texas Public Finance Authority General Obligation Bonds — DADS Project Fund (Fund 7658) is used to receive proceeds from the sale of bonds (except for amounts deposited to the Interest and Sinking Fund) and investment earnings. This fund is used to pay cost of issuance and project costs as defined in the bond resolution. (Designated to DADS during 83rd Legislative Session)

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited

Special Revenue Funds

None

Debt Service Funds

None

Permanent Funds

None

Capital Assets Adjustment Fund Type

Capital Assets Adjustment Fund (Fund 0099) 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 0098) is used to convert governmental fund types' debt from modified accrual to full accrual.

Other Adjustment Fund Type

None

Proprietary Fund Types

Enterprise Funds

None

Internal Service Funds

None

Fiduciary Fund Types

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

Pension Trust Funds

None

External Investment Trust Funds

None

Agency Funds

Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

- City, County, MTA, and SPD Sales Tax Trust Account Fund (Fund 0882) is used to record the receipt of local sales and use tax collected by the Comptroller for each city, county, metropolitan transit authority (MTA), and special purpose district (SPD) authorizing the collection. The Department of Aging and Disability Services (DADS) State Supported Living Centers Canteen and Sheltered Workshops deposit their receipt of taxes into this fund. The Comptroller's Office transfers these taxes from DADS on a periodic basis, usually monthly.
- Departmental Suspense Fund (Fund 0900) is used to provide 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 payee.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited

- TexaSaver Hold Transmit Account – 401K Deferred Compensation Fund (Fund 0942) is used to provide a temporary depository for funds pending transmittal, by electronic means, to the administrator of the state deferred compensation 401k program. Interest earned between payday and the warrant paid date is transmitted with the deferred payments; interest earnings before payday are transmitted to the General Revenue Fund.
- Correction Account for Direct Deposit Fund (Fund 0980) is used to hold money returned by financial institutions which had been transmitted for direct deposit where problems prevented credit from being given to individual depositors. DADS is then responsible for correction of the amounts in the correction account by either:
 - Transferring the funds back to the original issuing fund, or
 - Refunding the person for whom the original payment was made
- Local Fund (Fund 0941) is used for reporting local fund activity in USAS related to Guardianship and DADS State Supported Living Center Client Trust checking, savings, CDs, and other short-term investments. Client trust funds are personal funds of the client that are in DADS' control or safekeeping as authorized by the client. Guardianship funds are client funds that are in DADS' control or safekeeping as authorized by the courts.
- Child Support Addenda Deductions – Suspense (Fund 8070) is used to hold deductions from wages and salaries for child-support payments transferred to the *Texas State Child Support Disbursement Unit*.
- Direct Deposit Return (Fund 9014) is used to process a callback or direct deposit monies returned from a bank. DADS does not enter callbacks until notified by the Comptroller's Office that the funds have been correctly deposited in the proper account.
- Overpayments to Employees (Fund 9015) is used to record recoupments of compensation overpayments when deductions from future payments of compensation to the employee are not available.
- Warrant Hold Offset (Fund 9016) is used when transferring funds from the warrant hold offset account to the correct appropriation and fund within 10 business days from the date the offset deposit is received. DADS then updates their internal systems to ensure the person's state debt balance is updated appropriately and timely.

Private-Purpose Trust Funds

- The Assisted Living Facility Trust Fund (Fund 0857) makes emergency assistance funds available to an assisted living facility if a court orders disbursement upon finding the facility has inadequate funds for operation, an emergency exists, and it is in the best interests of the residents that funds are immediately available. Assisted Living providers pay an assessed health regulation fee annually, or more if needed, to maintain an adequate balance in the trust fund for disbursement to court appointed trustees as emergency funds to assist in maintaining the operations of a facility in need.
- The Nursing and Convalescent Home Trust Fund (Fund 0992) is funded through annual fees which are used to provide emergency assistance to facilities. Funds may be used to alleviate immediate threats to the health or safety of residents of the facilities. Long Term Care providers pay an assessed health regulation fee annually, or more if needed, to maintain an adequate balance in the trust fund for disbursement to court appointed trustees as emergency funds to assist in maintaining the operations of a facility in need.

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- Expendable Trust Local Fund (Fund 0971) is used to report local fund activity in USAS. DADS State Supported Living Center Client Benefit Trust checking, savings, CDs, and other short-term investments are reported in this fund. Benefit trust funds are any donations of funds to clients not listed by name; for a specified or non-specified use. Expenditures of client benefit funds must be of general benefit to the population of the entity, unless the funds are specifically designated for a particular purpose.

Component Units

None

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 method 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 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 will build the government-wide financial statements are accounted for using the full accrual basis of accounting. This includes capital assets, accumulated depreciation, unpaid employee compensable leave, the unmatured debt service (principal and interest) on general long-term liabilities, long-term capital leases, long-term claims and judgments, and full accrual revenues and expenses. The activity will be recognized in these fund types.

Proprietary funds, pension trust funds, external investment trust funds, and private-purpose trust funds are accounted for on the accrual basis of accounting. Under the 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 Assets

Assets

Cash and Cash Equivalents

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

Securities Lending Collateral

None

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and revenues set aside for statutory or contractual requirements. Assets held in reserve for guaranteed student loan defaults are also included.

Inventories and Prepaid Items

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally using 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

Capital assets are real, personal, or intangible property that have an estimated life of greater than one year. Capital assets are capitalized for financial reporting purposes according to the capitalization thresholds table below.

Class of Asset	Threshold
Land/Land Improvements	Capitalize All
Infrastructure, Non-Depreciable	Capitalize All
Construction in Progress	Capitalize All
Buildings/Building Improvements	\$100,000
Facilities & Other Improvements	\$100,000
Infrastructure, Depreciable	\$500,000
Furniture & Equipment/Vehicles, Boats and Aircraft	\$5,000
Other Capital Assets – Livestock	\$5,000
Library Books/Materials (collections)	Various
Works of Art/Historical Treasures	Capitalize All
Leasehold Improvements	\$100,000
Internally Generated Computer Software	\$1,000,000
Other Computer Software	\$100,000
Land Use Rights – Permanent	Capitalize All
Land Use Rights – Term	\$100,000
Other Intangible Capital Assets	\$100,000

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Current Receivables

Federal Receivables

Funds expended or services performed for which federal contract or grant funds have not yet been collected during the current fiscal year are reported as Federal Receivables. Grant awards not yet funded and for which the institution has not yet performed services should not be considered as assets to be accounted for in the financial statements.

Accounts Receivable

Receivables are amounts owed to the state entity from private persons or organizations for goods and services furnished that are expected to be collected within one year of fiscal year end.

Noncurrent Receivables

Accounts Receivable

Receivables are amounts owed to the state entity from private persons or organizations for goods and services furnished that are not expected to be collected within one year of fiscal year end.

Liabilities

Current Payables

Accounts Payable

Payables are the liability for the value of assets or services received at the balance sheet date for which payment is pending and expected to be paid within one year of fiscal year end.

Payroll Payable

Payables are the accrual at year-end of payroll related items and is expected to be paid within one year of fiscal year end.

Noncurrent Payables

None

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 noncurrent in the statement of net assets. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

Capital Lease Obligations

Capital lease obligations represent the liability for future lease payments under capital lease contracts contingent upon the appropriation of funding by the Legislature. Liabilities are reported separately as either current or noncurrent in the statement of net assets.

Bonds Payable – General Obligation Bonds

None

Bonds Payable – Revenue Bonds

None

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 Department of Aging and Disability Service's policy to use unrestricted resources first, then restricted when they are needed. When only restricted resources are available for use, it is the Department of Aging and Disability Service'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 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.
- Committed fund balance can be used only for specific purposes pursuant to constraints imposed through legislation passed into law by 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 requirement to be reported as restricted or committed. Intent is expressed by (1) the Texas Legislature or (2) a body (for example, a budget of 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 a 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 asset use 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:

- **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.
- **Interfund receivables and payables:** Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter it is classified as current. Balances for repayment due in two (or more) years are classified as noncurrent.
- **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 transactions are presented in Note 12.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited

NOTE 2 – Capital Assets

Revenue received from the sale of surplus property has been transferred to unappropriated General Revenue in accordance with House Bill 7, Section 20, enacted by the 77th Legislature, Regular Session, in 2001.

A summary of changes in capital assets for the year ended August 31, 2017, is presented below:

PRIMARY GOVERNMENT								
Governmental Activities	Balance 9/1/2016	Adjustments	Reclassifications			Additions	Deletions	Balance 8/31/2017
			Completed CIP	Inc-Int'gy Trans	Dec-Int'gy Trans			
Non-Depreciable Assets:								
Land and Land Improvements	1,565,617.81	0.00	0.00	0.00	(1,565,617.81)	0.00	0.00	0.00
Infrastructure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Construction in Progress	4,161,309.00	(452,063.83)	(1,605,087.80)	0.00	(3,165,942.81)	1,061,785.44	0.00	0.00
Land Use Rights	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Intangible Capital Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Tangible Capital Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assets	5,726,926.81	(452,063.83)	(1,605,087.80)	0.00	(4,731,560.62)	1,061,785.44	0.00	0.00
Depreciable Assets:								
Buildings and Building Improvements	196,641,685.80	0.00	1,070,997.21	0.00	(197,135,326.43)	0.00	(577,356.58)	0.00
Infrastructure	1,215,307.86	0.00	534,090.59	0.00	(1,749,398.45)	0.00	0.00	0.00
Facilities and Other Improvements	15,820,983.76	0.00	0.00	0.00	(16,398,206.83)	577,223.07	0.00	0.00
Furniture and Equipment	22,015,896.09	59,914.20	0.00	0.00	(23,279,439.31)	2,296,735.60	(1,093,106.58)	0.00
Vehicle, Boats, and Aircraft	26,628,082.82	73,147.00	0.00	0.00	(25,735,466.91)	1,006,076.80	(1,971,839.71)	0.00
Other Capital Assets	2,000.00	4,750.00	0.00	0.00	(4,750.00)	0.00	(2,000.00)	0.00
Total Depreciable Assets	262,323,956.33	137,811.20	1,605,087.80	0.00	(264,302,587.93)	3,880,035.47	(3,644,302.87)	0.00
Less Accumulated Depreciation for:								
Buildings and Building Improvements	(153,703,585.21)	0.00	0.00	0.00	156,991,372.92	(3,829,369.62)	541,581.91	0.00
Infrastructure	(209,057.52)	0.00	0.00	0.00	255,398.93	(46,341.41)	0.00	0.00
Facilities and Other Improvements	(13,577,006.57)	0.00	0.00	0.00	13,707,081.53	(130,074.96)	0.00	0.00
Furniture and Equipment	(17,532,206.85)	(37,161.68)	0.00	0.00	17,739,610.69	(1,225,418.04)	1,055,175.88	0.00
Vehicles, Boats, and Aircraft	(20,918,042.78)	(5,548.32)	0.00	0.00	20,377,933.01	(1,422,867.63)	1,968,525.72	0.00
Other Capital Assets	(2,000.00)	(435.38)	0.00	0.00	435.38	0.00	2,000.00	0.00
Total Accumulated Depreciation	(205,941,898.93)	(43,145.38)	0.00	0.00	209,071,832.46	(6,654,071.66)	3,567,283.51	0.00
Depreciable Assets, Net	56,382,057.40	94,665.82	1,605,087.80	0.00	(55,230,755.47)	(2,774,036.19)	(77,019.36)	0.00
Amortizable Assets – Intangible:								
Land Use Rights	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Computer Software	885,501.47	0.00	0.00	0.00	(807,741.09)	0.00	(77,760.38)	0.00
Other Intangible Capital Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Amortizable Assets – Intangible	885,501.47	0.00	0.00	0.00	(807,741.09)	0.00	(77,760.38)	0.00
Less Accumulated Amortization for:								
Land Use Rights	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Computer Software	(457,453.39)	0.00	0.00	0.00	477,787.27	(98,094.26)	\$77,760.38	0.00
Other Intangible Capital Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Accumulated Amortization	(457,453.39)	0.00	0.00	0.00	477,787.27	(98,094.26)	\$77,760.38	0.00
Amortizable Assets, Intangible Net	428,048.08	0.00	0.00	0.00	(329,953.82)	(98,094.26)	0.00	0.00
Governmental Activities Capital Assets, Net	62,537,032.29	(357,398.01)	0.00	0.00	(60,292,269.91)	(1,810,345.01)	(77,019.36)	0.00

NOTE 3 – Deposits, Investments, and Repurchase Agreements

The Department of Aging and Disability Services maintains local bank accounts that are used for petty cash purchases and travel advances (Government and Business-Type Activities). The Department of Aging and Disability Services also maintains local bank accounts for Client Benefit Trust (Fund 0971) and Client Trust (Fund 0941) fiduciary funds. There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

As of August 31, 2017, the carrying amount of deposits was \$1,645,292.42, as presented below.

Governmental and Business-Type Activities

CASH IN BANK – CARRYING AMOUNT	\$114,200.00
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalent	
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral	
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral	
Total Cash in Bank per AFR	\$114,200.00
Governmental Funds Current Assets Cash in Bank	\$114,200.00
Governmental Funds Current Assets Restricted Cash in Bank	
Governmental Funds Non-Current Assets Restricted Cash in Bank	
Proprietary Funds Current Assets Cash in Bank	
Proprietary Funds Current Assets Restricted Cash in Bank	
Proprietary Funds Non-Current Restricted Cash in Bank	
Cash in Bank per AFR	\$114,200.00

Fiduciary Funds

CASH IN BANK – CARRYING AMOUNT	\$2,966,663.45
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalent	\$1,435,571.03
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral	
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral	
Total Cash in Bank per AFR	\$1,531,092.42
Fiduciary Funds Cash in Bank	\$1,531,092.42
Fiduciary Funds Restricted Cash in Bank	
Cash in Bank per AFR	\$1,531,092.42

These amounts consist of all cash in local banks, and are included on the Combined Statement of Net Assets as part of the “Cash and Cash Equivalents”.

As of August 31, 2017, the total **bank balance** was as follows:

Governmental and Business-Type Activities	\$114,200.00	Fiduciary Funds	\$1,531,092.42
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No deposits were exposed to custodial credit risk during the fiscal year.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited

Investments

As of August 31, 2017, the fair value of investments were as presented below.

Fiduciary Funds

	Fair Value
Repurchase Agreements (Texas Treasury Safekeeping Trust Co)	\$4,241,182.81
Miscellaneous (Short-term Investment – Annuity)	\$128,475.95
Total Investments (TTSTC, Short-term Investment – Annuity)	\$4,369,658.76
Reconciliation of Investments per Exhibits – Fiduciary Funds	
Fiduciary Funds Short-Term Investments (reported as cash equivalents)	\$4,369,658.76
Investments per Exhibits	

No investments were exposed to custodial credit risk during the fiscal year.

Reverse Repurchase Agreements

Not Applicable

Securities Lending

Not Applicable

Derivative Investing

Not Applicable

NOTE 4 – Short-Term Debt

Not Applicable

NOTE 5 – Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2017, the following changes occurred in liabilities.

Note 5 – Sum of Long-Term Liabilities							
Governmental Activities	Balance 09/01/16	Additions	Reductions	Restatement/ Adjustment	Balance 08/31/17	Amounts Due Within One Year	Amounts Due Thereafter
Claims and Judgments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Capital Lease Obligations	\$27,591.02	(\$63,092.86)	\$50,766.22	\$86,268.06	\$0.00	\$0.00	\$0.00
Employees' Compensable Leave	\$60,238,845.50	\$77,643,025.06	\$89,724,776.53	\$0.00	\$48,157,094.03	\$27,706,942.74	\$20,450,151.29
Notes and Loans Payable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
General Obligation Bonds Payable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Revenue Bonds Payable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Derivative Instrument Liability	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Pollution Remediation Obligations	\$67,238.00	\$0.00	\$34,727.12	\$0.00	\$32,510.88	\$32,510.88	\$0.00
Total Governmental Activities	\$60,333,674.52	\$77,579,932.20	\$89,810,269.87	\$86,268.06	\$48,189,604.91	\$27,739,453.62	\$20,450,151.29

Capital Lease Obligations

All prior year capital lease obligations for DADS were transferred to HHSC effective 08/31/17, and there are no capital lease amounts reported for the fiscal year 2017.

Employees' Compensable Leave

Employees separating from employment with the state are eligible to receive a lump sum payment for unused vacation leave if the employee has been continuously employed by the state for six months and is not re-employed by a state agency within 30 calendar days from the date of separation.

Additionally, under the Federal Fair Labor Standards Act and state laws, overtime can be accumulated in lieu of immediate payment as compensatory leave for non-exempt employees up to a maximum of 240 hours. Upon separation, all accumulated overtime must be paid to non-exempt employees.

Expenditures for accumulated annual leave and overtime 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 is recorded in the proprietary funds as benefit accruals to employees. No liability is recorded for non-vesting accumulating rights to receive payment for sick leave. This obligation is usually paid from the same funding source(s) from which the employee's salary or wage compensation is paid.

Pollution Remediation Obligations

Pollution remediation obligations are recognized in the financial statements for existing pollution sites after the occurrence of one or more of the following events:

- The pollution creates an imminent endangerment to public health or the environment.

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- The state is in violation of a pollution prevention-related permit or license.
- The state is named as a potentially responsible party by a regulator.
- The state is named in a lawsuit that compels it to participate in remediation.
- The state has commenced, or legally obligated itself to commence, cleanup activities.

Pollution Remediation Activity: A remediation activities estimate for land owned by the Department of Aging and Disability Services (DADS) in Tom Green County, Texas, is projected at \$92,875, as of August 31, 2014 (based on an estimating methodology provided by the Texas Commission on Environmental Quality).

The Health and Human Services Commission (HHSC) Maintenance and Construction Division is responsible for overseeing maintenance and construction activities for DADS State Supported Living Centers. HHSC and DADS are coordinating on remediation activities including funding, timeline, and other remediation efforts.

DADS contracted this project at \$67,238.00 and has made the remediation expenses as above in the fiscal year 2017.

NOTE 6 – Bonded Indebtedness

Not Applicable – Reported by the Texas Public Finance Authority

NOTE 7 – Derivative Instruments

Not Applicable

NOTE 8 – Leases

Not Applicable

NOTE 9 – Pension Plans and Optional Retirement Program

Not Applicable

NOTE 10 – Deferred Compensation (administering agencies only)

Not Applicable

NOTE 11 – Post Employment Health Care and Life Insurance Benefits

Not Applicable

NOTE 12 – Interfund Activity and Transactions

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

Individual balances and activity at August 31, 2017, follows:

Required Note 12 Presentation

Legislative Transfers		
	Legislative Transfers In	Legislative Transfers Out
GENERAL (01)		
Appd Fund 0001, D23 Fund 0001		
Agency 529, D23 Fund 0001	\$586,000.00	
Appd Fund 0001, D23 Fund 0001		
Agency 529, D23 Fund 0001		\$1,659,547,374.15
Total Legislative Transfers	\$586,000.00	\$1,659,547,374.15

NOTE 13 – Continuance Subject to Review

Under the Texas Sunset Act, Senate Bill 200, 84th Legislature, Regular Session, 2015, the Agency will be abolished effective September 1, 2017, and will transfer DADS' functions to the Health and Human Services Commission.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited

NOTE 14 – Adjustments to Fund Balances/Net Assets

The following restatements of the amounts in fund balances and net assets are reported for the Department of Aging and Disability Services for fiscal year 2017:

	General Funds	Capital Asset Adjustments	Long-Term Liabilities	Fiduciary Funds	Total
Fund Bal/Net Assets Aug. 31, 2016	\$ 50,503,038.90	\$ 62,537,032.29	\$ 60,359,311.60	\$ 17,051,398.14	\$ 69,732,157.73
Restatements	\$	\$ (357,398.01)	\$ 86,268.06	\$ -	\$ (443,666.07)
Fund Bal/Net Assets Sept. 1, 2016, as Restated	\$ 50,503,038.90	\$ 62,179,634.28	\$ 60,445,579.06	\$ 17,051,398.14	\$ 69,288,491.66

Capital Asset Adjustments:

Restatement Due to Capital Asset Adjustments

Governmental Activities

Non-Depreciable Assets

Construction in Progress		Totals
Water Main Replacement		
Fire Alarm System Replacement	(93,855.34)	

Total Non-Depreciable Assets (452,063.83)

Depreciable Assets

Furniture and Equipment	59,914.20
Vehicle, Boats and Aircraft	73,143.00
Other Capital Assets	4,750.00
Total Depreciable Assets	137,811.20

Accumulated Depreciation

Furniture and Equipment	(37,161.68)
Vehicle, Boats and Aircraft	(5,548.32)
Other Capital Assets	(435.38)
Total Accumulated Depreciation	(43,145.38)

Depreciable Assets, Net 94,665.82

Total Capital Asset Adjustment Restatement (357,398.01)

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited

Long-Term Liabilities:

Reinstatement Due to Capital Lease Adjustments

The long-term liability adjustments to the capital lease was due to reclassify the fiscal year 2016 capital lease payment entry that was recorded to expenditure. Fund balances need to be restated in Exhibit II – Combined Statement of Revenues, Expenditures & Changes in Fund Balance/Statement of Activities – Governmental Funds.

Capital Lease	\$(86,268.06)
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NOTE 15 – Contingencies and Commitments

Sick Leave

Sick leave, the accumulation of which is unlimited, is earned at a rate of eight hours per month and is paid to the employee's estate in the event of his/her death while employed by the department. The maximum amount of sick leave that may be paid to an employee's estate is one-half of the employee's accumulated entitlement or 336 hours, whichever is less. The department's policy is to recognize the cost of any sick leave when paid. A liability for sick leave entitlement is not recorded since experience indicates the probability of a material effect on any given year's financial operations, as a result of death or abnormally high rate of illness, is minimal.

Federal Assistance

The Department of Aging and Disability 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. DADS' federal grants are subject to the audit requirements of the Office of Management and Budget's Circulars A-102, Attachments A through O, and A-133, in addition to the new federal Uniform Grant Guidance requirements. Audits are performed by the State Auditor's Office. 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.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited

Unpaid Claims and Pending Lawsuits

As of August 31, 2017, certain lawsuits were pending against the state and the department. The lawsuits, which may present contingent liabilities, are presented below:

Unpaid Pre-Litigation Claims

Case No.	Claimant Name	Potential Defendant Name	Type of Litigation	Current Status	Damages being sought	Probability of liability	Possible amount of loss
1	Briano, Nancy	DADS and El Paso SSLC	Vehicle collision	Pending	Unspecified	Unknown	Unknown
2	Collins, Mary (guardian of TF)	DADS and Brenham SSLC	Personal injury	Pending	\$100,000.00	Unknown	Unknown
3	Dewberry, Susan (guardian of JK)	DADS and San Antonio SSLC	Wrongful death	Pending	Unspecified	Unknown	Unknown
4	Family of Glen Holub	DADS and Brenham SSLC	Wrongful death	Pending	\$250,000.00	Unknown	Unknown
5	Johnson, Amanda	DADS and Denton SSLC	Vehicle collision	Pending	\$250,000.00	Unknown	Unknown
6	Morales, Irma Yolanda	DADS and Mexia SSLC	Personal injury	Pending	Unspecified	Unknown	Unknown
7	O'Reilly Automotive Stores, Inc	DADS and San Antonio SSLC	Tort claim for worker's comp	Pending	Unspecified	Unknown	Unknown
8	Robertson, Sheri (on behalf of DF)	DADS	Wrongful death	Pending	Unspecified	Unknown	Unknown
9	Tipton, William and Carolyn	DADS and Lufkin SSLC	Vehicle collision	Pending	\$100,000.00	Unknown	Unknown
10	Yeverino, Humberto & Samuel Moran	DADS	Vehicle collision	Pending	Unspecified	Unknown	Unknown

Pending Lawsuits

Case No.	Plaintiff Name	Defendant Name	Type of Litigation	Current Status	Damages being sought	Probability of liability	Possible amount of loss
1	Aguilar, Edward	State Farm Cnty Mutual Ins Co	Interpleader action for Medicaid subrogation	Pending	Unspecified	Unknown	Unknown
2	Allstate as Subrogee of Frances Martinez	HHSC, DADS, and San Antonio SSLC	Vehicle accident	Settlement in process	\$31,036.78	Unknown	Settlement Amount of \$27,893.39
3	Angels of Care	DADS	Judicial review of contested case	Pending	Unspecified	Unknown	Unknown
4	Aniekwena, Patrick	DADS	Employment-Previous allegation of neglect	Pending	\$100,000 or less	Unknown	Unknown
5	Bellah, Adriana	DADS	Employment Discrimination	Pending	\$200,000 to \$1,000,000	Unknown	Unknown
6	Calab, Inc., et al.	DADS	Bill of review to reinstate dismissed case	Pending	None	Unknown	Unknown
7	Cannon, Mary and Patrick Tate Dyess	Anthony Watson, et al.	Tort (wrongful death)	Settlement in process	Unspecified	Unknown	Settlement amount of \$200,000
8	Chapple, Anthony	DADS and HHSC	Employment Discrimination	Pending	Unspecified	Unknown	Unknown
9	Coastal Area Support Alternatives	DADS	Judicial review of contested case	Pending	Unspecified	Unknown	Unknown
10	Coleman, Florence	DADS	Judicial review of contested case	Pending	Unspecified	Unknown	Unknown
11	Comer, Adrian	DADS and San Antonio SSLC	Employment discrimination	Pending	Unspecified	Unknown	Unknown
12	Contreras III, Andrew M.	HHSC and Charles Smith	Petition for Temporary Injunction	Pending	Unspecified	Unknown	Unknown
13	Crampton, Jennifer	Jon Weizenbaum, Sylvia Rodriguez, and DADS	Whistleblower and violation of free speech rights	Pending	\$200,000 to \$1,000,000	Unknown	Unknown
14	DADS	Carol Mersch, Heritage Auctions	Guardianship with Counterclaim	Pending	Unspecified	Unknown	Unknown

Pending Lawsuits

Case No.	Plaintiff Name	Defendant Name	Type of Litigation	Current Status	Damages being sought	Probability of liability	Possible amount of loss
15	DeLong, Sandra	DADS	Employment discrimination	Settlement in process	Unspecified	Unknown	Settlement amount of \$85,000
16	Donaldson, David T.	DADS and Chris Traylor	Employment discrimination	Settlement in process	Unspecified	Unknown	Settlement amount of \$36,000
17	Fey Home Health Services	DADS	Judicial review of contested case	Pending	Unspecified	Unknown	Unknown
18	Four-Js Community Living Center	Chris Traylor and DADS	Judicial review of contested case	Pending	Unspecified	Unknown	Unknown
19	Garcia, Irene	DADS	Worker's compensation retaliation	Pending	Unspecified	Unknown	Unknown
20	Garza, Monica	DADS and Austin SSLC	Disability Discrimination	Pending	\$200,000 to \$1,000,000	Unknown	Unknown
21	G.G.E., et al.	Rick Perry, et al.	Client civil rights (violation of due process)	Pending	Unspecified	Unknown	Unknown
22	Gomez, Claudia	DADS	Employment discrimination	Pending	Unspecified	Unknown	Unknown
23	Hernandez, Veronica	DADS and El Paso SSLC	Worker's compensation retaliation	Settlement in process	\$200,000 to \$1,000,000	Unknown	Settlement amount of \$22,000
24	Innovative Outcomes et al	DADS	Judicial review of contested case	Pending	Unspecified	Unknown	Unknown
25	Kurian, Joseph	HHSC et al	Employment discrimination	Pending	Unspecified	Unknown	Unknown
26	LMV-AL Ventures	DADS et al	Declaratory and Injunctive Relief	Pending	Unspecified	Unknown	Unknown
27	Lagunas, Michael	DADS	Employment discrimination	Pending	Unspecified	Unknown	Unknown
28	MacFall, Dustin Gregory	Paul Craig Laird II, Trustee of Sybil MacFall Revocable Trust v. HHSC	Request for Declaration regarding MERP claim	Pending	Unspecified	Unknown	Unknown
29	Madison, Barbara	Lufkin SSLC and DADS	Worker's compensation retaliation	Pending	Unspecified	Unknown	Unknown

Pending Lawsuits

Case No.	Plaintiff Name	Defendant Name	Type of Litigation	Current Status	Damages being sought	Probability of liability	Possible amount of loss
30	Martinez, Raymundo	DFPS and DADS	Judicial review of contested case	Pending	Unspecified	Unknown	Unknown
31	Meeks, William	DADS	Employment discrimination	Settlement in process	Unspecified	Unknown	Non-monetary settlement
32	Pitre, Anna L.	DADS	Employment discrimination	Pending	Unspecified	Unknown	Unknown
33	Polo, Imelda	DADS	Employment discrimination	Settlement in process	Unspecified	Unknown	Settlement amount of \$49,000
34	Resource Care Corporation (case #1)	DADS	Judicial review of contested case	Pending	Unspecified	Unknown	Unknown
35	Resource Care Corporation (case #2)	DADS	Judicial review of contested case	Pending	Unspecified	Unknown	Unknown
36	State of Texas	John W. Damon, II and MERP (through DADS)	4 Condemnation lawsuits	Pending	Unspecified	Unknown	Unknown
37	State of Texas	Linda Sue Fredrickson and MERP (through DADS)	Condemnation lawsuit	Pending	Unspecified	Unknown	Unknown
38	Steward, Eric, et al.	Charles Smith, et al.	Client civil rights (ADA, Medicaid Act)	Pending	Unspecified	Unknown	Unknown
39	Stohr, Mary	DADS	Employment Discrimination	Settlement in process	Unspecified	Unknown	Settlement amount of \$27,000
40	Torre Health Services	HHSC & DADS	Judicial review of Contract Expiration	Pending	Unspecified	Unknown	Unknown
41	Valles, Eva	DADS and El Paso SSLC	Employment discrimination	Settlement in process	Unspecified	Unknown	Settlement amount of \$46,250
42	Whitis, Cathy	Jon Weizenbaum	FMLA discrimination	Pending	Reinstatement plus attorney's fees	Unknown	Unknown
43	Wooley, Edwin (Guardianship of)	None	Appointment of DADS as guardian	Pending	Unspecified	Unknown	Unknown

NOTE 16 – Subsequent Events

Not Applicable

NOTE 17 – Risk Management

The Department of Aging and Disability Services is exposed to a variety of civil claims resulting from the performance of its duties. It is the policy of Health and Human Services Commission Risk Management and Safety (HHS Risk Management and Safety) to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which the agency may be exposed.

The Department of Aging and Disability Services assumes substantially all risks associated with tort claims arising from the performance of its duties (subject to the Texas Tort Claims Act). The agency has purchased the following insurance policies as part of its risk management strategy:

- Texas Mutual Insurance Company
Cost: \$806.00
Purpose: To provide workers' compensation coverage for San Antonio SSLC clients who participate in a Texas Department of Transportation (TXDOT) work program as required by TXDOT.
- The Cima Companies, Inc.
Cost: \$3,315.25
Purpose: To provide insurance coverage for volunteers of the Foster Grandparent Programs, including accidental death and dismemberment, medical expenses, personal liability insurance, and excess auto liability insurance during travel between their homes and places of assignments during their volunteer service, during meal periods while serving as a volunteer, and while attending project sponsored activities, such as recognition activities and community advisory group meetings.
- Alliant Insurance Services Houston LLC.
Cost: DADS became a part of HHSC 9/1/2017. HHSC absorbed this cost.
Purpose: To provide primary automobile liability insurance coverage for employees and volunteers while in course and scope of employment or volunteer responsibilities with DADS.
- Parallon Workforce Management Solutions
Cost: \$109.00
Purpose: To provide medical professional liability coverage for continuity of care for hospital admitted patients of DADS. Professional liability insurance for registered nurses is a new requirement of the Denton Regional Medical Center's third-party credentialing company.
- Alliant Insurance Services Inc.
Cost: \$646.00
Purpose: To provide volunteer policy insurance coverage:
 - Excess Personal Liability (CIMA): Provides coverage against personal injury or a property damage liability claim arising out of the performance of a registered volunteer's duties. Coverage is in excess of the volunteer's renters/homeowners liability insurance limits.
 - Excess Accident Medical Expense (STARR): This coverage provides excess coverage for accidents that occur while volunteering, and this coverage is secondary to all other valid coverage.

None of these policies are commercial general liability policies, nor is the agency involved in any risk pools with other government entities as confirmed by HHS Risk Management and Safety.

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The Department of Aging and Disability Services' 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 re-evaluated periodically by HHS Risk Management and Safety, Facility Support Services Risk Management, and the State Office of Risk Management (oversight agency) to consider frequency of claims, past experience, current settlements, and economic factors. Changes in the balances of the agency's claims and judgements during fiscal year 2016 and 2017 were:

	Beginning Balance	Increases	Decreases	Ending Balance
2017	0.00	681,005.05	(681,005.05)	0.00
2016	0.00	641,642.41	(641,642.41)	0.00

NOTE 18 – Management’s Discussion and Analysis (MD&A)

Department of Justice Settlement Agreement

A settlement agreement between the State of Texas and the Department of Justice (DOJ) regarding the DADS State Supported Living Centers and the ICF/ID component of Rio Grande State Center (SSLCs) was finalized during fiscal year 2009. The 81st Legislature, Regular Session, via Senate Concurrent Resolution 77, approved the settlement agreement, which was signed by the Governor on June 4, 2009. Formal monitoring of each SSLC’s compliance with the terms of the settlement agreement began in January 2010. Semi-annual on-site visits to each SSLC were conducted by a team of professionals, who then submitted a detailed written report identifying areas of substantial compliance and progress and recommendations for additional focused efforts. A Four-Year Report jointly filed in June 2014 by both parties in the U.S. District Court provided an overview of the State’s progress in achieving substantial compliance with the settlement agreement and restructuring of the monitoring process. DADS, DOJ, and the Independent Monitors began working together at the conclusion of the eighth round of reviews to restructure and refine the criteria and tools utilized in determining compliance with the provisions of the settlement agreement. SSLCs are now evaluated every nine months under domains of care through Quality Service Reviews (QSR) that focus on outcomes for individuals who live at SSLCs. The Independent monitors concluded the round ten reviews in May 2016, and determined that less oversight was needed in round eleven reviews for the centers that demonstrated continued compliance with the elements of QSR monitoring. Round eleven reviews began in July 2016 and will conclude in February 2017. In 2017 the Independent Monitors will begin preparing state staff on the usage of the QSR tools with the goal of having the state take over the bulk of the settlement agreement monitoring in the future.

Hurricane Harvey Damage – State Operated Facilities Division

The State Operated Facilities Division was spared significant infrastructure damage as a result of Hurricane Harvey despite three State Supported Living Centers being directly impacted by significant storm winds and rain. As Hurricane Harvey made landfall, Corpus Christi SSLC, approximately 2.5 miles inland, experienced damage to the swimming pool cover, fencing, and roof damage. Brenham State Supported Living Center, approximately 127 miles from the coast, experienced roofing damage, resulting in interior leaks and damage to the fire alarm system. Richmond State Supported Living Center, located approximately 70 miles inland, was the third most significantly impacted facility and experienced no infrastructure damage, despite the extreme flooding in adjacent communities as a result of the intensive rainfall and the Brazos River flooding.

Brenham State Supported Living Center experienced damage to the fire alarm system as a result of roof leaks. No other equipment damage has been identified by the State Operated Facilities Division. Corpus Christi State Supported Living Center experienced losses to pharmaceuticals and food products as a result of power loss as Hurricane Harvey made landfall.

Extensive overtime was experienced in several State Operated Facilities as a result of the evacuation of the storm. Corpus Christi SSLC evacuated to the San Antonio SSLC, resulting in overtime expenses for both facilities and those that supported the sheltering operations: Abilene SSLC, Austin State Hospital, Austin SSLC, Brenham SSLC, Denton SSLC, Lubbock SSLC, Mexia SSLC, Richmond SSLC, and San Angelo SSLC. Both Brenham and Richmond SSLCs experienced significant overtime expenses as a result of their shelter-in-place responses to the storm.

The Corpus Christi SSLC evacuation resulted in the largest expenditure to date. Hotel arrangements were made for over two hundred and twenty staff members from Corpus Christi SSLC and other State Operated Facilities that assisted in providing direct care services and transportation, which resulted in over \$100,000 in travel accommodations

To keep expenses to a minimum and allow external State assets to be available to serve the public, the State Operated Facilities Division works to bring transportation assets from other facilities to assist in the evacuation. We used forty seven paratransit vehicles from sister facilities and specialized risk management staff to manage the

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transportation aspect of the evacuation. Additional assets used included: 3 semi-tractor trailers from HHSC Facility Support Services Fleet Services, 6 para-transit vehicles provided by private bus companies, over 21 coach buses from the State Operations Center, two ambulances with paramedic support, a Medical Incident Support Team (MIST) team provided by the State Medical Operations Center. The State Operations Center and the State Medical Operations Center have both advised that the charges for the State contract assets will not be billed to the Agency since Hurricane Harvey is a federally declared disaster with 100% reimbursement available for the specified period of use. The private providers of paratransit vehicles have also stated that they expect to write off the expense and will not be billing the Agency for those resources.

Additionally, Corpus Christi SSLC has expenses related to the debris removal related to the clearance of tree limbs and other woody debris as well as those areas that will need repair identified in previous questions. The Lufkin SSLC set up a shelter site for Spindletop MHMR Center IDD guests who evacuated from the Beaumont area and incurred costs related to the provision of meals and personal hygiene products.

Donations to State Supported Living Centers

There are two methods by which donations are made to State Supported Living Centers (SSLCs). These include donations made by Volunteer Services Councils (VSCs) and donations made to the department by parties other than VSCs.

Donations Made by Volunteer Services Councils

Volunteer Services Councils are 501(c)(3) organizations established at each State Supported Living Center to assist and further the mission and goals of SSLCs and DADS through volunteer activities and fundraising. As such, VSCs generate resources on behalf of the residents, enhance existing center operations, recognize volunteers, conduct education projects, and introduce new initiatives to improve the quality of life for residents. A Memorandum of Understanding between DADS and each VSC documents the business relationship and ensures that proceeds benefit the residents served by the SSLC or enhance existing SSLC operations.

Donations in the amount of \$1,528,488.19 made by the VSCs for the year ended August 31, 2017, are included on the agency's financial statements Exhibit A-2 – *Combining Statement of Revenues, Expenditures & Changes in Fund Balances: All General and Consolidated Funds*, Exhibit I-2 – *Combining Statement of Changes in Fiduciary Net Assets* and Exhibit II – *Combined Statement of Revenues, Expenditures & Changes in Fund Balances/Statement of Activities – Governmental Funds*.

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Donations Made by VSCs to SSLCs by Category	Amount
Equipment (lawn mowers, medical equipment, etc.)	\$93,838.58
Housewares (includes rugs, linens, dishes, etc.)	22,765.80
Clothing & Accessories (clothes, belts, bags, jewelry, etc.)	78,867.04
Furniture	8,309.00
Events (entertainment, tickets, etc.)	1,525,770.42
Gifts (birthday and holiday gifts, etc.)	76,888.82
Consumable Supplies (craft supplies, party supplies, cakes, food, etc.)	24,592.23
Media (books, magazines, music, DVDs, etc.)	16,847.74
Sporting Goods (bicycles, bats, balls, sports equipment, etc.)	1,161.00
Electronics	44,579.14
Musical Instruments	1,200.00
Luggage	660.00
Plants & Flowers	1,725.04
Monetary Donations	41,258.53
In Kind Services	8,850.00
Capital Donations (Ventilator, Compressor, Power chair, Access Control, Sound System, Tram, Iron Fence (Lubbock \$146,361.07), Electric Cart, Bladder scan/cart, Wheelchair, Park Renovation (Denton \$215,431.22), Computer).	492,977.96
Total:	\$2,440,291.30

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Donations Made by Parties other than VSCs

Donations in the amount of \$360,725.46, made by parties other than VSCs for the year ended August 31, 2017, are included on the agency’s financial statements *Exhibit A-2 – Combining Statement of Revenues, Expenditures & Changes in Fund Balances: All General and Consolidated Funds, Exhibit I-2 – Combining Statement of Changes in Fiduciary Net Assets and Exhibit II – Combined Statement of Revenues, Expenditures & Changes in Fund Balances/Statement of Activities – Governmental Funds.*

Donations Made by Parties other than VSCs by Category	Amount
Monetary Donations	\$301,697.90
Goods & Services (Abilene \$6,208.72 Lufkin \$22,135.77)	28,344.49
Total:	\$330,042.39

Health and Human Services Commission (HHSC) Enterprise Functions

As created by House Bill 2292, enacted by the 78th Legislature, Regular Session, the Department of Aging and Disability Services officially began on September 1, 2004. DADS comprises the legacy Texas Department of Human Services (DHS), the legacy Texas Department on Aging (TDOA), and the Mental Retardation portion of the legacy Texas Department of Mental Health and Mental Retardation (MHMR).

Some functions that impact the agency’s financial position that were previously performed by the legacy agencies have been assumed by HHSC as an enterprise function. As such, HHSC is responsible for performing the following functions on behalf of DADS that have a direct financial impact:

1. Contract and Procurement Services
2. Payroll and Human Resource Services
3. Maintenance and Construction Management for the State Supported Living Centers
4. Rate Setting for agency payments
5. Software Maintenance, Level 2 support and security administration for the Health and Human Services Administrative System (HHSAS Financials – accounting system of record for DADS)
6. Accounts Receivable Tracking System (ARTS) support and administration
7. MIMS (Lawson Inventory System) support and administration
8. TIERS support and administration for processing Personal Needs Allowance payments
9. Legacy Intermediate Care Facility system support and administration for processing client payments
10. Facilities Management for receiving and storing DADS’ goods and assets

HHSC is responsible for performing the following functions on behalf of DADS that have an indirect financial impact:

1. Medicaid Administration
2. Risk Management

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Functions remaining at DADS until August 31, 2017 include:

- Trust Fund Monitoring
- Educational Services for Regulatory
- State Long-term Care Ombudsman
- Regulatory Services
- State Supported Living Centers
- Office of the Independent Ombudsman for SSLCs
- Consumer Rights and Services

NOTE 19 – The Financial Reporting Entity

Not Applicable

NOTE 20 – Stewardship, Compliance, and Accountability

Deficit Fund Balance

DADS reported a deficit balance in the amount of (\$77,673,972.63) for the General Revenue Fund, as presented on *Exhibit A-1 Combining Balance Sheet – All General Fund and Consolidated Funds and on Exhibit I – Combined Balance Sheet/Statement of Net Assets – Governmental Funds*. This deficit is the result of the fiscal year 2016 overstated payable accruals as a result of multiple DADS programs transferring to the Health and Human Services Commission. The payable accrual reversal at the beginning of fiscal year 2017 exceeded the fiscal year 2017 expenditure total.

DADS reported a deficit balance in the amount of (\$48,116.32) for Fund 3001, which is included in the General Revenue Fund, as presented on *Exhibit A-1 Combining Balance Sheet – All General Fund and Consolidated Funds and on Exhibit I – Combined Balance Sheet/Statement of Net Assets – Governmental Funds*. This deficit is the result of Comptroller's Office – State Energy Conservation Office (SECO) Non-Current Liabilities Interfund Payables amount exceeding the available assets amount for the fund. The funding for the repayment of the SECO loan resides in Fund 0001. DADS transfers cash into Fund 3001 from Fund 0001 at the time of the payment.

NOTE 22 – Donor Restricted Endowments

Not Applicable

NOTE 23 – Extraordinary and Special Items

Department of Justice Settlement Agreement

A settlement agreement between the State of Texas and the Department of Justice (DOJ) regarding the DADS State Supported Living Centers (SSLCs) was finalized during fiscal year 2009. The 81st Legislature, Regular Session, via Senate Concurrent Resolution 77, approved the settlement agreement, which was signed by the Governor on June 4, 2009. Formal monitoring of each facility's compliance with the terms of the settlement agreement began in January 2010. Semi-annual on-site visits to each facility were conducted by a team of professionals, who then submitted a detailed written report identifying areas of substantial compliance and progress and recommendations for additional focused efforts. A baseline review was conducted at each facility during the period from January through May 2010. The first phase of formal compliance reviews began in July 2010 and concluded in November 2010. A Four-Year Report jointly filed in June 2014 by both parties in the U.S. District Court provided an overview of the State's progress in achieving substantial compliance with the settlement agreement and restructuring of the monitoring process. DADS, DOJ, and the Independent Monitors began working together at the conclusion of the eighth round of reviews to restructure and refine the criteria and tools utilized in determining compliance with the provisions of the settlement agreement. SSLCs are now evaluated every nine months under domains of care through Quality Service Reviews (QSR) that focus on outcomes for individuals who live at SSLCs. The SSLCs continue to be monitored under a QSR system, and in 2017 the independent monitors will begin preparing state staff on the usage of the QSR tools with the goal of having the state take over the bulk of the settlement agreement monitoring in the future.

NOTE 24 – Disaggregation of Receivable and Payable Balances

Not Applicable

NOTE 25 – Termination Benefits

The Department of Aging and Disability Services had both voluntary and involuntary terminations during fiscal year 2017. Of the 17,662 agency-terminated employees, there were 1,602 involuntary terminations for the reporting period and 20 due to death. The other 16,040 agency-terminated employees were voluntary terminations as of August 31, 2017. The department did not have any cost of termination benefits that are employer-obligated for fiscal year 2017.

The following benefits that may be offered for Voluntary Terminations are not applicable to DADS:

- Cash payments (one-time or a series)
- Enhancements to defined benefit pension or other postemployment benefit (OPEB) formulas
- Healthcare coverage when none otherwise would be provided

The following benefits that may be offered for Involuntary Terminations are not applicable to DADS:

- Severance pay when the amount is approved, communicated, and can be estimated
- Continued access to health insurance through the employer's group insurance plan
- Career counseling
- Outplacement services

Healthcare continuation under the Consolidated Omnibus Budget Reconciliation Act (COBRA) is available to staff for both voluntary and involuntary terminations, as administered by the Employees Retirement System of Texas.

Through a contract with the Health and Human Services Commission for all 4 Health and Human Service agencies, the Deer Oaks Employee Assistance Program (EAP) is available to DADS employees at no cost to the employee for up to one full year after voluntary or involuntary separation from employment. The EAP assists with the issues of depression or anxiety stemming from work, family, legal, financial, or health related problems. In addition, the EAP includes short-term assessments in the areas of counseling, education, crisis intervention, and referrals.

NOTE 26 – Segment Information

Not Applicable

NOTE 27 – Service Concession Arrangements

Not Applicable

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

Not Applicable

NOTE 29 – Trouble Debt Restructuring

Not Applicable

NOTE 30 – Non-Exchange Financial Guarantees

Not Applicable

UNAUDITED

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EXHIBIT A-1 - COMBINING BALANCE SHEET: All General Fund and Consolidated Funds

August 31, 2017

	Consolidated Accounts		
	General	Public Welfare	Texas Capital
	Revenue Fund (0001) U/F (0001)(9000)(0369)(3001)	Administration Operating fund (0117) U/F (0117)	Trust Fund (0543) U/F (0543)
ASSETS			
Current Assets:			
Cash (Note 3)			
On Hand	66,355.00	-	-
In Bank	114,200.00	-	-
Cash in State Treasury	1,238,303.58	-	-
Legislative Appropriations	93,943,773.09	-	-
Receivables from:			
Federal	-	(167,049,618.19)	-
Intergovernmental Other	-	-	-
Accounts Receivable	2,345,403.67	-	-
Other Receivables	988,963.97	-	-
Interfund Receivable	-	-	-
Due From Other Funds	(126,705,320.65)	-	-
Due From Other Agencies	-	40,344,297.54	97,080.00
Consumable Inventories	5,426,632.13	-	-
Merchandise Inventories	66,267.05	-	-
Loans & Contracts	-	-	-
Other Current Assets	-	-	-
Total Current Assets	<u>(22,515,422.16)</u>	<u>(126,705,320.65)</u>	<u>97,080.00</u>
Non-Current Assets:			
Other Non-Current Assets	557,198.91	-	-
Total Non-Current Assets	<u>557,198.91</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ (21,958,223.25)	\$ (126,705,320.65)	\$ 97,080.00
LIABILITIES AND FUND BALANCES			
Liabilities			
Current Liabilities:			
Payables from			
Accounts	52,170,145.13	-	97,080.00
Payroll	39,457,886.73	-	-
Other	-	-	-
Interfund Payable	-	-	-
Due to Other Funds	-	(126,705,320.65)	-
Due to Other Agencies	-	-	-
Deferred Revenues	-	-	-
Capital Lease Obligations	-	-	-
Total Current Liabilities	<u>91,628,031.86</u>	<u>(126,705,320.65)</u>	<u>97,080.00</u>
Non-Current Liabilities			
Interfund Payable	-	-	-
Capital Lease Obligations	-	-	-
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	\$ 91,628,031.86	\$ (126,705,320.65)	\$ 97,080.00
Fund Balances (Deficits):			
Non Spendable	6,050,098.09	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	180,555.00	-	-
Unassigned	(119,816,908.20)	-	-
TOTAL FUND BALANCES	\$ (113,586,255.11)	\$ -	\$ -
TOTAL LIABILITIES AND FUND BALANCE	\$ (21,958,223.25)	\$ (126,705,320.65)	\$ 97,080.00

UNAUDITED

Consolidated Accounts

Home Health Services (5018) U/F (5018)	License Plates Trust Fund (0802) U/F (0802)	Departmental Suspense Fund (0900) U/F (0091)	Quality Assurance (5080) U/F (5080)	Medicaid Recovery (5109) U/F (5109)	TOTALS (EX 1) 2017
-	-	-	-	-	66,355.00
15,640,618.98	-	2,236,999.44	18,210,333.11	-	114,200.00
-	-	-	-	-	37,326,255.11
-	-	-	-	-	93,943,773.09
-	-	-	-	-	(167,049,618.19)
-	-	-	-	-	-
-	-	-	-	-	2,345,403.67
-	-	-	-	-	988,963.97
-	-	-	-	-	-
-	277.98	-	-	-	(126,705,320.65)
-	-	-	-	-	40,441,655.52
-	-	-	-	-	5,426,632.13
-	-	-	-	-	66,267.05
-	-	-	-	-	-
<u>15,640,618.98</u>	<u>277.98</u>	<u>2,236,999.44</u>	<u>18,210,333.11</u>	<u>-</u>	<u>(113,035,433.30)</u>
-	-	-	-	-	557,198.91
-	-	-	-	-	557,198.91
<u>\$ 15,640,618.98</u>	<u>\$ 277.98</u>	<u>\$ 2,236,999.44</u>	<u>\$ 18,210,333.11</u>	<u>\$ -</u>	<u>\$ (112,478,234.39)</u>
-	-	-	-	-	52,267,225.13
175,947.03	-	-	-	-	39,633,833.76
-	-	-	-	-	-
-	-	-	-	-	(126,705,320.65)
-	-	-	-	-	-
-	-	-	-	-	-
<u>175,947.03</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,804,261.76)</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 175,947.03</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,804,261.76)</u>
-	-	-	-	-	6,050,098.09
15,464,671.95	277.98	-	18,210,333.11	-	33,675,283.04
-	-	-	-	-	180,555.00
-	-	2,236,999.44	-	-	(117,579,908.76)
<u>\$ 15,464,671.95</u>	<u>\$ 277.98</u>	<u>\$ 2,236,999.44</u>	<u>\$ 18,210,333.11</u>	<u>\$ -</u>	<u>\$ (77,673,972.63)</u>
<u>\$ 15,640,618.98</u>	<u>\$ 277.98</u>	<u>\$ 2,236,999.44</u>	<u>\$ 18,210,333.11</u>	<u>\$ -</u>	<u>\$ (112,478,234.39)</u>

UNAUDITED

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT A-2 - COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES: All General and Consolidated Funds
For the fiscal year ended August 31, 2017

	Consolidated Accounts			
	General Revenue Fund (0001)	Public Welfare Administration Operating Fund (0117)	Texas Capital Trust Fund (0543)	Home Health Services (5018)
	U/F (0001)(9000)(0369)(3001)	U/F (0117)	U/F (0543)	U/F (5018)
REVENUES				
Legislative Appropriations:				
Original Legislative Appropriations (GR)	\$ 1,838,348,540.98	\$ -	\$ -	\$ -
Additional Appropriations (GR)	100,487,283.56	-	-	-
Federal Revenues (PR-Operating or Capital)	1,871,606.36	-150,917,965.20	-	-
Federal Grant Pass-Through Revenues	-	545,071,818.04	-	-
State Grant Pass-Through Revenues	-	-	-	-
Licenses, Fees and Permits	10,910,584.98	-	-	7,780,116.77
Interest Income	43,177.13	-	-	-
Land Income	-	-	1,492,154.85	-
Settlement of Claims	-	-	-	-
Sales of Goods and Services (PR)	28,182,228.56	-	-	-
Other (GR)	1,923,888.31	-	-	-
TOTAL REVENUES	\$ 1,981,767,309.88	\$ 394,153,852.84	\$ 1,492,154.85	\$ 7,780,116.77
EXPENDITURES				
Salaries and Wages	481,952,178.74	-	-	40,513,358.63
Payroll Related Costs	173,443,144.66	-	-	12,665,387.09
Professional Fees and Services	12,652,994.85	-	-	-
Travel	5,819,711.63	-	-	112,220.75
Materials and Supplies	221,844.15	-	-	9,404.88
Communication and Utilities	11,548,485.79	-	-	4,437.48
Repairs and Maintenance	673,993.09	-	-	-
Rentals and Leases	6,074,166.34	-	-	-
Printing and Reproduction	189,091.88	-	-	-
Claims and Judgements	681,005.05	-	-	-
Federal Grant Pass-Through Expenditures	1,699,172.90	6,450,326.00	-	-
State Grant Pass-Through Expenditures	-	-	-	-
Intergovernmental Payments	-	-	-	-
Public Assistance Payments	2,140.60	-	-	-
Other Operating Expenditures	16,287.91	-	-	2,671.68
Debt Service:				
Principal	50,766.22	-	-	-
Interest	-	-	-	-
Capital Outlay	4,450,507.53	-	-	-
Depreciation Expense (Note 2)	-	-	-	-
TOTAL EXPENDITURES	\$ 699,475,491.34	\$ 6,450,326.00	\$ -	\$ 53,307,480.51
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	1,282,291,818.54	387,703,526.84	1,492,154.85	(45,527,363.74)

UNAUDITED

Consolidated Accounts

License Plates Trust Fund (0802) U/F (0802)	Departmental Suspense Fund (0900) U/F (0091)	Quality Assurance (5080) U/F (5080)	Medicaid Recovery (5109) U/F (5109)	TOTALS (EX II) 2017
\$ -		\$ -	\$ -	\$ 1,838,348,540.98
-		-	-	100,487,283.56
-		-	-	(149,046,358.84)
-		-	-	545,071,818.04
(69.05)		28,685,877.72	-	47,376,510.42
-		-	-	43,177.13
-		-	-	1,492,154.85
-		-	566,326.37	28,748,554.93
-	2,236,999.44	-	-	4,160,887.75
\$ (69.05)	\$ 2,236,999.44	\$ 28,685,877.72	\$ 566,326.37	\$ 2,416,682,568.82
-		-	-	522,465,537.37
-		-	-	186,108,531.75
-		-	-	12,652,994.85
-		-	-	5,931,932.38
-		-	-	231,249.03
-		-	-	11,552,923.27
-		-	-	673,993.09
-		-	-	6,074,166.34
-		-	-	189,091.88
-		-	-	681,005.05
-		-	-	8,149,498.90
-		-	-	-
-		-	-	-
(299.98)		-	-	2,140.60
-		-	-	18,659.61
-		-	-	-
-		-	-	50,766.22
-		-	-	-
-		-	-	4,450,507.53
\$ (299.98)	\$ -	\$ -	\$ -	\$ 759,232,997.87
230.93	2,236,999.44	28,685,877.72	566,326.37	1,657,449,570.95

UNAUDITED

DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

**EXHIBIT A-2 - COMBINING STATEMENT OF REVENUES, EXPENDITURES &
CHANGES IN FUND BALANCES: All General Fund Consolidated Funds**
For the fiscal year ended August 31, 2017

(continued)

	Consolidated Funds			
	General Revenue Fund (0001) U/F (0001)(9000)(0369)(3001)	Public Welfare Administration Operating Fund (0117) U/F (0117)	Texas Capital Trust Fund (0543) U/F (0543)	Home Health Services (5018) U/F (5018)
OTHER FINANCING SOURCES (USES)				
Increase in Obligations - Capital Leases (Note 5)	-	-	-	-
Sale of Capital Assets	42,650.33	-	-	-
Insurance Recoveries	-	-	-	-
Transfers In	344,990,740.36	-	97,080.00	84,035,653.97
Transfers Out	(47,770,099.12)	(387,703,526.84)	(1,589,234.85)	(43,382,730.06)
Legislative Transfers In (Note 12)	586,000.00	-	-	-
Legislative Transfers Out (Note 12)	(1,659,547,374.15)	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-
Inc(Dec) in Net Assets Due to Interagency Transfer	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ (1,361,698,082.58)	\$ (387,703,526.84)	\$ (1,492,154.85)	\$ 40,652,923.91
Net Change in Fund Balances/Net Assets	(79,406,264.04)	-	-	(4,874,439.83)
Fund Financial Statement - Fund Balances				
Fund Balances - September 1, 2016	(23,998,662.89)	-	-	20,339,111.78
Restatements	-	-	-	-
Fund Balances - September 1, as Restated	(23,998,662.89)	-	-	20,339,111.78
Appropriations Lapsed	(10,181,328.18)	-	-	-
Fund Balances - August 31, 2017	\$ (113,586,255.11)	\$ -	\$ -	\$ 15,464,671.95

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

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Consolidated Funds		Consolidated Funds			
License Plates Trust Fund (0802) U/F (0802)	Departmental Suspense Fund (0900) U/F (0091)	Quality Assurance (5080) U/F (5080)	Medicaid Recovery (5109) U/F (5109)	TOTALS (EX II) 2017	
-	-	-	-	-	-
-	-	-	-	42,650.33	-
-	-	19,405,319.20	-	448,528,793.53	-
(2,053.73)	-	(76,516,069.61)	(8,091,609.80)	(565,055,324.01)	-
-	-	-	-	586,000.00	-
-	-	-	-	(1,659,547,374.15)	-
-	-	-	-	-	-
\$ (2,053.73)	\$ -	\$ (57,110,750.41)	\$ (8,091,609.80)	\$ (1,775,445,254.30)	
(1,822.80)	2,236,999.44	(28,424,872.69)	(7,525,283.43)	(117,995,683.35)	
2,100.78	-	46,635,205.80	7,525,283.43	50,503,038.90	
2,100.78	-	46,635,205.80	7,525,283.43	50,503,038.90	
-	-	-	-	(10,181,328.18)	
\$ 277.98	\$ 2,236,999.44	\$ 18,210,333.11	\$ 0.00	\$ (77,673,972.63)	



UNAUDITED

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT D-2 - COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES - Capital Projects Funds
For the fiscal year ended August 31, 2017

	Capital Project Bond Revenue (7644) U/F (7644)	Bond Revenue (7658) U/F (7658)	TOTALS (EX 11) 2017
REVENUES			
Legislative Appropriations:			
Original Appropriations (GR)	\$ -	\$ -	\$ -
Additional Appropriations (GR)	-	-	-
Federal Revenues (PR-Operating or Capital)	-	-	-
Federal Grant Pass-Through Revenues	-	-	-
State Grant Pass-Through Revenues	-	-	-
Licenses, Fees and Permits (PR)	-	-	-
Interest Income	-	-	-
Land Income	-	-	-
Settlement of Claims	-	-	-
Sales of Goods and Services (PR)	-	-	-
Other (GR)	-	-	-
TOTAL REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES			
Salaries and Wages	-	-	-
Payroll Related Costs	-	-	-
Professional Fees and Services	-	-	-
Travel	-	-	-
Materials and Supplies	-	-	-
Communication and Utilities	-	-	-
Repairs and Maintenance	22,716.73	7,659,623.27	7,682,340.00
Rentals and Leases	-	-	-
Printing and Reproduction	-	-	-
Claims and Judgments	-	-	-
Federal Grant Pass-Through Expenditures	-	-	-
State Grant Pass-Through Expenditures	-	-	-
Intergovernmental Payments	-	-	-
Public Assistance Payments	-	-	-
Other Operating Expenditures	-	176.54	176.54
Debt Service:			
Principle	-	-	-
Interest	-	-	-
Capital Outlay	-	-	-
Depreciation Expense	-	-	-
TOTAL EXPENDITURES	<u>\$ 22,716.73</u>	<u>\$ 7,659,799.81</u>	<u>\$ 7,682,516.54</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(22,716.73)</u>	<u>(7,659,799.81)</u>	<u>(7,682,516.54)</u>
OTHER FINANCING SOURCES (USES)			
Increase in Obligations - Capital Leases	-	-	-
Sale of Capital Assets	-	-	-
Transfers In	45,433.46	8,392,848.66	8,438,282.12
Transfers Out	(22,716.73)	(733,048.85)	(755,765.58)
Legislative Transfers In (Note 12)	-	-	-
Legislative Transfers Out (Note 12)	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-
Inc(Dec) in Net Assets Due to Interagency Transfer	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 22,716.73</u>	<u>\$ 7,659,799.81</u>	<u>\$ 7,682,516.54</u>
 Net Change in Fund Balances	 <u>-</u>	 <u>-</u>	 <u>-</u>
Fund Financial Statements - Fund Balances			
Fund Balances - September 1, 2016	-	-	-
Restatements	-	-	-
Fund Balances - September 1, as Restated	<u>-</u>	<u>-</u>	<u>-</u>
Appropriations Lapsed	-	-	-
Fund Balances - August 31, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

UNAUDITED

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT I-1 - COMBINING STATEMENT OF FIDUCIARY NET ASSETS - Private-Purpose Trust Funds

August 31, 2017

	Expendable Trust Local Fund 1 (9993) U/F (0971)	Assisted Living Facility Trust Fund 2 (0857) U/F (0857)	Nursing and Convalescent Home Trust Fund 3 (0992) U/F (0992)	TOTALS 2017
ASSETS				
Cash and Cash Equivalents:				
Cash on Hand	-	-	-	-
Cash in Bank	227,637.90	-	-	227,637.90
Cash in State Treasury	-	512,728.20	9,712,800.70	10,225,528.90
Cash Equivalents	2,298,522.90	-	-	2,298,522.90
Investments	-	-	-	-
Receivables From:				
Accounts Receivable	-	-	-	-
Non-Current Receivables	-	33,127.44	4,266,581.00	4,299,708.44
Merchandise Inventories	-	-	-	-
Total Assets	\$ 2,526,160.80	\$ 545,855.64	\$ 13,979,381.70	\$ 17,051,398.14
LIABILITIES				
Current Liabilities:				
Funds Held for Others	-	-	-	-
Total Liabilities	\$ -	\$ -	\$ -	\$ -
NET ASSETS				
Held in Trust For:				
Individuals, Organizations, and Other Governments	2,526,160.80	545,855.64	13,979,381.70	17,051,398.14
Total Net Assets	\$ 2,526,160.80	\$ 545,855.64	\$ 13,979,381.70	\$ 17,051,398.14

UNAUDITED

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT I-2 - COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -

Private-Purpose Trust Funds

August 31, 2017

	Expendable Trust Local Fund 1 (9993) U/F (0971)	Assisted Living Facility Trust Fund 2 (0857) U/F (0857)	Nursing and Convalescent Home Trust Fund 3 (0992) U/F (0992)	TOTALS (EXH VII) 2017
ADDITIONS				
Sales of Goods and Services	-	-	-	-
Other Revenue	365,355.88	-	-	365,355.88
Interest Income	13,783.99	5,377.18	-	19,161.17
Licenses, Fees and Permits	-	-	-	-
Transfers In	-	-	-	-
Total Additions	\$ 379,139.87	\$ 5,377.18	\$ -	\$ 384,517.05
DEDUCTIONS				
Material and Supplies	205,294.25	-	-	205,294.25
Communications and Utilities	9,911.61	-	-	9,911.61
Repairs and Maintenance	69,525.34	-	-	69,525.34
Rentals and Leases	19,078.73	-	-	19,078.73
Printing and Reproduction	-	-	-	-
Other Expenses	4,792.85	-	-	4,792.85
Interest Expense	-	-	-	-
Professional Fees and Services	-	-	-	-
Transfers Out	-	-	-	-
Total Deductions	\$ 308,602.78	\$ -	\$ -	\$ 308,602.78
Increase (Decrease) in Net Assets	70,537.09	5,377.18	-	75,914.27
Net Assets, September 1, 2016	2,455,623.71	540,478.46	13,979,381.70	16,975,483.87
Restatements	-	-	-	-
Net Assets, September 1, 2016, as Restated	2,455,623.71	540,478.46	13,979,381.70	16,975,483.87
Net Assets, August 31, 2017	\$ 2,526,160.80	\$ 545,855.64	\$ 13,979,381.70	\$ 17,051,398.14

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

UNAUDITED

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT J-1 - COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - Agency Funds
For the fiscal year ended August 31, 2017

	Beginning Balance Sept 1, 2016	Additions	Deductions	Ending Balance Aug 31, 2017
UNAPPROPRIATED RECEIPTS				
Agency Fund #1 (0807) U/F (8070)				
ASSETS				
Cash in State Treasury	167,376.45	142,372.40	167,376.45	142,372.40
Total Assets	<u>\$ 167,376.45</u>	<u>\$ 142,372.40</u>	<u>\$ 167,376.45</u>	<u>\$ 142,372.40</u>
LIABILITIES				
Funds Held for Others	167,376.45	142,372.40	167,376.45	142,372.40
Total Liabilities	<u>\$ 167,376.45</u>	<u>\$ 142,372.40</u>	<u>\$ 167,376.45</u>	<u>\$ 142,372.40</u>
Agency Fund #2 (0900) U/F (0900)				
ASSETS				
Cash on Hand	-	-	-	-
Cash in State Treasury	-	2,236,999.44	2,236,999.44	-
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 2,236,999.44</u>	<u>\$ 2,236,999.44</u>	<u>\$ -</u>
LIABILITIES				
Funds Held for Others	-	2,236,999.44	2,236,999.44	-
Total Liabilities	<u>\$ -</u>	<u>\$ 2,236,999.44</u>	<u>\$ 2,236,999.44</u>	<u>\$ -</u>
Agency Fund #2 (0900) U/F (9015)				
ASSETS				
Cash on Hand	-	-	-	-
Cash in State Treasury	101,968.49	38,186.91	111,261.79	28,893.61
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ 101,968.49</u>	<u>\$ 38,186.91</u>	<u>\$ 111,261.79</u>	<u>\$ 28,893.61</u>
LIABILITIES				
Funds Held for Others	101,968.49	38,186.91	111,261.79	28,893.61
Total Liabilities	<u>\$ 101,968.49</u>	<u>\$ 38,186.91</u>	<u>\$ 111,261.79</u>	<u>\$ 28,893.61</u>
Agency Fund #2 (0900) U/F (9016)				
ASSETS				
Cash on Hand	-	-	-	-
Cash in State Treasury	-	-	-	-
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
Funds Held for Others	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Agency Fund #3 (0901) U/F (0901)				
ASSETS				
Cash on Hand	-	-	-	-
Cash in State Treasury	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
Funds Held for Others	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

UNAUDITED

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT J-1 - COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - Agency Funds
For the fiscal year ended August 31, 2017

	Beginning Balance Sept 1, 2016	Additions	Deductions	Ending Balance Aug 31, 2017
Agency Fund #5 (0980) U/F (0980)				
ASSETS				
Cash in State Treasury	354.60	889.14	354.60	889.14
Total Assets	<u>\$ 354.60</u>	<u>\$ 889.14</u>	<u>\$ 354.60</u>	<u>\$ 889.14</u>
LIABILITIES				
Funds Held for Others	354.60	889.14	354.60	889.14
Total Liabilities	<u>\$ 354.60</u>	<u>\$ 889.14</u>	<u>\$ 354.60</u>	<u>\$ 889.14</u>
Agency Fund #5 (0980) U/F (9014)				
ASSETS				
Cash in State Treasury	10,222.78	20.98	10,222.78	20.98
Total Assets	<u>\$ 10,222.78</u>	<u>\$ 20.98</u>	<u>\$ 10,222.78</u>	<u>\$ 20.98</u>
LIABILITIES				
Funds Held for Others	10,222.78	20.98	10,222.78	20.98
Total Liabilities	<u>\$ 10,222.78</u>	<u>\$ 20.98</u>	<u>\$ 10,222.78</u>	<u>\$ 20.98</u>
Agency Fund #6 (9995) U/F (0941)				
ASSETS				
Cash in Bank	1,423,587.35	1,960,568.96	2,080,701.79	1,303,454.52
Cash in State Treasury	-	-	-	-
Cash Equivalents	3,947,440.44	2,748,450.64	3,317,660.14	3,378,230.94
Investments	-	6,634,000.00	6,634,000.00	-
Receivables	-	-	-	-
Interest and Dividends	-	-	-	-
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ 5,371,027.79</u>	<u>\$ 11,343,019.60</u>	<u>\$ 12,032,361.93</u>	<u>\$ 4,681,685.46</u>
LIABILITIES				
Funds Held for Others	4,983,436.75	5,764,081.79	5,376,490.75	5,371,027.79
Total Liabilities	<u>\$ 4,983,436.75</u>	<u>\$ 5,764,081.79</u>	<u>\$ 5,376,490.75</u>	<u>\$ 5,371,027.79</u>
Totals - All Agency Funds				
ASSETS				
Cash on Hand	-	-	-	-
Cash in Bank	1,423,587.35	1,960,568.96	2,080,701.79	1,303,454.52
Cash in State Treasury	279,922.32	2,418,468.87	2,526,215.06	172,176.13
Cash Equivalents	3,947,440.44	2,748,450.64	3,317,660.14	3,378,230.94
Investments	-	6,634,000.00	6,634,000.00	-
Receivables	-	-	-	-
Interest and Dividends	-	-	-	-
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ 5,650,950.11</u>	<u>\$ 13,761,488.47</u>	<u>\$ 14,558,376.99</u>	<u>\$ 4,853,861.59</u>
LIABILITIES				
Funds Held for Others	5,263,359.07	8,182,550.66	7,902,705.81	5,543,203.92
Total Liabilities	<u>\$ 5,263,359.07</u>	<u>\$ 8,182,550.66</u>	<u>\$ 7,902,705.81</u>	<u>\$ 5,543,203.92</u>

UNAUDITED

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

SCHEDULE IA - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year ended August 31, 2017

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Pass-Through From			Direct Program Amount	Total PT From & Direct Program	Pass-Th	
		Agy./ Univ. #	Agency or Univ. Amount	Non-State Entities Amount			Agy./ Univ. #	State Agy. or Univ. Amount
General Services Administration								
Donation of Federal Surplus Personal Property (Non-monetary) Pass-Through From: Texas Facilities Commission	39.003	303	\$ 24,018.14	\$ -	\$ -	\$ 24,018.14	-	\$ -
Total General Services Commission			<u>24,018.14</u>	<u>0.00</u>	<u>0.00</u>	<u>24,018.14</u>		<u>0.00</u>
U.S. Dept of Agriculture								
Pass-Through From:								
School Breakfast Program	10.553		\$ -	\$ -	\$ -	\$ -		\$ -
Pass-Through From: Texas Department of Agriculture		551	-	-	-	-	-	-
National School Lunch Program	10.555		-	-	-	-	-	-
Pass-Through From: Texas Department of Agriculture		551	-	-	-	-	-	-
National School Lunch Program (Non-monetary)	10.555		-	-	-	-	-	-
Pass-Through From: Texas Department of Agriculture		551	-	-	-	-	-	-
Total U.S. Department of Agriculture			<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>		<u>0.00</u>
U.S. Department of Health and Human Services								
Administration on Aging:								
Direct Programs:								
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041				(75,859.00)	(75,859.00)		
Special Programs for the Aging - Title VII, Chapter 2 - Long-Term Care Ombudsman Services for Older Individuals	93.042				(311,343.00)	(311,343.00)		
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043				18,716.00	18,716.00		
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	529	381,124.91		(3,809,123.13)	(3,427,998.22)		
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	529	(131,218.03)		(1,319,791.47)	(1,451,009.50)		
Special Programs for the Aging - Title IV and II - Discretionary Projects	93.048				(21,736.00)	(21,736.00)		
National Family Caregiver Support, Title III, Part E	93.052	529	(8,613.06)		(1,004,446.32)	(1,013,059.38)		
Nutrition Services Incentive Program	93.053				195,540.00	195,540.00		
Medicare Enrollment Assistance Program	93.071	529	2,340.52		(372,907.00)	(370,566.48)		
Pass-Through To:								
State Health Insurance Assistance Program								
Lifespan Respite Care Program	93.072				(21,225.00)	(21,225.00)		
Administration for Community Living								
Texas Department of Insurance (TDI)	93.324				(815,807.00)	(815,807.00)		
Affordable Care Act - Medicare Improvements for Patients and Providers	93.518				-	-		
ARRA-Communities Putting Prevention to Work: Chronic Disease Self-Management Program	93.725				-	-		
Administration For Children and Families:								
Direct Programs:								
Developmental Disabilities Basic Support and Advocacy Grants								
Pass-Through From:								
Texas Education Agency (TEA)	93.630							
Social Services Block Grant	93.667							
Pass-Through From:								
Health and Human Services Commission		529	(1,244,307.56)		146,787.80	(1,097,519.76)		
Centers For Medicare and Medicaid Services:								
Direct Programs:								
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777				19,402,699.94	19,402,699.94		
Pass-Through To:								
Department of State Health Services (DSHS)							537	6,450,326.00
Medical Assistance Program	93.778				(158,848,848.88)	(158,848,848.88)		
Pass-Through From:								
Health and Human Services Commission		529	530,144,876.71			530,144,876.71		
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations	93.779				-	-		
Pass-Through To:								
Texas Department of Insurance (TDI)								
Texas Department of Housing and Community Affairs (TDHCA)								
Money Follows the Person Rebalancing Demonstration	93.791				(1,775,052.00)	(1,775,052.00)		
Pass-Through From:								
Health and Human Services Commission		529	1,104,576.39			1,104,576.39		
State Survey and Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796				(2,064,136.00)	(2,064,136.00)		
Pass-Through From:								
Health and Human Services Commission		529	14,823,038.16			14,823,038.16		
Total U.S. Dept of Health and Human Services			<u>545,071,818.04</u>	<u>0.00</u>	<u>(150,676,531.06)</u>	<u>394,395,286.98</u>		<u>6,450,326.00</u>
Corporation For National and Community Service								
Direct Programs:								
Foster Grandparent Program	94.011				1,630,172.22	1,630,172.22		
Senior Companion Program	94.016				-	-	529	1,699,172.90
Total Corporation For National and Community Service			<u>0.00</u>	<u>0.00</u>	<u>1,630,172.22</u>	<u>1,630,172.22</u>		<u>1,699,172.90</u>
U.S. Department of Homeland Security								
Disaster Grants -Public Assistance (Presidentially Declared Disasters)								
Pass-Through From:								
Texas Department of Public Safety	97.036				-	-		
Total U.S. Department of Homeland Security			<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>		<u>0.00</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 545,075,836.18</u>	<u>\$ 0.00</u>	<u>\$ (149,046,358.84)</u>	<u>\$ 396,049,477.34</u>		<u>\$ 8,149,498.90</u>

UNAUDITED

<u>rough To</u>	<u>Non-State Entities Amount</u>	<u>Expenditures Amount</u>	<u>Total PT To & Expenditures</u>
\$	\$	24,018.14	\$ 24,018.14
		-	-
	<u>0.00</u>	<u>24,018.14</u>	<u>24,018.14</u>
\$	\$	-	-
		-	-
		-	-
		-	-
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
		(75,859.00)	(75,859.00)
		(311,343.00)	(311,343.00)
		18,716.00	18,716.00
		(3,427,998.22)	(3,427,998.22)
		(1,451,009.50)	(1,451,009.50)
		(21,736.00)	(21,736.00)
		(1,013,059.38)	(1,013,059.38)
		195,540.00	195,540.00
		(370,566.48)	(370,566.48)
		-	-
		(21,225.00)	(21,225.00)
		(815,807.00)	(815,807.00)
		-	-
		-	-
		(1,097,519.76)	(1,097,519.76)
		-	-
		12,952,373.94	12,952,373.94
		-	6,450,326.00
		371,296,027.83	371,296,027.83
		-	-
		-	-
		-	-
		(670,475.61)	(670,475.61)
		-	-
		12,758,902.16	12,758,902.16
	<u>0.00</u>	<u>387,944,960.98</u>	<u>394,395,286.98</u>
		(69,000.68)	1,630,172.22
	<u>0.00</u>	<u>(69,000.68)</u>	<u>1,630,172.22</u>
		-	-
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
\$	\$	\$ 387,899,978.44	\$ 396,049,477.34

UNAUDITED

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

SCHEDULE 1A - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the fiscal year ended August 31, 2017

Note 1 - Non-Monetary Assistance

The Donation of Federal Surplus Personal Property is presented at 22.47 percent of the federal acquisition cost of \$106,889.79. The surplus property is passed through from the Texas Facilities Commission (TFC). The federal grantor agency is the General Services Administration (GSA) and the federal CFDA number is 39.003. The estimated fair value for the current fiscal year is \$24,018.14.

Note 2 - Reconciliation:

Federal Revenues (Exhibit II)	(149,046,358.84)
Federal Pass-Through Revenues (Exhibit II)	<u>545,071,818.94</u>
Subtotal	<u>396,025,459.20</u>
Reconciling Items:	
Non-monetary Items:	
Donation of Federal Surplus Personal Property	24,018.14
National School Lunch Program	
Total Pass-Through To and Expenditures Amount (Schedule 1A)	\$ <u>396,049,477.34</u>

Note 7 - Federal Deferred Revenue:

Federal Deferred Revenue 09/01/2016

Increase (Decrease) in FY2017

CFDA# 39.003 - Donation of Federal Surplus Personal Property (Non-monetary)	0.00
CFDA# 10.553 - School Breakfast Program	0.00
CFDA# 10.555 - National School Lunch Program	0.00
CFDA# 93.041 - Title VII, Ch. 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	0.00
CFDA# 93.042 - Title VII, Ch. 2, Long-Term Care Ombudsman Services for Older Individuals	0.00
CFDA# 93.043 - Title III, Part D, Disease Prevention and Health Promotion Services	0.00
CFDA# 93.044 - Title III, Part B, Grants for Supportive Services and Senior Centers	0.00
CFDA# 93.045 - Title III, Part C, Nutrition Services	0.00
CFDA# 93.048 - Special Programs for the Aging - Title IV and II - Discretionary Projects	0.00
CFDA# 93.052 - National Family Caregiver Support, Title III, Part E	0.00
CFDA# 93.053 - Nutrition Services Incentive Program	0.00
CFDA# 93.072 - Lifespan Respite Care Program	0.00
CFDA# 93.518 - Affordable Care Act - Medicare Improvements for Patients and Providers	0.00
CFDA# 93.667 - Social Services Block Grant	0.00
CFDA# 93.725 - ARRA - Communities Putting Prevention to Work; Chronic Disease Self Management Program	0.00
CFDA# 93.777 - State Survey and Certification of Health Care Providers and Suppliers	0.00
CFDA# 93.778 - Medical Assistance Program	0.00
CFDA# 93.778 - ARRA - Medical Assistance Program	0.00
CFDA# 93.791 - Money Follows the Person Rebalancing Demonstration	0.00
CFDA# 93.779 - CMS Research, Demonstrations, and Evaluations	0.00
CFDA# 94.011 - Foster Grandparent Program	0.00
CFDA# 94.016 - Senior Companion Program	0.00
CFDA# 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	0.00
Subtotal - FY2017 Increase	<u>0.00</u>
Federal Deferred Revenue 08/31/2017	<u>0.00</u>

