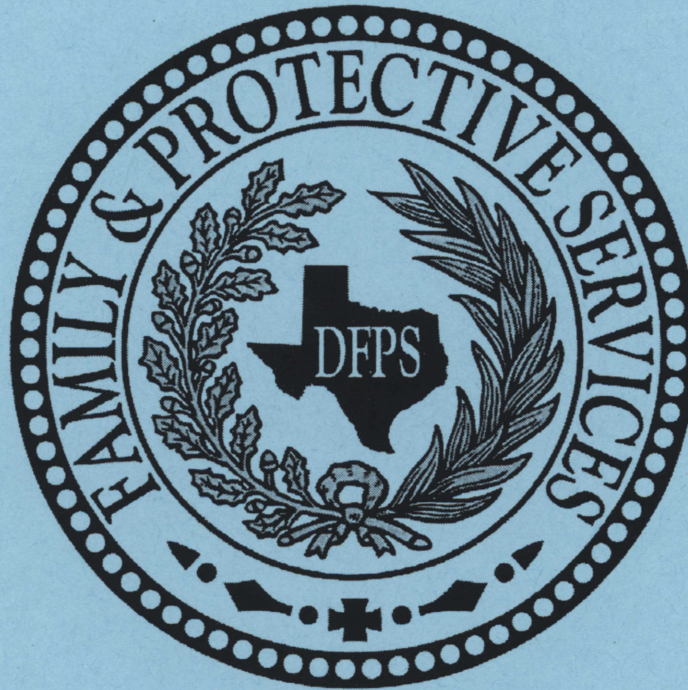


TEXAS
DEPARTMENT OF FAMILY AND PROTECTIVE
SERVICES



Unaudited
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended
August 31, 2012

**UNAUDITED
ANNUAL FINANCIAL REPORT**

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

Year Ended August 31, 2012

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

TABLE OF CONTENTS

Letter of Transmittal 1

General Purpose Financial Statements - Exhibits:

I. Combined Balance Sheet/Statement of Net Assets-Governmental Funds2

II. Combined Statement of Revenues, Expenditures and Changes in Fund Balances/
Statement of Activities-Governmental Funds.....3

VI. Combined Statement of Fiduciary Net Assets – Fiduciary Funds..... 4

Notes to the Financial Statements 5

Combining Financial Statements - Exhibits:

A-1: Combining Balance Sheet - All General and Consolidated Funds.....16

A-2: Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
All General and Consolidated Funds18

J-1: Combining Statement of Changes in Assets and Liabilities - Agency Funds20

Schedules:

1A. Schedule of Expenditures of Federal Awards21

Supplemental Information:

Addenda -

Organizational and General Comments.....25

Organizational Chart28



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
Howard G. Baldwin, Jr.

November 19, 2012

Honorable Rick Perry, Governor
Honorable Susan Combs, Texas Comptroller
John O'Brien, Director, Legislative Budget Board
John Keel, CPA, State Auditor

Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of the Texas Department of Family and Protective Services for the year ended August 31, 2012, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the State of Texas *Comprehensive Annual Financial Report (CAFR)*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Nhu Pham at (512) 438-2921. Nhu Pham may be contacted for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer Sims".

Jennifer Sims
Deputy Commissioner

JS:BC/JRWIII:dpv

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)
Exhibit I - Combined Balance Sheet/Statement of Net Assets – Governmental Funds
 August 31, 2012

	Governmental Fund Types			Statement of Net Assets
	General Funds (Ex A-1)	Capital Assets Adjustments	Long-Term Liabilities Adjustments	
ASSETS				
Current Assets:				
Cash				
On Hand	\$ -	\$ -	\$ -	\$ -
In Bank (Note 3)	750,000.00			750,000.00
Cash in State Treasury	20,087,940.77			20,087,940.77
Legislative Appropriations	150,780,837.91			150,780,837.91
Receivables From:				
Federal	12,999,240.46	-	-	12,999,240.46
Due From Other Funds	14,428,711.65	-	-	14,428,711.65
Due From Other Agencies	138,579.87	-	-	138,579.87
Total Current Assets	<u>199,185,310.66</u>	<u>-</u>	<u>-</u>	<u>199,185,310.66</u>
Non-Current Assets:				
Capital Assets (Note 2)				
Depreciable:				
Furniture and Equipment	-	12,387,560.42	-	12,387,560.42
Less Accumulated Depreciation	-	(11,575,878.24)	-	(11,575,878.24)
Vehicle, Boats, and Aircraft	-	14,354.75	-	14,354.75
Less Accumulated Depreciation	-	(14,354.75)	-	(14,354.75)
Total Non-Current Assets	<u>-</u>	<u>811,682.18</u>	<u>-</u>	<u>811,682.18</u>
Total Assets	<u>\$ 199,185,310.66</u>	<u>\$ 811,682.18</u>	<u>\$ -</u>	<u>\$ 199,996,992.84</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts	\$ 56,009,247.01	\$ -	\$ -	\$ 56,009,247.01
Payroll	44,613,324.58	-	-	44,613,324.58
Due To Other Funds	14,428,711.65	-	-	14,428,711.65
Due To Other Agencies	7,933,353.58	-	-	7,933,353.58
Employees Compensable Leave (Note 5)	-	-	36,170,696.79	36,170,696.79
Total Current Liabilities	<u>122,984,636.80</u>	<u>-</u>	<u>36,170,696.79</u>	<u>159,155,333.59</u>
Non-Current Liabilities:				
Employees Compensable Leave (Note 5)	-	-	23,418,161.72	23,418,161.72
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>23,418,161.72</u>	<u>23,418,161.72</u>
Total Liabilities	<u>122,984,636.80</u>	<u>-</u>	<u>59,588,858.51</u>	<u>182,573,495.31</u>
FUND FINANCIAL STATEMENT				
Fund Balances (Deficits):				
Restricted	-	-	-	-
Committed	20,050,983.98	-	-	20,050,983.98
Assigned	5,963,594.69	-	-	5,963,594.69
Unassigned	50,186,095.19	-	-	50,186,095.19
Total Fund Balances	<u>76,200,673.86</u>	<u>-</u>	<u>-</u>	<u>76,200,673.86</u>
Total Liabilities and Fund Balances	<u>\$ 199,185,310.66</u>	<u>\$ -</u>	<u>\$ 59,588,858.51</u>	<u>\$ 258,774,169.17</u>
GOVERNMENT-WIDE STATEMENT OF NET ASSETS				
Net Assets:				
Invested in Capital Asstes, Net of Related Debt		811,682.18	-	811,682.18
Unrestricted		-	(59,588,858.51)	(59,588,858.51)
Total Net Assets		<u>\$ 811,682.18</u>	<u>\$ (59,588,858.51)</u>	<u>\$ (58,777,176.33)</u>

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

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)
**Exhibit II - Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances/Statement of Activities - Governmental Funds**
 For the Fiscal Year Ended August 31, 2012

	General Funds (Ex A-2)	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
REVENUES				
Legislative Appropriations:				
Original Appropriations (GR)	\$ 633,633,760.00	\$ -	\$ -	\$ 633,633,760.00
Additional Appropriations (GR)	57,345,112.81	-	-	57,345,112.81
Federal Revenue (PR-OP G/C)	393,017,916.75	-	-	393,017,916.75
Federal Grant Pass-Through Revenue (PR-OP G/C)	348,331,070.99	-	-	348,331,070.99
Licenses, Fees & Permits (PR-C/S)	392,039.83	-	-	392,039.83
Licenses, Fees & Permits (PR-OP G/C)	3,679,095.83	-	-	3,679,095.83
Interest and Other Investment Income (GR)	8,148.24	-	-	8,148.24
Interest and Other Investment Income (PR-OP G/C)	114,747.17	-	-	114,747.17
Sales of Goods and Services (PR-C/S)	21,295.74	-	-	21,295.74
Other (PR-OP G/C)	7,945,196.97	-	-	7,945,196.97
Total Revenues	1,444,488,384.33	-	-	1,444,488,384.33
EXPENDITURES				
Salaries and Wages	430,519,870.83	-	(195,660.01)	430,324,210.82
Payroll Related Costs	119,061,440.79	-	-	119,061,440.79
Professional Fees and Services	7,921,268.01	-	-	7,921,268.01
Travel	38,798,084.41	-	-	38,798,084.41
Materials and Supplies	5,390,815.23	-	-	5,390,815.23
Communication and Utilities	11,249,101.92	-	-	11,249,101.92
Repairs and Maintenance	7,803,314.04	-	-	7,803,314.04
Rentals & Leases	6,108,971.07	-	-	6,108,971.07
Printing and Reproduction	2,952,503.95	-	-	2,952,503.95
Claims and Judgments	136,654.29	-	-	136,654.29
Federal Grant Pass-Through Expenditures	12,342,362.28	-	-	12,342,362.28
Public Assistance Payments	698,446,655.24	-	-	698,446,655.24
Other Expenditures	79,795,268.88	-	-	79,795,268.88
Capital Outlay	238,011.19	(238,011.19)	-	-
Depreciation Expense	-	747,695.23	-	747,695.23
Total Expenditures/Expenses	1,420,764,322.13	509,684.04	(195,660.01)	1,421,078,346.16
Excess (Deficiency) of Revenues Over Expenditures	23,724,062.20	(509,684.04)	195,660.01	23,410,038.17
OTHER FINANCING SOURCES (USES)				
Transfers In	745,227,432.67	-	-	745,227,432.67
Transfers Out	(746,068,373.86)	-	-	(746,068,373.86)
Legislative Transfers In	1,865,119.00	-	-	1,865,119.00
Legislative Transfers Out	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	(6,898.09)	-	(6,898.09)
Increase/Decrease in Net Assets Due to Interagency Transfer of Capital Assets	-	(3,453.93)	-	(3,453.93)
Total Other Financing Sources (Uses)	1,024,177.81	(10,352.02)	-	1,013,825.79
Net Change in Fund Balances/Net Assets	24,748,240.01	(520,036.06)	195,660.01	24,423,863.96
FUND FINANCIAL STATEMENT-FUND BALANCES				
Fund Balances—Beginning September 1, 2011	57,680,607.92			
Restatements	-			
Fund Balances, September 1, 2011, as Restated	57,680,607.92			
Appropriations Lapsed	(6,228,174.07)			
Fund Balances, August 31, 2012	\$ 76,200,673.86			
GOVERNMENT-WIDE STATEMENT OF NET ASSETS				
Change in Net Assets		(520,036.06)	195,660.01	(324,376.05)
Net Assets—Beginning September 1, 2011		1,331,718.24	(59,784,518.52)	(58,452,800.28)
Restatements		-	-	-
Net Assets, September 1, 2011, as Restated		1,331,718.24	(59,784,518.52)	(58,452,800.28)
Net Assets—As of August 31, 2012		\$ 811,682.18	\$ (59,588,858.51)	\$ (58,777,176.33)

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

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)
Exhibit VI - Combined Statement of Net Assets - Fiduciary Funds
August 31, 2012

	Agency Funds (Exhibit J-1)
ASSETS	
Cash in Bank (Note 3)	\$ 3,348,468.69
Cash in State Treasury	2,804,945.07
Total Assets	<u>\$ 6,153,413.76</u>
LIABILITIES	
Funds Held for Others	<u>\$ 6,153,413.76</u>
Total Liabilities	<u>\$ 6,153,413.76</u>

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

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

Entity

The Texas Department of Family and Protective Services is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for State Agencies.

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

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

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report 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.

Blended Component Units

No component units have been identified which should have been blended into an appropriated fund.

Discrete Component Units

N/A

Fund Structure

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

Governmental Fund Types & Government-wide Adjustment Fund Types

General Fund

The General Fund (Fund 0001) is the principal operating fund used to account for most of the state's general activities. It accounts for all financial resources except those accounted for in other funds.

Capital Assets Adjustment Fund Type

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

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

Fund Structure (continued)

Long-Term Liabilities Adjustment Fund Type

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

Fiduciary Fund Types

Fiduciary funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. When assets are held under the terms of a formal trust agreement, either a pension trust fund, or a private purpose trust fund is used.

Agency Funds

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

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

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

Basis of Accounting

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

Governmental fund types that build the fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. The State of Texas considers receivables collected within sixty 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.

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

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.

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be capitalized. These assets are capitalized at cost or, if purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets such as works of art and historical treasures are not depreciated. Road and highway infrastructure is reported on the modified accrual basis. Assets are depreciated over the estimated useful life of the asset using the straight-line method. A subsidiary record of depreciation is maintained, however, for claiming federal reimbursements.

Other Receivables - Current and Noncurrent

The disaggregation of other receivables as reported in the financial statements is shown in Note 24, "Disaggregation of Receivables and Payables Balances."

LIABILITIES

Accounts Payable

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Other Payables - Current and Noncurrent

The disaggregation of other payables as reported in the financial statements is shown in Note 24, "Disaggregation of Receivables and Payables Balances."

Employees' Compensable Leave

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

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

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

FUND BALANCE/NET ASSETS

The difference between fund assets and liabilities is 'Net Assets' on the government-wide, proprietary and fiduciary fund statements, and the 'Fund Balance' is the difference between fund assets and liabilities on the governmental fund statements.

Fund Balance Components

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

- Nonspendable fund balance includes amounts not available to be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- Restricted fund balance includes those resources that have constraints placed on their use through external parties or by law through constitutional provisions.
- Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the Texas Legislature, the state's highest level of decision making authority.
- Assigned fund balance includes amounts constrained by the state's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (1) the Texas Legislature or (2) a body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

Invested in Capital Assets, Net of Related Debt

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

Restricted Net Assets

Restricted net assets result 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 Assets

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources, which are imposed by management, but can be removed or modified.

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

INTERFUND ACTIVITIES AND BALANCES

The agency has the following types of transactions between funds:

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

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

NOTE 2: Capital Assets

Revenue received from the sale of Surplus Property has been transferred to Unappropriated General Revenue in accordance with HB 7, Sec. 20.

A summary of changes in Capital Assets submitted through Capital Asset Note Submission System (CANSS) will generate the table for Note 2 presented below:

	Primary Government					Additions	Deletions	Balance 08/31/12
	Balance 09/01/11	Adjust- ments	Com CIP	Inc-Int'agy Trans	Dec-Int'agy Trans			
GOVERNMENTAL ACTIVITIES								
Depreciable Assets								
Buildings and Building Improvements								
Infrastructure								
Facilities & Other Improvements								
Furniture and Equipment	12,864,500.33	6,800.00			(17,762.82)	238,011.19	(703,988.28)	12,387,560.42
Vehicle, Boats & Aircraft	14,354.75							14,354.75
Other Assets								
Total Depreciable Assets at Historical Costs	12,878,855.08	6,800.00			(17,762.82)	238,011.19	(703,988.28)	12,401,915.17
Less Accumulated Depreciation for:								
Buildings and Improvements								
Infrastructure								
Facilities & Other Improvements								
Furniture and Equipment	(11,532,782.09)	(6,800.00)			14,308.89	(747,695.23)	697,090.19	(11,575,878.24)
Vehicles, Boats & Aircraft	(14,354.75)							(14,354.75)
Other Capital Assets								
Total Accumulated Depreciation	(11,547,136.84)	(6,800.00)			14,308.89	(747,695.23)	697,090.19	(11,590,232.99)
Depreciable Assets, Net	1,331,718.24				(3,453.93)	(509,684.04)	(6,898.09)	811,682.18
Governmental Activities Capital Assets, Net	1,331,718.24				(3,453.93)	(509,684.04)	(6,898.09)	811,682.18

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

NOTE 3: Deposits, Investments & Repurchase Agreements

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

Deposits of Cash in Bank

As of August 31, 2012, the carrying amount of deposits was \$4,098,468.69 as presented below.

Governmental and Business-Type Activities	
CASH IN BANK-CARRYING AMOUNT	\$750,000.00
Total Cash In Bank per AFR	\$750,000.00
Governmental Funds Current Assets Cash In Bank	\$750,000.00
Cash In Bank per AFR	\$750,000.00
Fiduciary Funds	
CASH IN BANK-CARRYING AMOUNT	\$3,348,468.69
Total Cash In Bank per AFR	\$3,348,468.69
Fiduciary Funds Cash In Bank	\$3,348,468.69
Cash In Bank per AFR	\$3,348,468.69

These amounts consist of all cash in local banks. These amounts are included on the Combined Statement of Net Assets as part of the "Cash In Bank" account.

As of August 31, 2012, the total bank balance was as follows.

Governmental and Business-Type Activities	\$282,009.84	Fiduciary Funds	\$3,348,468.69
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Investments

N/A

Reverse Repurchase Agreements

N/A

Securities Lending

N/A

Derivative Investing

N/A

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

NOTE 4: Short-Term Debt

N/A

NOTE 5: Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2012, the following changes occurred in liabilities:

Governmental Activities	Balance 09/01/11	Additions	Reductions	Balance 08/31/12	Amounts Due Within One Year	Amounts Due Thereafter
Employees' Compensable Leave	\$59,784,518.52	\$52,514,175.21	\$52,709,835.22	\$59,588,858.51	\$36,170,696.79	\$23,418,161.72
Total Governmental Activities	\$59,784,518.52	\$52,514,175.21	\$52,709,835.22	\$59,588,858.51	\$36,170,696.79	\$23,418,161.72

Notes and Loans Payable

N/A

Claims and Judgments

N/A

Employees' Compensable Leave

If a state employee has had continuous employment with the state for at least six months, the state employee is entitled to be paid for all unused vacation time accrued in the event of the employee's resignation, dismissal or separation from state employment. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. Both an expense and a liability for business-type activities are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. This obligation is usually paid from the same funding source(s) from which the employee's salary or wage compensation was paid.

NOTE 6: Bonded Indebtedness

N/A

NOTE 7: Derivative Instruments

N/A

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

NOTE 8: Leases

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

Fund Type	Amount
General Fund	\$4,829,838.13

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

Year Ended August 31	
2013	\$6,566,935.52
2014	\$2,511,805.12
2015	\$1,372,181.28
2016	
Total Minimum Future Lease Rental Payments	\$10,450,921.92

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

NOTE 9: Pension Plans

N/A

NOTE 10: Deferred Compensation

N/A

NOTE 11: Post Employment Health Care and Life Insurance Benefits

N/A

NOTE 12: Interfund Activity and Transactions

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

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

The 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.

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

Interfund Activity and Transactions (continued)

Individual balances and activity at August 31, 2012 follows:

	Legislative Transfers In	Legislative Transfers Out
General Revenue (01)		
Appd Fund 0001, D23 Fund 0001		
Agy 529, D23 Fund 0001	\$1,865,119.00	
Agy 539, D23 Fund 0001		
Total Legislative Transfers	\$1,865,119.00	

NOTE 13: Continuance Subject to Review

Under the Texas Sunset Act, the Agency is scheduled to be reviewed in 2015. Unless the Agency is continued in existence by the Legislature as provided by the Act it will be abolished. If the Agency is abolished it will begin a one year wind down process as established by the Texas Sunset Process Guide. The close out date of operation would be September 1, 2016.

NOTE 14: Adjustments to Fund Balances and Net Assets

N/A

NOTE 15: Contingencies and Commitments

A. FEDERAL GRANTS

The agency has received several federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed and/or penalties under the terms of the grant.

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

Contingencies and Commitments (continued)

B. LITIGATION

The Texas Department of Family and Protective Services was a defendant in numerous pending litigation as of August 31, 2012. The following summary outlines these lawsuits and their related potential liability:

Type of Litigation	Number of Lawsuits	Range of Damages
Civil Rights	6	Not Specified
Discrimination	4	Not Specified
Tort	26	\$1,053,000.00 – Not Specified

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

The Department of Labor has filed suit on behalf of some 800 DFPS staff for alleged failure to pay overtime. The complaint seeks \$1.5 million in unpaid wages to current and former employees. The Office of Attorney General is filing a request for review by the US Supreme Court.

NOTE 16: Subsequent Events

N/A

NOTE 17: Risk Management

N/A

NOTE 18: Management Discussion and Analysis

N/A

NOTE 19: The Financial Reporting Entity

N/A

NOTE 20: Stewardship, Compliance and Accountability

N/A

NOTE 21: NA

N/A

NOTE 22: Donor Restricted Endowments

N/A

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Notes to the Financial Statements

NOTE 23: Extraordinary and Special Items

N/A

NOTE 24: Disaggregation of Receivable and Payable Balances

Federal Receivable

<u>Federal Receivable Program</u>	<u>Amount</u>
Health and Human Services	<u>\$12,999,240.46</u>
Total Net Federal Receivable	<u>\$12,999,240.46</u>
<u>As Reported on the Financial Statements</u>	
Current Federal Receivable	<u>\$12,999,240.46</u>
Total Net Federal Receivable	<u>\$12,999,240.46</u>

NOTE 25: Termination Benefits

N/A

NOTE 26: Segment Information

N/A

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)
 Exhibit A-1 - Combining Balance Sheet - All General and Consolidated Funds
 August 31, 2012

	General	
	General Revenue Fund (0001) U/F (0001)	American Recovery and Reinvestment Act Fund (0369) U/F (0001)
ASSETS		
Current Assets:		
Cash		
On Hand	\$ -	\$ -
In Bank	750,000.00	
In State Treasury	-	
Legislative Appropriations	150,780,837.91	
Receivables From:		
Federal	-	-
Due From Other Funds	13,130,303.91	-
Due From Other Agencies	1,235.59	-
Total Current Assets	<u>184,662,377.41</u>	<u>-</u>
Total Assets	<u>\$ 184,662,377.41</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Current Liabilities:		
Payables From:		
Accounts	\$ 55,966,009.39	\$ -
Payroll	44,613,324.58	-
Due To Other Funds	-	-
Due To Other Agencies	7,933,353.56	-
Total Current Liabilities	<u>108,512,687.53</u>	<u>-</u>
Total Liabilities	<u>108,512,687.53</u>	<u>-</u>
Fund Balances (Deficits):		
Restricted	-	-
Committed	-	-
Assigned	5,963,594.09	-
Unassigned	50,186,095.19	-
Total Fund Balances	<u>56,149,689.88</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 184,662,377.41</u>	<u>\$ -</u>

UNAUDITED

Consolidated Funds					
Federal Child Welfare Services Fund (0037) U/F (0037)	Sexual Assault Program Fund (5010) U/F (5010)	Child Abuse Neglect/Prev Oper Fund (5084) U/F (5084)	Child Abuse Neglect/Prev Trust Fund (5085) U/F (5085)	Specialty License Plates General Fund (5140) U/F (5140)	Total (Ex I)
\$	\$	\$	\$	\$	\$
		-	-		-
		1,335,364.53	18,752,576.24		750,000.00
					20,087,940.77
					150,780,837.91
12,999,240.46	-	-	-	-	12,999,240.46
-	-	-	1,298,407.74	-	14,428,711.65
131,063.45	-	-	-	6,280.83	138,579.87
<u>13,130,303.91</u>	<u>-</u>	<u>1,335,364.53</u>	<u>20,050,983.98</u>	<u>6,280.83</u>	<u>199,185,310.66</u>
<u>\$ 13,130,303.91</u>	<u>\$ -</u>	<u>\$ 1,335,364.53</u>	<u>\$ 20,050,983.98</u>	<u>\$ 6,280.83</u>	<u>\$ 199,185,310.66</u>
\$	\$	\$	\$	\$	\$
-	-	36,956.79	-	6,280.83	56,009,247.01
13,130,303.91	-	1,298,407.74	-	-	44,813,324.58
<u>13,130,303.91</u>	<u>-</u>	<u>1,335,364.53</u>	<u>-</u>	<u>6,280.83</u>	<u>14,428,711.65</u>
<u>13,130,303.91</u>	<u>-</u>	<u>1,335,364.53</u>	<u>-</u>	<u>6,280.83</u>	<u>7,933,353.56</u>
<u>13,130,303.91</u>	<u>-</u>	<u>1,335,364.53</u>	<u>-</u>	<u>6,280.83</u>	<u>122,984,636.80</u>
-	-	-	-	-	-
-	-	-	20,050,983.98	-	20,050,983.98
-	-	-	-	-	5,963,594.69
-	-	-	-	-	50,186,095.19
<u>-</u>	<u>-</u>	<u>-</u>	<u>20,050,983.98</u>	<u>-</u>	<u>76,200,673.86</u>
<u>\$ 13,130,303.91</u>	<u>\$ -</u>	<u>\$ 1,335,364.53</u>	<u>\$ 20,050,983.98</u>	<u>\$ 6,280.83</u>	<u>\$ 199,185,310.66</u>

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)
**Exhibit A-2 - Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances – All General and Consolidated Funds
 For the Fiscal Year Ended August 31, 2012**

	General	
	General Revenue Fund (0001) U/F (0001)	American Recovery and Reinvestment Act Fund (0349) U/F (0001)
REVENUES		
Legislative Appropriations:		
Original Appropriations (GR)	\$ 633,833,780.00	\$ -
Additional Appropriations (GR)	57,345,112.81	-
Federal Revenue (PR-Operating or Capital)	808,581.85	-
Federal Grant Pass-Through Revenue (GR)	(300,732.52)	-
Licenses, Fees & Permits (PR-C/S)	392,039.83	-
Licenses, Fees & Permits (PR-OP G/C)	-	-
Interest and Other Investment Income (GR)	8,148.24	-
Interest and Other Investment Income (PR-OP G/C)	-	-
Sales of Goods and Services (PR-C/S)	21,295.74	-
Other (PR-OP G/C)	7,945,198.97	-
Total Revenues	699,854,402.92	-
EXPENDITURES		
Salaries and Wages	430,519,870.83	-
Payroll Related Costs	118,538,375.79	525,065.00
Professional Fees and Services	7,921,268.01	-
Travel	38,798,060.80	23.61
Materials and Supplies	5,390,815.23	-
Communication and Utilities	11,249,101.92	-
Repairs and Maintenance	7,803,337.85	(23.81)
Rentals & Leases	8,108,971.07	-
Printing and Reproduction	2,852,503.95	-
Claims and Judgments	136,654.29	-
Federal Pass-Through Expenditures	12,343,918.21	(1,553.93)
Public Assistance Payments	694,080,127.09	(12,348.97)
Other Expenditures	79,795,252.57	-
Capital Outlay	238,011.19	-
Total Expenditures	1,415,854,286.60	511,162.10
Excess (Deficiency) of Revenues Over Expenditures	(715,999,883.68)	(511,162.10)
OTHER FINANCING SOURCES (USES)		
Transfers In	740,328,976.31	511,162.10
Transfers Out	(840,941.19)	-
Legislative Transfers In	1,865,119.00	-
Legislative Transfers Out	-	-
Total Other Financing Sources (Uses)	741,353,154.12	511,162.10
Net Change in Fund Balances	25,353,290.44	-
FUND FINANCIAL STATEMENT-FUND BALANCES		
Fund Balances—Beginning September 1, 2011	37,024,573.51	-
Restatements	-	-
Fund Balances, September 1, 2011 as Restated	37,024,573.51	-
Appropriations Lapsed	(6,228,174.07)	-
Fund Balances, August 31, 2012	\$ 56,149,689.88	\$ -

UNAUDITED

Consolidated Funds					
Federal Child Welfare Services Fund (0037) U/F (0037)	Sexual Assault Program Fund (5010) U/F (5010)	Child Abuse Neglect/Prev Oper Fund (5084) U/F (5084)	Child Abuse Neglect/Prev Trust Fund (5085) U/F (5085)	Specialty License Plates General Fund (5140) U/F (5140)	Total (Ex II)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 633,833,760.00
-	-	-	-	-	57,345,112.81
392,208,334.90	-	-	-	-	393,017,918.75
348,631,803.51	-	-	-	-	348,331,070.99
-	-	-	-	-	382,039.83
-	-	-	3,667,496.66	11,599.17	3,679,095.83
-	-	-	-	-	8,148.24
-	-	-	114,747.17	-	114,747.17
-	-	-	-	-	21,295.74
-	-	-	-	-	7,945,198.97
<u>740,840,138.41</u>	<u>-</u>	<u>-</u>	<u>3,782,243.83</u>	<u>11,599.17</u>	<u>1,444,468,384.33</u>
-	-	-	-	-	430,519,870.83
-	-	-	-	-	119,061,440.79
-	-	-	-	-	7,921,268.01
-	-	-	-	-	38,798,084.41
-	-	-	-	-	5,390,815.23
-	-	-	-	-	11,249,101.92
-	-	-	-	-	7,803,314.04
-	-	-	-	-	6,108,871.07
-	-	-	-	-	2,952,503.95
-	-	-	-	-	136,654.28
-	-	-	-	-	12,342,362.28
-	-	4,387,277.95	-	11,599.17	698,448,655.24
-	-	16.31	-	-	79,795,268.88
-	-	-	-	-	238,011.19
<u>-</u>	<u>-</u>	<u>4,387,294.26</u>	<u>-</u>	<u>11,599.17</u>	<u>1,420,764,322.13</u>
<u>740,840,138.41</u>	<u>-</u>	<u>(4,387,294.26)</u>	<u>3,782,243.83</u>	<u>-</u>	<u>23,724,062.20</u>
-	-	4,387,294.26	-	-	745,227,432.87
(740,840,138.41)	-	-	(4,387,294.26)	-	(746,068,373.86)
-	-	-	-	-	1,865,119.00
<u>(740,840,138.41)</u>	<u>-</u>	<u>4,387,294.26</u>	<u>(4,387,294.26)</u>	<u>-</u>	<u>1,024,177.81</u>
-	-	-	(605,050.43)	-	24,748,240.01
-	-	-	20,656,034.41	-	57,680,607.92
-	-	-	-	-	-
-	-	-	20,656,034.41	-	57,680,607.92
-	-	-	-	-	(6,228,174.07)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,050,983.98</u>	<u>\$ -</u>	<u>\$ 76,200,673.86</u>

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)
Exhibit J-1 - Combining Statement of Changes in Assets and Liabilities
Agency Funds
 August 31, 2012

	Beginning Balance September 1, 2011	Additions	Reductions	Ending Balance August 31, 2012
OTHER AGENCY FUNDS				
1. Child Support Deductions (0807) U/F (8070)				
ASSETS				
Cash in State Treasury	\$ 57,637.63	\$ 805,745.19	\$ 802,642.93	\$ 60,739.89
Total Assets	<u>\$ 57,637.63</u>	<u>\$ 805,745.19</u>	<u>\$ 802,642.93</u>	<u>\$ 60,739.89</u>
LIABILITIES				
Funds Held for Others	\$ 57,637.63	\$ 748,107.56	\$ 745,005.30	\$ 60,739.89
Total Liabilities	<u>\$ 57,637.63</u>	<u>\$ 748,107.56</u>	<u>\$ 745,005.30</u>	<u>\$ 60,739.89</u>
2. Suspense Fund (0900) U/F (0900, 0910, 9015)				
ASSETS				
Cash in Bank	\$ 3,132,156.68	\$ 216,312.01	\$ -	\$ 3,348,468.69
Cash in State Treasury	\$ 2,155,571.78	8,010,073.62	7,428,040.57	\$ 2,737,604.83
Total Assets	<u>\$ 5,287,728.46</u>	<u>\$ 8,226,385.63</u>	<u>\$ 7,428,040.57</u>	<u>\$ 6,086,073.52</u>
LIABILITIES				
Funds Held for Others	\$ 5,287,728.46	\$ 8,226,385.63	\$ 7,428,040.57	\$ 6,086,073.52
Total Liabilities	<u>\$ 5,287,728.46</u>	<u>\$ 8,226,385.63</u>	<u>\$ 7,428,040.57</u>	<u>\$ 6,086,073.52</u>
3. Direct Deposit Correction (0980) U/F (0980 & 9014)				
ASSETS				
Cash in State Treasury	\$ 6,324.95	\$ 184,800.21	\$ 184,524.81	\$ 6,600.35
Total Assets	<u>\$ 6,324.95</u>	<u>\$ 184,800.21</u>	<u>\$ 184,524.81</u>	<u>\$ 6,600.35</u>
LIABILITIES				
Funds Held for Others	\$ 6,324.95	\$ 184,800.21	\$ 184,524.81	\$ 6,600.35
Total Liabilities	<u>\$ 6,324.95</u>	<u>\$ 184,800.21</u>	<u>\$ 184,524.81</u>	<u>\$ 6,600.35</u>
Totals - All Agency Funds				
ASSETS				
Cash in Bank	\$ 3,132,156.68	\$ 216,312.01	\$ -	\$ 3,348,468.69
Cash in State Treasury	2,219,534.36	9,000,619.02	8,415,208.31	\$ 2,804,945.07
Total Assets	<u>\$ 5,351,691.04</u>	<u>\$ 9,216,931.03</u>	<u>\$ 8,415,208.31</u>	<u>\$ 6,153,413.76</u>
LIABILITIES				
Funds Held for Others	\$ 5,351,691.04	\$ 9,159,293.40	\$ 8,357,570.68	\$ 6,153,413.76
Total Liabilities	<u>\$ 5,351,691.04</u>	<u>\$ 9,159,293.40</u>	<u>\$ 8,357,570.68</u>	<u>\$ 6,153,413.76</u>

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)
Schedule 1A - Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2012

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Pass-Through From			Direct Program Amount
		Agy./ Univ. #	Agencies or Univ. Amount	Non-State Entities Amount	
U.S. Department of Health and Human Services					
Direct Programs:					
Guardianship Assistance	93.090		\$ -	\$ -	\$ 1,090,205.95
ARRA - Guardianship Assistance					-
Promoting Safe and Stable Families	93.556				34,863,228.59
Pass-Through To:					
Other Non-State Entities					-
Community-Based Child Abuse Prevention Grants	93.590				2,116,474.37
Pass-Through To:					
Other Non-State Entities					-
Chafee Education & Training Vouchers Program	93.599				3,828,052.77
Adoption Incentive Payments	93.603				5,600,000.21
Children's Justice Grants to States	93.643				25,449.48
Child Welfare Services - State Grants	93.645				12,115,126.16
Adoption Opportunities	93.652				367,920.29
Pass-Through To:					
Other Non-State Entities					-
Foster Care - Title IV-E	93.658				212,258,046.40
Pass-Through To:					
Texas Juvenile Justice Department					10,093,933.29
Texas Juvenile Probation Commission					(2,534,440.93)
Texas Youth Commission					426,993.29
Tarleton State University					94,981.53
University of Texas at Arlington					768,989.75
University of Texas at Austin					633,568.77
University of Houston					979,975.49
Texas Women's University					210,983.56
Texas A & M University - Kingsville					40,852.97
Lamar University					67,648.79
University of Texas - Pan American					416,306.28
Texas A & M University - Commerce					222,748.93
University of North Texas					96,583.54
Texas State University - San Marcos					712,719.03
Stephen F. Austin State University					110,517.99
Other Non-State Entities					-
American Recovery and Reinvestment Act	93.658				(11,137.15)
Pass-Through To:					
Texas Juvenile Probation Commission					-
Texas Youth Commission					-
Other Non-State Entities					-
Adoption Assistance	93.659				98,027,243.53
American Recovery and Reinvestment Act					(2,055.60)
Child Abuse & Neglect State Grants	93.669				2,604,632.97
Chafee Foster Care Independence Program	93.674				7,792,366.50
U.S. Department of Health and Human Services					
Pass-Through From:					
Health and Human Services Commission					
Temporary Assistance for Needy Families	93.558	529	\$ 260,976,707.74	\$ -	\$ -
TANF Supplemental Grants	93.716	529	525,065.00	-	-
Refugee & Entrant Assistance	93.566	529	3,371,056.84	-	-
Social Services Block Grant	93.667	529	39,743,591.00	-	-
Total U.S. Department of Health and Human Services			304,616,420.58	-	393,017,916.75

UNAUDITED

Total PT From & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
	Agy/ Univ. #	State Agy or Univ. Amount	Non-State Entities Amount		
\$ 1,090,205.95	\$	\$	\$ -	\$ 1,090,205.95	\$ 1,090,205.95
-			-	-	-
34,863,228.59			11,422,075.76	23,441,152.83	34,863,228.59
-			-	-	-
2,116,474.37			821,410.08	1,295,064.29	2,116,474.37
-			-	-	-
3,828,052.77			-	3,828,052.77	3,828,052.77
5,600,000.21			-	5,600,000.21	5,600,000.21
25,449.48			-	25,449.48	25,449.48
12,115,126.16			-	12,115,126.16	12,115,126.16
367,920.29			348,788.39	19,131.90	367,920.29
-			-	-	-
212,258,046.40			3,631,839.94	208,626,206.46	212,258,046.40
10,093,933.29	644	10,093,933.29	-	-	10,093,933.29
(2,534,440.93)	665	(2,534,440.93)	-	-	(2,534,440.93)
426,993.29	694	426,993.29	-	-	426,993.29
94,981.53	713	94,981.53	-	-	94,981.53
768,989.75	714	768,989.75	-	-	768,989.75
633,568.77	721	633,568.77	-	-	633,568.77
979,975.49	730	979,975.49	-	-	979,975.49
210,983.56	731	210,983.56	-	-	210,983.56
40,852.97	732	40,852.97	-	-	40,852.97
67,648.79	734	67,648.79	-	-	67,648.79
416,306.28	736	416,306.28	-	-	416,306.28
222,748.93	751	222,748.93	-	-	222,748.93
96,583.54	752	96,583.54	-	-	96,583.54
712,719.03	754	712,719.03	-	-	712,719.03
110,517.99	755	110,517.99	-	-	110,517.99
-		-	-	-	-
(11,137.15)		-	-	(11,137.15)	(11,137.15)
-	665	-	-	-	-
-	694	-	-	-	-
-		-	-	-	-
98,027,243.53				98,027,243.53	98,027,243.53
(2,055.60)				(2,055.60)	(2,055.60)
2,604,632.97				2,604,632.97	2,604,632.97
7,792,366.50				7,792,366.50	7,792,366.50
\$ 260,976,707.74	\$	\$	\$ -	\$ 260,976,707.74	\$ 260,976,707.74
525,065.00			-	525,065.00	525,065.00
3,371,056.84			3,840,867.34	(469,810.50)	3,371,056.84
39,743,591.00			-	39,743,591.00	39,743,591.00
697,634,337.33		12,342,362.28	20,064,981.51	665,226,993.54	697,634,337.33

UNAUDITED

Schedule 1A (continued)

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Agy./ Univ. #	Pass-Through From		Direct Program Amount
			Agencies or Univ. Amount	Non-State Entities Amount	
Child Care Cluster					
U.S. Department of Health and Human Services					
Pass-Through From:					
Texas Workforce Commission					
Child Care & Development Block Grant	93.575	320	\$ 31,856,798.22	\$ -	\$ -
Total Child Care Cluster			<u>31,856,798.22</u>	<u>-</u>	<u>-</u>
Department of Homeland Security					
Pass-Through From:					
Tx. Dept. of Public Safety					
Disaster Grants - Public Assistance	97.036	405	\$ 166,072.39	\$ -	\$ -
			<u>166,072.39</u>	<u>-</u>	<u>-</u>
Medicaid Cluster					
U.S. Department of Health and Human Services					
Pass-Through From:					
Health and Human Services Commission					
Medical Assistance Program	93.778	529	\$ 11,691,779.80	\$ -	\$ -
Total Medicaid Cluster			<u>11,691,779.80</u>	<u>-</u>	<u>-</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 348,331,070.99</u>	<u>\$ -</u>	<u>\$ 393,017,916.75</u>

Note 2 - Reconciliation

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

\$ 393,017,916.75
348,331,070.99
\$ 741,348,987.74

UNAUDITED

Total PT From & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
	Agy./ Univ. #	State Agy or Univ. Amount	Non-State Entities Amount		
\$ 31,856,798.22	\$ -	\$ -	\$ -	\$ 31,856,798.22	\$ 31,856,798.22
31,856,798.22	-	-	-	31,856,798.22	31,856,798.22
\$ 166,072.39	\$ -	\$ -	\$ -	\$ 166,072.39	\$ 166,072.39
166,072.39	-	-	-	166,072.39	166,072.39
\$ 11,691,779.80	\$ -	\$ -	\$ -	\$ 11,691,779.80	\$ 11,691,779.80
11,691,779.80	-	-	-	11,691,779.80	11,691,779.80
\$ 741,348,987.74	\$ 12,342,362.28	\$ 20,064,981.51	\$ -	\$ 708,941,643.95	\$ 741,348,987.74

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Organizational and General Comments

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

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

The Family and Protective Services Council will develop and evaluate Department policies and priorities and will provide recommendations for Department policies, rules and budget priorities. The Governor appoints nine members who form the Council with Senate concurrence, for staggered six-year terms with terms of three members expiring February 1 of each odd-numbered year. These nine members represent the public. These members have demonstrated an interest in and knowledge of problems and services related to the Department. The members serving on the Council at August 31, 2012 are listed here:

Name	Address (Texas)	Term Expires
Gigi Edwards Bryant, Chair	Austin	02-01-13
Imogen Sherman Papadopoulos, Vice Chair	Houston	02-01-15
Patricia Cole	Fort Worth	02-01-17
Debbie Epperson	Dallas	02-01-13
Anna Maria Jiminez	Corpus Christi	02-01-17
Christina R. Martin	McAllen	02-01-15
Benny Morris	Cleburne	02-01-17
Linda Bell Robinson	Houston	02-01-13
Scott Rosenbach	Amarillo	02-01-15

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Organizational and General Comments (continued)

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

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

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

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

Prevention and Early Intervention – Manages and contracts with community-based programs designed to prevent the abuse, neglect, delinquency, truancy and dropping out of school of Texas children. Programs are administered through contracts with local community agencies or organizations. Helps local communities enhance the services that all Department programs provide.

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

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

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

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

UNAUDITED

TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES (530)

Organizational and General Comments (continued)

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

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

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

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

Effective September 1, 2001, per Senate Bill 1475, 77th Leg., R.S., the Children's Trust Fund of Texas was abolished and its powers and duties were transferred to the Department.

Miscellaneous Comments

For the year ended August 31, 2012, the Texas Comptroller of Public Accounts issued no exception letters for Department of Family and Protective Services purchases made by the HHSC Enterprise Contract and Procurement Services unit in accordance with Article 601B, Section 3.09, and V.T.C.S.

Department of Family and Protective Services

