



Annual Financial Report

For Fiscal Year Ended August 31, 2014





Veronda L. Durden
Commissioner

November 20, 2014

Honorable Rick Perry, Governor
Honorable Susan Combs, Texas Comptroller
Ursula Parks, Director, Legislative Budget Board
John Keel, CPA, State Auditor

Ladies and Gentlemen:

We are pleased to submit the annual financial report of the Texas Department of Assistive and Rehabilitative Services for the state fiscal year ended August 31, 2014, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) 34, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the State of Texas *Comprehensive Annual Financial Report (CAFR)*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Rebecca Trevino, CFO, at (512) 377-0618. LeeRoy Lopez, Accounting Director, may be contacted at (512) 424-4601 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

A handwritten signature in black ink that reads "Veronda L. Durden". The signature is written in a cursive, flowing style.

Veronda L. Durden
Commissioner

Partnerships for Independence

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Special thanks to the following for significant contributions:

Charles Hoyt

Elizabeth Shrader

Jesse Ayala

April Weiss

Anthony Hicks

Letty Molina

LeeRoy Lopez

TABLE OF CONTENTS

Page

Letter of Transmittal

General Purpose Financial Statements - Exhibits:

I Combined Balance Sheet / Statement of Net Position - Governmental Funds..... 2

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

VI Combined Statement of Net Position - Fiduciary Funds..... 4

VII Combined Statement of Changes in Fiduciary Net Position..... 5

Notes to the Financial Statements:

Notes to the Financial Statements..... 8

Individual Funds Financial Statements - Exhibits:

A-1 Combining Balance Sheet - All General and Consolidated Funds..... 20

A-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All General and Consolidated Funds..... 21

B-1 Combining Balance Sheet - Special Revenue Funds..... 22

B-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Special Revenue Funds..... 23

I-1 Combining Statement of Fiduciary Net Position - Private-Purpose Trust Funds..... 24

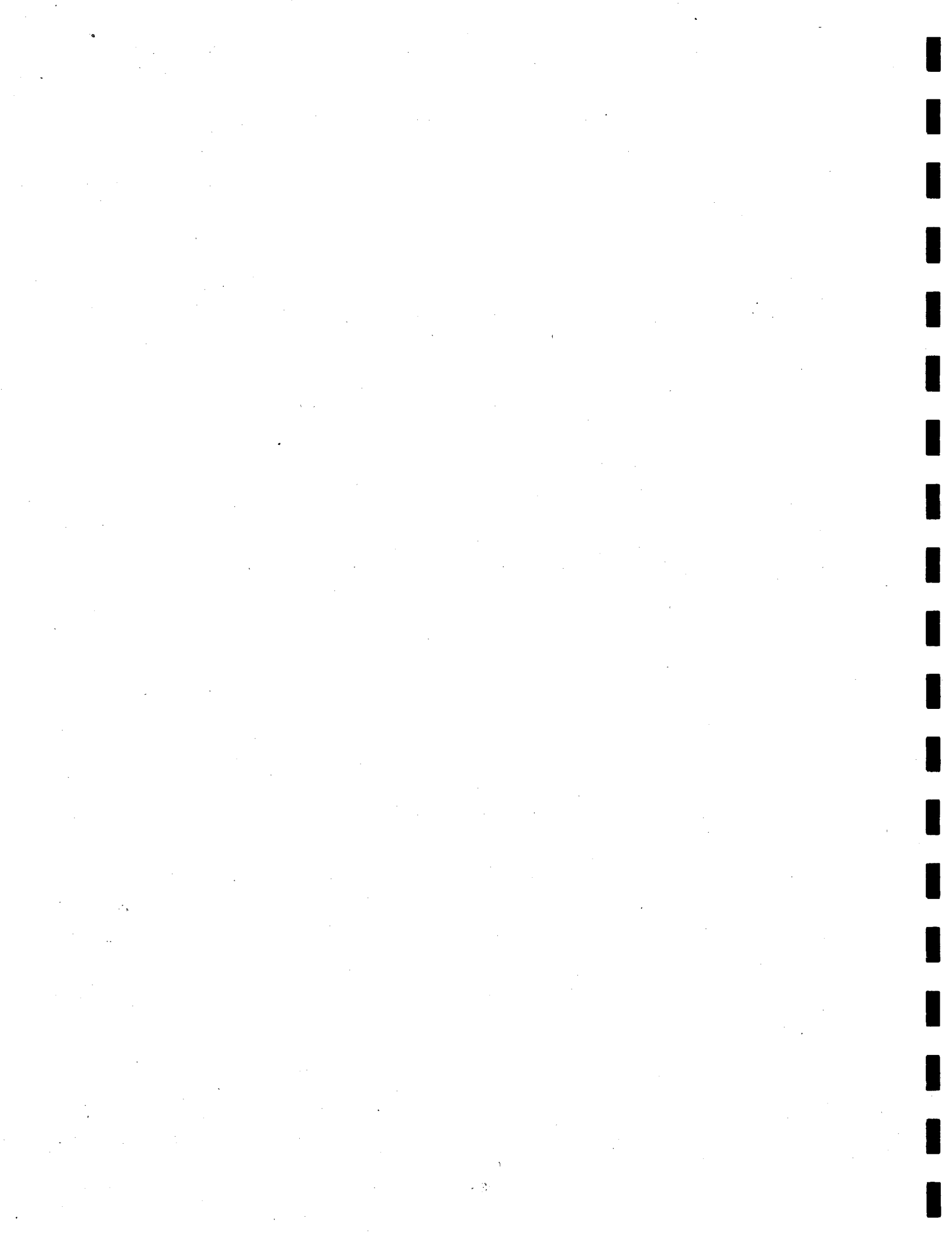
I-2 Combining Statement of Changes in Fiduciary Net Position - Private-Purpose Trust Funds..... 25


J-1 Combining Statement of Changes in Assets and Liabilities - Agency Funds..... 26

Required Supplemental Information - Schedules:

1A Schedule of Expenditures of Federal Awards..... 30

1B Schedule of State Grant Pass-Throughs From / To State Agencies..... 33





General Purpose Financial Statements

Texas Department of Assistive and Rehabilitative Services (538) - Unaudited
 Exhibit I - Combined Balance Sheet/Statement of Net Position - Governmental Funds
 August 31, 2014

	Governmental Fund Types					
	General Funds (Exh A-1)	Special Revenue Fund (Exh B-1)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Position
ASSETS						
Current Assets:						
Cash and Cash Equivalents (Note 3):						
Cash on Hand	\$ 20,428.31	\$ -	\$ 20,428.31	\$ -	\$ -	\$ 20,428.31
Cash in Bank	231,100.00	-	231,100.00	-	-	231,100.00
Cash in State Treasury	11,900,578.94	22,705.83	11,923,284.77	-	-	11,923,284.77
Legislative Appropriations	34,597,865.49	-	34,597,865.49	-	-	34,597,865.49
Accounts Receivable	284,033.61	-	284,033.61	-	-	284,033.61
Federal Receivable	43,172,569.78	-	43,172,569.78	-	-	43,172,569.78
Interest Receivable	-	6.64	6.64	-	-	6.64
Due From Other Agencies (Note 12)	8,439,561.31	-	8,439,561.31	-	-	8,439,561.31
Consumable Inventories	211,863.38	-	211,863.38	-	-	211,863.38
Merchandise Inventories	205,407.16	-	205,407.16	-	-	205,407.16
Total Current Assets	99,063,407.98	22,712.47	99,086,120.45	-	-	99,086,120.45
Non-Current Assets:						
Capital Assets (Note 2):						
Non-Depreciable or Non-Amortizable						
	-	-	-	157,170.55	-	157,170.55
Depreciable or Amortizable, Net						
	-	-	-	8,984,450.55	-	8,984,450.55
Total Non-Current Assets	-	-	-	9,141,621.10	-	9,141,621.10
Total Assets	\$ 99,063,407.98	\$ 22,712.47	\$ 99,086,120.45	\$ 9,141,621.10	\$ -	\$ 108,227,741.55
LIABILITIES						
Current Liabilities:						
Payables From:						
Accounts	\$ 68,043,958.51	\$ 5,161.14	\$ 68,049,119.65	\$ -	\$ -	\$ 68,049,119.65
Payroll	16,358,851.89	-	16,358,851.89	-	-	16,358,851.89
Due To Other Agencies (Note 12)	2,725,230.24	-	2,725,230.24	-	-	2,725,230.24
Unearned Revenues	384,755.35	-	384,755.35	-	-	384,755.35
Employees' Compensable Leave	-	-	-	-	9,469,370.46	9,469,370.46
Total Current Liabilities	87,512,795.99	5,161.14	87,517,957.13	-	9,469,370.46	96,987,327.59
Non-Current Liabilities:						
Employees' Compensable Leave						
	-	-	-	-	6,438,157.85	6,438,157.85
Total Non-Current Liabilities	-	-	-	-	6,438,157.85	6,438,157.85
Total Liabilities	87,512,795.99	5,161.14	87,517,957.13	-	15,907,528.31	103,425,485.44
Fund Financial Statement						
Fund Balances (Deficits)						
Nonspendable	417,270.54	-	417,270.54	-	-	417,270.54
Restricted	5,445,396.75	17,551.33	5,462,948.08	-	-	5,462,948.08
Committed	5,687,944.70	-	5,687,944.70	-	-	5,687,944.70
Total Fund Balances	11,550,611.99	17,551.33	11,568,163.32	-	-	11,568,163.32
Total Liabilities and Fund Balances	\$ 99,063,407.98	\$ 22,712.47	\$ 99,086,120.45	-	-	\$ 108,227,741.55
Government-Wide Statement of Net Position						
Net Position:						
Invested in Capital Assets, Net of Related Debt						
				9,141,621.10	-	9,141,621.10
Unrestricted						
				-	(15,907,528.31)	(15,907,528.31)
Total Net Position				\$ 9,141,621.10	\$ (15,907,528.31)	\$ 4,802,256.11

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

Texas Department of Assistive and Rehabilitative Services (538) - Unaudited
 Exhibit II - Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances/Statement of Activities – Governmental Funds
 For the Fiscal Year Ended August 31, 2014

	Governmental Fund Types					
	General Funds (Exh A-2)	Special Revenue Fund (Exh B-2)	Governmental Funds Total.	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
REVENUES						
Legislative Appropriations:						
Original Appropriations	\$ 108,743,648.00	\$ -	\$ 108,743,648.00	\$ -	\$ -	\$ 108,743,648.00
Additional Appropriations	8,414,325.94	-	8,414,325.94	-	-	8,414,325.94
Federal Revenue	418,670,956.94	-	418,670,956.94	-	-	418,670,956.94
Federal Pass-Through Revenue	46,537,143.60	-	46,537,143.60	-	-	46,537,143.60
State Grant Pass-Through Revenue	16,498,102.00	-	16,498,102.00	-	-	16,498,102.00
Licenses, Fees & Permits	17,764,443.73	-	17,764,443.73	-	-	17,764,443.73
Interest Income	1,740.70	114.57	1,855.27	-	-	1,855.27
Sales of Goods and Services	3,566,726.60	-	3,566,726.60	-	-	3,566,726.60
Other	259,662.49	41,408.80	301,071.29	-	-	301,071.29
Total Revenues	<u>620,456,750.00</u>	<u>41,523.37</u>	<u>620,498,273.37</u>	<u>-</u>	<u>-</u>	<u>620,498,273.37</u>
EXPENDITURES						
Salaries and Wages	150,844,137.37	-	150,844,137.37	-	153,666.09	150,997,803.46
Payroll Related Costs	42,853,320.06	-	42,853,320.06	-	-	42,853,320.06
Professional Fees and Services	14,256,326.33	-	14,256,326.33	-	-	14,256,326.33
Travel	5,202,196.53	-	5,202,196.53	-	-	5,202,196.53
Materials and Supplies	2,498,144.61	-	2,498,144.61	-	-	2,498,144.61
Communication and Utilities	2,230,470.79	-	2,230,470.79	-	-	2,230,470.79
Repairs and Maintenance	2,689,410.65	-	2,689,410.65	-	-	2,689,410.65
Rentals & Leases	4,363,843.18	-	4,363,843.18	-	-	4,363,843.18
Printing and Reproduction	561,222.90	-	561,222.90	-	-	561,222.90
Federal Grant Pass-Through Expenditures	694,344.68	-	694,344.68	-	-	694,344.68
State Grant Pass-Through Expenditures	142,242.77	-	142,242.77	-	-	142,242.77
Public Assistance Payments	354,957,086.15	39,288.24	354,996,374.39	-	-	354,996,374.39
Other Expenditures	29,435,522.67	-	29,435,522.67	-	-	29,435,522.67
Capital Outlay	848,947.25	-	848,947.25	(848,947.25)	-	-
Depreciation and Amortization Expense	-	-	-	2,508,716.94	-	2,508,716.94
Total Expenditures/Expenses	<u>611,577,215.94</u>	<u>39,288.24</u>	<u>611,616,504.18</u>	<u>1,659,769.69</u>	<u>153,666.09</u>	<u>613,429,939.96</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,879,534.06</u>	<u>2,235.13</u>	<u>8,881,769.19</u>	<u>(1,659,769.69)</u>	<u>(153,666.09)</u>	<u>7,068,333.41</u>
OTHER FINANCING SOURCES (USES)						
Insurance Recoveries	768.00	-	768.00	-	-	768.00
Transfers In	676,161.62	-	676,161.62	-	-	676,161.62
Transfers Out	(14,879,678.72)	-	(14,879,678.72)	-	-	(14,879,678.72)
Legislative Transfers In	4,584,219.00	-	4,584,219.00	-	-	4,584,219.00
Gain (Loss) on Disposal of Capital Assets	-	-	-	(21,902.89)	-	(21,902.89)
Increase in Net Assets Due to Interagency Transfer	-	-	-	666.64	-	666.64
Total Other Financing Sources (Uses)	<u>(9,618,530.10)</u>	<u>-</u>	<u>(9,618,530.10)</u>	<u>(21,236.25)</u>	<u>-</u>	<u>(9,639,766.35)</u>
Net Change in Fund Balances/Net Position	<u>(738,996.04)</u>	<u>2,235.13</u>	<u>(736,760.91)</u>	<u>-</u>	<u>-</u>	<u>(2,571,432.94)</u>
Fund Financial Statement - Fund Balances						
Fund Balances, September 1, 2013	12,347,605.81	15,316.20	12,362,922.01	-	-	12,362,922.01
Appropriations Lapsed	(57,997.78)	-	(57,997.78)	-	-	(57,997.78)
Fund Balances, August 31, 2014	<u>\$ 11,550,611.99</u>	<u>\$ 17,551.33</u>	<u>\$ 11,568,163.32</u>	<u>-</u>	<u>-</u>	<u>\$ 9,733,491.29</u>
Government-Wide Statement of Net Position						
Net Position/Net Change in Net Position			11,568,163.32	(1,681,005.94)	(153,666.09)	9,733,491.29
Net Position, September 1, 2013				10,970,165.26	(15,753,862.22)	(4,783,696.96)
Restatements				(147,538.22)	-	(147,538.22)
Net Position, September 1, 2013, as Restated				10,822,627.04	(15,753,862.22)	(4,931,235.18)
Net Position, August 31, 2014			<u>\$ 11,568,163.32</u>	<u>\$ 9,141,621.10</u>	<u>\$ (15,907,528.31)</u>	<u>\$ 4,802,256.11</u>

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

Texas Department of Assistive and Rehabilitative Services (538) - Unaudited
 Exhibit VI - Combined Statement of Net Position - Fiduciary Funds
 August 31, 2014

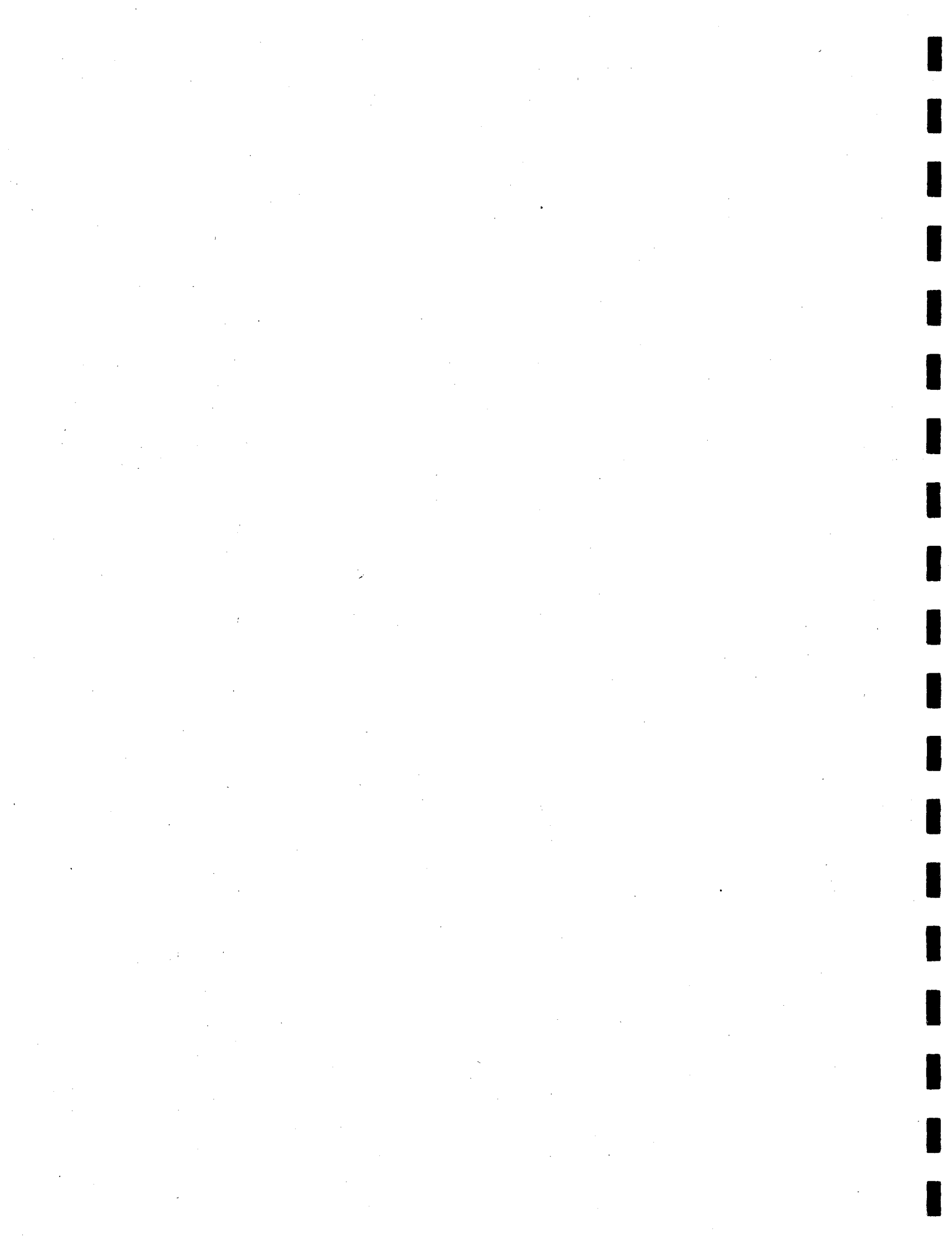
	Private Purpose Trust Fund (Exh I-1)	Agency Funds (Exh J-1)	Totals
ASSETS			
Cash and Cash Equivalents:			
Cash in State Treasury	\$ 1,158,977.63	\$ 27,721.72	\$ 1,186,699.35
Interest Receivable	348.04	-	348.04
Total Assets	<u>1,159,325.67</u>	<u>27,721.72</u>	<u>1,187,047.39</u>
LIABILITIES			
Funds Held for Others	-	27,721.72	27,721.72
Total Liabilities	<u>-</u>	<u>27,721.72</u>	<u>27,721.72</u>
NET POSITION			
Held in trust for:			
Individuals, Organizations, and Other Governments:			
Expendable	1,159,325.67	-	1,159,325.67
Total Net Position	<u>\$ 1,159,325.67</u>	<u>\$ -</u>	<u>\$ 1,159,325.67</u>


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

Texas Department of Assistive and Rehabilitative Services (538) - Unaudited
 Exhibit VII - Combined Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended August 31, 2014

	Private- Purpose Trust Fund (Exh I-2)
ADDITIONS	
Interest Income	\$ 4,564.66
Total Net Investment Income (Loss)	<u>4,564.66</u>
Other Additions	
Other Revenue	423,512.55
Total Other Additions	<u>423,512.55</u>
Total Additions	<u>428,077.21</u>
DEDUCTIONS	
Employee / Participant Benefit Payments	424,035.10
Other Expense	5,872.00
Total Deductions	<u>429,907.10</u>
INCREASE (DECREASE) IN NET POSITION	<u>(1,829.89)</u>
NET POSITION	
Net Position, September 1, 2013	1,161,155.56
Net Position, August 31, 2014	<u>\$ 1,159,325.67</u>

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





Notes to the Financial Statements

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

Entity

The Texas Department of Assistive and Rehabilitative Services ("DARS") 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.

DARS serves the state by ensuring people with disabilities and families with children who have developmental delays enjoy the same opportunities as other Texans to pursue independent and productive lives.

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

DARS does not have any blended component units.

Discretely Presented Component Units

DARS does not have any discrete component units.

Fund Structure

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

Governmental Fund Types and Government-wide Adjustment Fund Types

General Revenue Funds

The general revenue fund is used to account for all financial resources of the state except those required to be accounted for in another fund. Included in general revenue funds are the Comprehensive Rehabilitation Fund (0107), the Rehabilitation Commission Federal Fund (0422), the Business Enterprises Program Fund (0492) and the License Plate Trust Fund (0802).

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than for private-purpose trusts or for major capital projects) that are legally restricted to use for specified purposes.

The Endowment Fund (0493) was established to receive donations and gifts from individuals and private organizations. Authority for accepting such donations is contained in Texas Human Resources Code, Annotated, Chapter 91 and in Article 16, Section 6(b), of the State Constitution. It stipulates that state agencies may accept money from private and federal

Texas Department of Assistive and Rehabilitative Services (538) - Unaudited

sources that is designated by the source as money to be used in establishing and equipping facilities for assisting the handicapped in becoming gainfully employed, in rehabilitating the handicapped, and in providing other services essential for better care and treatment of the handicapped.

Capital Assets Adjustment Fund Type

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

Long-Term Liabilities Adjustment Fund Type

The long-term liabilities adjustment fund type 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

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.

Private-Purpose Trust Fund

Private-Purpose Trust funds are used to account for all other trust arrangements whose principal and interest benefit individuals, private organizations or other governments.

The Business Enterprise Program Trust Account (5043) was established in fiscal year 2000 to record receipts from vending machines located on federal property. This trust fund is used for a retirement program for individuals licensed to operate vending facilities under the Business Enterprises Program.

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, long-term claims and

Texas Department of Assistive and Rehabilitative Services (538) - Unaudited

judgments and full accrual revenues and expenses. The activity is recognized in these fund types.

Private purpose trust funds are accounted for on the full accrual basis of accounting. Under the full accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

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 & Cash Equivalents

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

Inventories and Prepaid Items

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally utilizing the last-in, first-out method. The consumption method of accounting is used to account for inventories and prepaid items that appear in the governmental fund types. The cost of these items is expensed when the items are consumed.

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or, if not purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets such as works of art and historical treasures are not depreciated. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

Current Receivables-Other

Other receivables include year-end revenue accruals.

Liabilities

Accounts Payable

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

Current Payables - Other

Other payables are the accrual at year-end of expenditure transactions not included in any of the other payable descriptions.

Unearned Revenues

Unearned revenues represents unspent program income and funds drawn in advance.

Texas Department of Assistive and Rehabilitative Services (538) - Unaudited

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 the 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 compensation was paid.

Fund Balance / Net Position

The difference between fund assets and liabilities is "net position" on the government-wide 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.

Invested in Capital Assets, Net of Related Debt

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

Restricted Net Position

Restricted net position results when constraints placed on net resources 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, which are imposed by management, but can be removed or modified.

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

Texas Department of Assistive and Rehabilitative Services (538) - Unaudited

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 it is classified as "current". Balances for repayment due in two (or more) years are classified as "non-current".

The composition of the agency's interfund activities and transactions is presented in Note 12.

NOTE 2: Capital Assets

Any general revenue received from the sale of surplus property is transferred to unappropriated general revenue in accordance with HB7, Sec. 20. A summary of changes in capital assets for the year ended August 31, 2014, is presented below:

GOVERNMENTAL ACTIVITIES	Reclassifications					Balance 08/31/2014
	Balance 09/01/2013	Adj.	Inc-Int'agy Trans	Additions	Deletions	
Non-Depreciable or Non-Amortizable Assets:						
Land and Land Improvements	\$68,820.55	-	-	-	-	\$68,820.55
Other Capital Assets	88,350.00	-	-	-	-	88,350.00
Total Non-Depreciable and Non-Amortizable Assets	157,170.55	-	-	-	-	157,170.55
Depreciable Assets:						
Buildings and Building Improvements	10,132,369.07	(171,410.00)	-	265,630.00	-	10,226,589.07
Furniture and Equipment	8,127,657.10	-	6,240.00	583,317.25	(125,962.33)	8,591,252.02
Vehicles	699,260.92	-	-	-	-	699,260.92
Total Depreciable Assets at Historical Cost	18,959,287.09	(171,410.00)	6,240.00	848,947.25	(125,962.33)	19,517,102.01
Less Accumulated Depreciation for:						
Buildings and Building Improvements	(5,931,767.92)	8,635.34	-	(437,902.36)	-	(6,361,034.94)
Furniture and Equipment	(7,527,265.93)	15,236.44	(5,573.36)	(249,266.14)	104,059.44	(7,662,809.55)
Vehicles	(403,645.60)	-	-	(92,744.44)	-	(496,390.04)
Total Accumulated Depreciation	(13,862,679.45)	23,871.78	(5,573.36)	(779,912.94)	104,059.44	(14,520,234.53)
Depreciable Assets, Net	5,096,607.64	(147,538.22)	666.64	69,034.31	(21,902.89)	4,996,867.48
Amortizable Assets - Intangible:						
Computer Software - Intangible	9,428,283.86	-	-	-	-	9,428,283.86
Total Intangible Assets at Historical Cost	9,428,283.86	-	-	-	-	9,428,283.86
Less Accumulated Amortization for:						
Computer Software - Intangible	(3,711,896.79)	-	-	(1,728,804.00)	-	(5,440,700.79)
Total Accumulated Amortization	(3,711,896.79)	-	-	(1,728,804.00)	-	(5,440,700.79)
Amortizable Assets - Net	5,716,387.07	-	-	(1,728,804.00)	-	3,987,583.07
Governmental Activities Capital Assets, Net	\$10,970,165.26	(\$147,538.22)	\$ 666.64	(\$1,659,769.69)	(\$21,902.89)	\$ 9,141,621.10

NOTE 3: Deposits, Investments and Repurchase Agreements

DARS is authorized by statute to make investments following the "prudent person rule." There were no violations of legal provisions during the period.

Deposits of Cash in Bank

As of August 31, 2014, the carrying amount of deposits was \$231,100.00 for cash in bank for governmental activities. This amount consists of all cash in local banks and is included in the combined balance sheet/statement of net assets as part of the "cash" accounts. As of August 31, 2014, the total bank balance for cash in bank was \$171,352.51. Bank balances are not subject to credit risk.

NOTE 4: Short-Term Debt

Not Applicable

NOTE 5: Long-Term Liabilities

During the year ended August 31, 2014, the following changes occurred in liabilities:

Governmental Activities	Balance 09/01/13	Additions	Reductions	Balance 08/31/14	Amounts Due Within 1 Year
Compensable Leave	\$15,753,862.22	\$14,160,086.10	\$14,006,420.01	\$15,907,528.31	\$9,469,370.46

NOTE 6: Bonded Indebtedness

Not Applicable

NOTE 7: Derivative Instruments

Not Applicable

NOTE 8: Operating Leases

Operating Leases

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

Current Expenditures FUND TYPE: GENERAL FUND

Year Ending August 31, 2014	\$2,408,080.62
------------------------------------	-----------------------

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

Future Payments

Year Ending August 31, 2015	\$2,409,582.84
Year Ending August 31, 2016	602,395.71
Year Ending August 31, 2017	-
Year Ending August 31, 2018	-
Year Ending August 31, 2019	-
Total Minimum Future Lease Rental Payments	\$3,011,978.55

Capital Leases

There are no capital leases

NOTE 9: Retirement Plans

Not Applicable

NOTE 10: Deferred Compensation

Not Applicable

NOTE 11: Post Employment Health Care and Life Insurance Benefits

Not Applicable

Texas Department of Assistive and Rehabilitative Services (538) - Unaudited

NOTE 12: Interfund Activity and Transactions

DARS 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 statements.

Individual balances and transactions at 08/31/14, follows:

	Due From Other Agencies	Due To Other Agencies	Source
GENERAL (01)			
Appd Fund 0001, D23 Fund 0001			
Agency 529, D23 Fund 0001	\$8,273,586.22	\$48.11	Federal Pass Through
Agency 701, D23 Fund 0148	156,106.49		Federal Pass Through
Agency 723, D23 Fund 7999		121,231.36	Federal Pass Through
Agency 902, D23 Fund 0001		2,603,950.77	Retiree Insurance/Service Purchase
Appd Fund 0802, D23 Fund 0802			
Agency 608, D23 Fund 0802	9,868.60		Shared Fund
Total Due From/To Other Agencies	\$8,439,561.31	\$2,725,230.24	

	Transfer In	Transfer Out	Purpose
GENERAL (01)			
Appd Fund 0001 (D22)			
Agency 538, D22 Fund 0422	\$666,293.02		Intra-agency
Agency 902, D22 Fund 0001		\$9,833,573.73	Retiree Insurance/Service Purchase
Agency 902, D22 Fund 0001		500.00	Petty Cash Closeout
Agency 902, D22 Fund 0001		3,196,939.87	Appropriation 70000 Sweep
Total Transfers for D22 Fund 0001	\$666,293.02	\$13,031,013.60	
Appd Fund 0107 (D22)			
Agency 902, D22 Fund 0001		\$1,175,407.00	Excess CRS Receipts
Total Transfers for D22 Fund 0107	\$0.00	\$1,175,407.00	
Appd Fund 0369 (D22)			
Agency 902, D22 Fund 0001		\$19.06	Appropriation 70000 Sweep
Total Transfers for D22 Fund 0369	\$0.00	\$19.06	
Appd Fund 0422 (D22)			
Agency 538, D22 Fund 0001		\$666,293.02	Intra-agency
Total Transfers for D22 Fund 0422	\$0.00	\$666,293.02	
Appd Fund 0802 (D22)			
Agency 608, D22 Fund 0802	\$9,868.60	\$6,946.04	Shared Fund
Total Transfers for D22 Fund 0802	\$9,868.60	\$6,946.04	
Total Transfers	\$676,161.62	\$14,879,678.72	

	Legislative Transfer In	Legislative Transfer Out
GENERAL (01)		
Appd Fund 0001, D23 Fund 0001		
Agency 529, D23 Fund 0001	\$4,584,219.00	
Total Legislative Transfers	\$4,584,219.00	\$0.00

NOTE 13: Continuance Subject to Review

Sunset Provision: Unless continued by Chapter 325 of the Govt. Code (Texas Sunset Act), DARS is abolished and this chapter expires September 1, 2015.

NOTE 14: Adjustments to Fund Balances and Net Position

During fiscal year 2014, adjustments were made which required the restatement of the amounts in the capital assets as shown:

	Capital Assets	Total
Fund Balance/Net Position August 31, 2013	\$10,970,165.26	\$10,970,165.26
Restatement due to prior year adjustments related to capital assets	(\$147,538.22)	(\$147,538.22)
Fund Balance/Net Position September 1, 2013 As Restated	\$10,822,627.04	\$10,822,627.04

NOTE 15: Contingencies and Commitments

DARS is a defendant in six lawsuits where there is a reasonable possibility that DARS will be found liable. Liability is subject to a judge or jury's determination; therefore, DARS cannot make a reasonable estimate of the possible liability. However, the extent of possible financial liability in these types of lawsuits is set at a maximum of \$250,000 per lawsuit.

NOTE 16: Subsequent Events

Not Applicable

NOTE 17: Risk Management

Not Applicable

NOTE 18: Management Discussion and Analysis

Not Applicable

NOTE 19: The Financial Reporting Entity

Not Applicable

NOTE 20: Stewardship, Compliance and Accountability

Not Applicable

NOTE 21: N/A

Note 21 is not applicable to the AFR reporting requirements process.

NOTE 22: Donor Restricted Endowments

Not Applicable

NOTE 23: Extraordinary and Special Items

Not Applicable

NOTE 24: Disaggregation of Receivable and Payable Balances

Not Applicable

NOTE 25: Termination Benefits

Not Applicable

NOTE 26: Segment Information

Not Applicable

NOTE 27: Service Concession Arrangements

Not Applicable

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

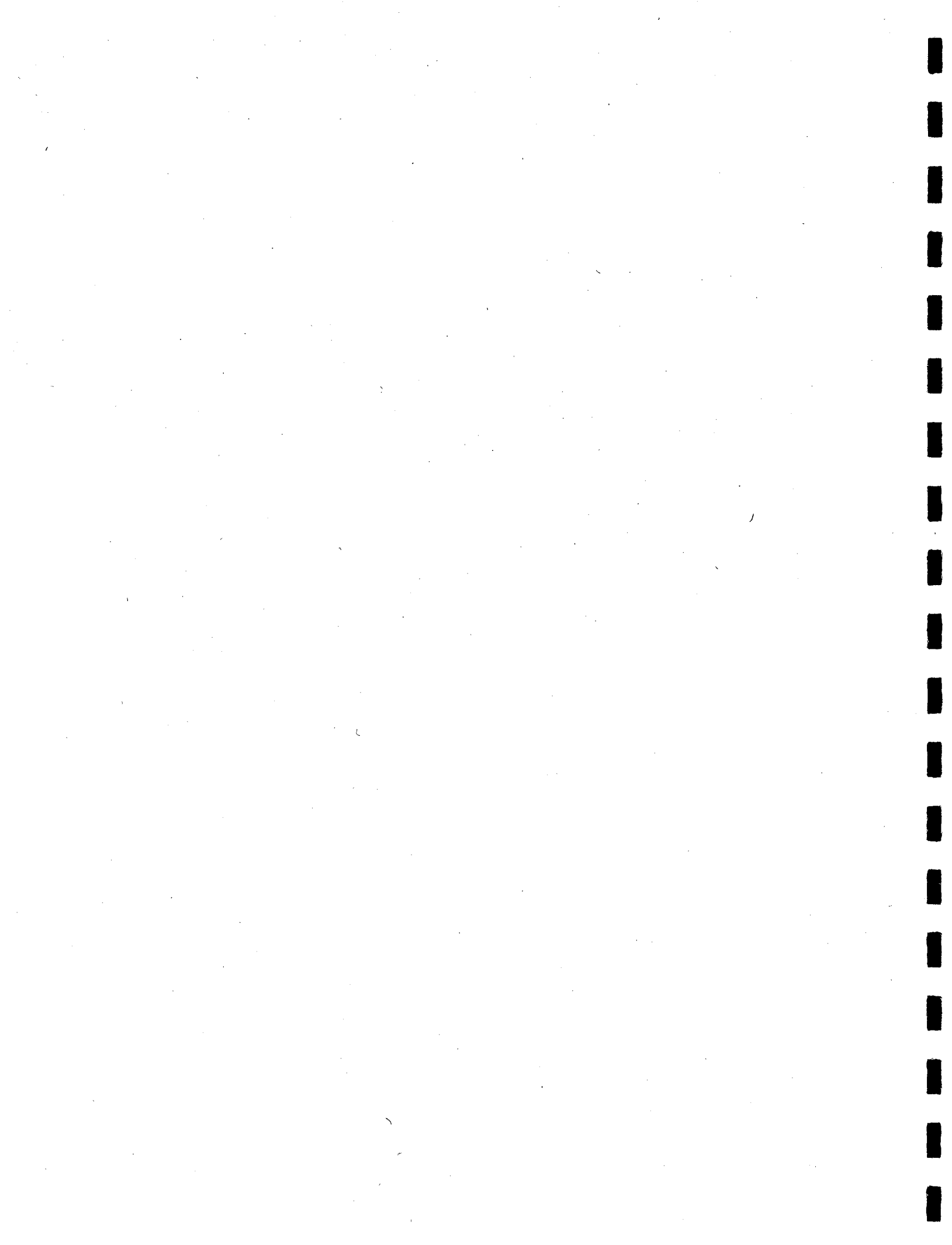
Not Applicable

NOTE 29: Trouble Debt Restructuring

Not Applicable

NOTE 30: Non-Exchange Financial Guarantees

Not Applicable





**Individual
Funds
Financial
Statements
(Exhibits)**

Texas Department of Assistive and Rehabilitative Services (538)- Unaudited
 Exhibit A-1 - Combining Balance Sheet - All General and Consolidated Funds
 August 31, 2014

	General	Consolidated Accounts				Total (Exh I)
	Revenue Fund (0001) U/F (0001, 0369, 9000, 9001)	Comprehensive Rehabilitation Fund (0107) U/F (0107)	Rehabilitation Commission Federal Fund (0422) U/F (0422)	Business Enterprises Program Fund (0492) U/F (0492, 8492)	License Plate Trust Fund (0802) U/F (0802)	
ASSETS						
Current Assets:						
Cash and Cash Equivalents (Note 3):						
Cash on Hand	\$ 20,428.31	\$ -	\$ -	\$ -	\$ -	\$ 20,428.31
Cash in Bank	231,100.00	-	-	-	-	231,100.00
Cash in State Treasury	-	9,760,810.79	245,207.19	1,894,560.96	-	11,900,578.94
Legislative Appropriations	34,597,865.49	-	-	-	-	34,597,865.49
Receivables From:						
Accounts Receivable	284,033.61	-	-	-	-	284,033.61
Federal	43,172,569.78	-	-	-	-	43,172,569.78
Due From Other Agencies	8,429,692.71	-	-	-	9,868.60	8,439,561.31
Consumable Inventories	211,863.38	-	-	-	-	211,863.38
Merchandise Inventories	-	-	-	205,407.16	-	205,407.16
Total Current Assets	<u>86,947,553.28</u>	<u>9,760,810.79</u>	<u>245,207.19</u>	<u>2,099,968.12</u>	<u>9,868.60</u>	<u>99,063,407.98</u>
Total Assets	<u>\$ 86,947,553.28</u>	<u>\$ 9,760,810.79</u>	<u>\$ 245,207.19</u>	<u>\$ 2,099,968.12</u>	<u>\$ 9,868.60</u>	<u>\$ 99,063,407.98</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Current Liabilities:						
Payables From:						
Accounts	\$ 62,175,287.27	\$ 5,780,179.22	\$ -	\$ 78,623.42	\$ 9,868.60	\$ 68,043,958.51
Payroll	16,250,227.48	-	-	108,624.41	-	16,358,851.89
Due To Other Agencies	2,725,230.24	-	-	-	-	2,725,230.24
Unearned Revenues	384,755.35	-	-	-	-	384,755.35
Total Current Liabilities	<u>81,535,500.34</u>	<u>5,780,179.22</u>	<u>-</u>	<u>187,247.83</u>	<u>9,868.60</u>	<u>87,512,795.99</u>
Total Liabilities	<u>81,535,500.34</u>	<u>5,780,179.22</u>	<u>-</u>	<u>187,247.83</u>	<u>9,868.60</u>	<u>87,512,795.99</u>
Fund Financial Statement						
Fund Balances (Deficits):						
Nonspendable	211,863.38	-	-	205,407.16	-	417,270.54
Restricted	5,200,189.56	-	245,207.19	-	-	5,445,396.75
Committed	-	3,980,631.57	-	1,707,313.13	-	5,687,944.70
Total Fund Balances	<u>5,412,052.94</u>	<u>3,980,631.57</u>	<u>245,207.19</u>	<u>1,912,720.29</u>	<u>-</u>	<u>11,550,611.99</u>
Total Liabilities and Fund Balances	<u>\$ 86,947,553.28</u>	<u>\$ 9,760,810.79</u>	<u>\$ 245,207.19</u>	<u>\$ 2,099,968.12</u>	<u>\$ 9,868.60</u>	<u>\$ 99,063,407.98</u>

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

Texas Department of Assistive and Rehabilitative Services (538) - Unaudited
 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, 2014

	General		Consolidated Accounts			Total (Exh II)
	Revenue Fund (0001) U/F (0001, 0369, 9000, 9001)	Comprehensive Rehabilitation Fund (0107) U/F (0107)	Rehabilitation Commission Federal Fund (0422) U/F (0422)	Business Enterprises Program Fund (0492) U/F (0492, 8492)	License Plate Trust Fund (0802) U/F (0802)	
REVENUES						
Legislative Appropriations:						
Original Appropriations	\$ 108,743,648.00	\$ -	\$ -	\$ -	\$ -	\$ 108,743,648.00
Additional Appropriations	8,414,325.94	-	-	-	-	8,414,325.94
Federal Revenue	418,670,956.94	-	-	-	-	418,670,956.94
Federal Grant Pass-Through Rev.	46,537,143.60	-	-	-	-	46,537,143.60
State Grant Pass-Through Rev.	16,498,102.00	-	-	-	-	16,498,102.00
Licenses, Fees & Permits	89,132.69	17,662,721.81	-	-	12,589.23	17,764,443.73
Interest Income	1,729.93	-	-	-	10.77	1,740.70
Sales of Goods and Services	2,076,014.40	-	-	1,490,712.20	-	3,566,726.60
Other	244,462.81	-	-	15,199.68	-	259,662.49
Total Revenues	601,275,516.31	17,662,721.81	-	1,505,911.88	12,600.00	620,456,750.00
EXPENDITURES						
Salaries and Wages	149,825,562.24	-	-	1,018,575.13	-	150,844,137.37
Payroll Related Costs	42,661,094.27	-	-	192,225.79	-	42,853,320.06
Professional Fees and Services	14,204,928.73	-	-	51,397.60	-	14,256,326.33
Travel	5,200,606.43	-	-	1,043.49	546.61	5,202,196.53
Materials and Supplies	2,425,717.53	-	-	72,028.08	399.00	2,498,144.61
Communication and Utilities	2,230,470.79	-	-	-	-	2,230,470.79
Repairs and Maintenance	2,488,325.77	-	-	201,084.88	-	2,689,410.65
Rentals & Leases	4,362,949.43	-	-	-	893.75	4,363,843.18
Printing and Reproduction	561,128.98	-	-	67.32	26.60	561,222.90
Federal Grant Pass-Through Exp.	694,344.68	-	-	-	-	694,344.68
State Grant Pass-Through Exp.	142,242.77	-	-	-	-	142,242.77
Public Assistance Payments	339,747,678.19	15,197,100.96	-	-	12,307.00	354,957,086.15
Other Expenditures	29,288,014.96	-	-	146,158.11	1,349.60	29,435,522.67
Capital Outlay	798,609.88	-	-	50,337.37	-	848,947.25
Total Expenditures	594,631,674.65	15,197,100.96	-	1,732,917.77	15,522.56	611,577,215.94
Excess (Deficiency) of Revenues Over Expenditures	6,643,841.66	2,465,620.85	-	(227,005.89)	(2,922.56)	8,879,534.06
OTHER FINANCING SOURCES (USES)						
Insurance Recoveries	768.00	-	-	-	-	768.00
Transfers In	666,293.02	-	-	-	9,868.60	676,161.62
Transfers Out	(13,031,032.66)	(1,175,407.00)	(666,293.02)	-	(6,946.04)	(14,879,678.72)
Legislative Transfers In	4,584,219.00	-	-	-	-	4,584,219.00
Total Other Financing Sources (Uses)	(7,779,752.64)	(1,175,407.00)	(666,293.02)	-	2,922.56	(9,618,530.10)
Net Change in Fund Balances	(1,135,910.98)	1,290,213.85	(666,293.02)	(227,005.89)	0.00	(738,996.04)
Fund Financial Statement - Fund Balances						
Fund Balances, September 1, 2013	6,605,961.70	2,690,417.72	911,500.21	2,139,726.18	-	12,347,605.81
Appropriations Lapsed	(57,997.78)	-	-	-	-	(57,997.78)
Fund Balances, August 31, 2014	\$ 5,412,052.94	\$ 3,980,631.57	\$ 245,207.19	\$ 1,912,720.29	\$ 0.00	\$ 11,550,611.99

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

Texas Department of Assistive and Rehabilitative Services (538) - Unaudited
 Exhibit B-1 - Combining Balance Sheet - Special Revenue Funds
 August 31, 2014

	<u>Special Revenue Fund (0493) U/F (0493, 8493)</u>
ASSETS	
Current Assets:	
Cash in State Treasury	\$ 22,705.83
Interest Receivable	6.64
Total Assets	<u>\$ 22,712.47</u>
LIABILITIES	
Current Liabilities:	
Payables From:	
Accounts	\$ 5,161.14
Total Liabilities	<u>5,161.14</u>
Fund Balances (Deficits)	
Restricted	<u>17,551.33</u>
Total Fund Balances	<u>17,551.33</u>
Total Liabilities and Fund Balances	<u>\$ 22,712.47</u>

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

Texas Department of Assistive and Rehabilitative Services (538) - Unaudited
Exhibit B-2 - Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Special Revenue Funds
For the Fiscal Year Ended August 31, 2014

	Special Revenue Fund (0493) U/F (0493, 8493)
REVENUES	
Interest Income	\$ 114.57
Other	41,408.80
Total Revenues	<u>41,523.37</u>
EXPENDITURES	
Public Assistance Payments	<u>39,288.24</u>
Total Expenditures/Expenses	<u>39,288.24</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,235.13</u>
OTHER FINANCING SOURCES (USES)	
Transfers In	-
Transfers Out	-
Legislative Transfers In	-
Legislative Transfers Out	-
Total Other Financing Sources (Uses)	<u>-</u>
Net Change in Fund Balances	<u>2,235.13</u>
Fund Financial Statement - Fund Balances	
Fund Balances, September 1, 2013	15,316.20
Appropriations Lapsed	-
Fund Balances, August 31, 2014	<u>\$ 17,551.33</u>

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

Texas Department of Assistive and Rehabilitative Services (538) - Unaudited
 Exhibit I-1 - Combining Statement of Fiduciary Net Position -
 Private-Purpose Trust Funds
 August 31, 2014

	Private- Purpose Trust Fund (5043)
ASSETS	
Cash and Cash Equivalents:	
Cash in State Treasury	\$ 1,158,977.63
Interest Receivable	348.04
Total Assets	<u>1,159,325.67</u>
LIABILITIES	
Funds Held for Others	-
Total Liabilities	<u>-</u>
NET POSITION	
Held in trust for:	
Individuals, Organizations, and Other Governments:	
Expendable	1,159,325.67
Total Net Position	<u><u>\$ 1,159,325.67</u></u>

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

Texas Department of Assistive and Rehabilitative Services (538) - Unaudited
 Exhibit I-2 - Combining Statement of Changes in Fiduciary Net Position -
 Private-Purpose Trust Funds
 For the Fiscal Year Ended August 31, 2014

	Private- Purpose Trust Fund (5043)
ADDITIONS	
Interest Income	\$ 4,564.66
Total Net Investment Income (Loss)	<u>4,564.66</u>
Other Additions	
Other Revenue	423,512.55
Total Other Additions	<u>423,512.55</u>
Total Additions	<u>428,077.21</u>
DEDUCTIONS	
Employee / Participant Benefit Payments	424,035.10
Other Expense	<u>5,872.00</u>
Total Deductions	<u>429,907.10</u>
INCREASE (DECREASE) IN NET POSITION	<u>(1,829.89)</u>
NET POSITION	
Net Position, September 1, 2013	1,161,155.56
Net Position, August 31, 2014	<u><u>\$ 1,159,325.67</u></u>

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

Texas Department of Assistive and Rehabilitative Services (538) - Unaudited
 Exhibit J-1 - Combining Statement of Changes in Assets and Liabilities - Agency Funds
 August 31, 2014

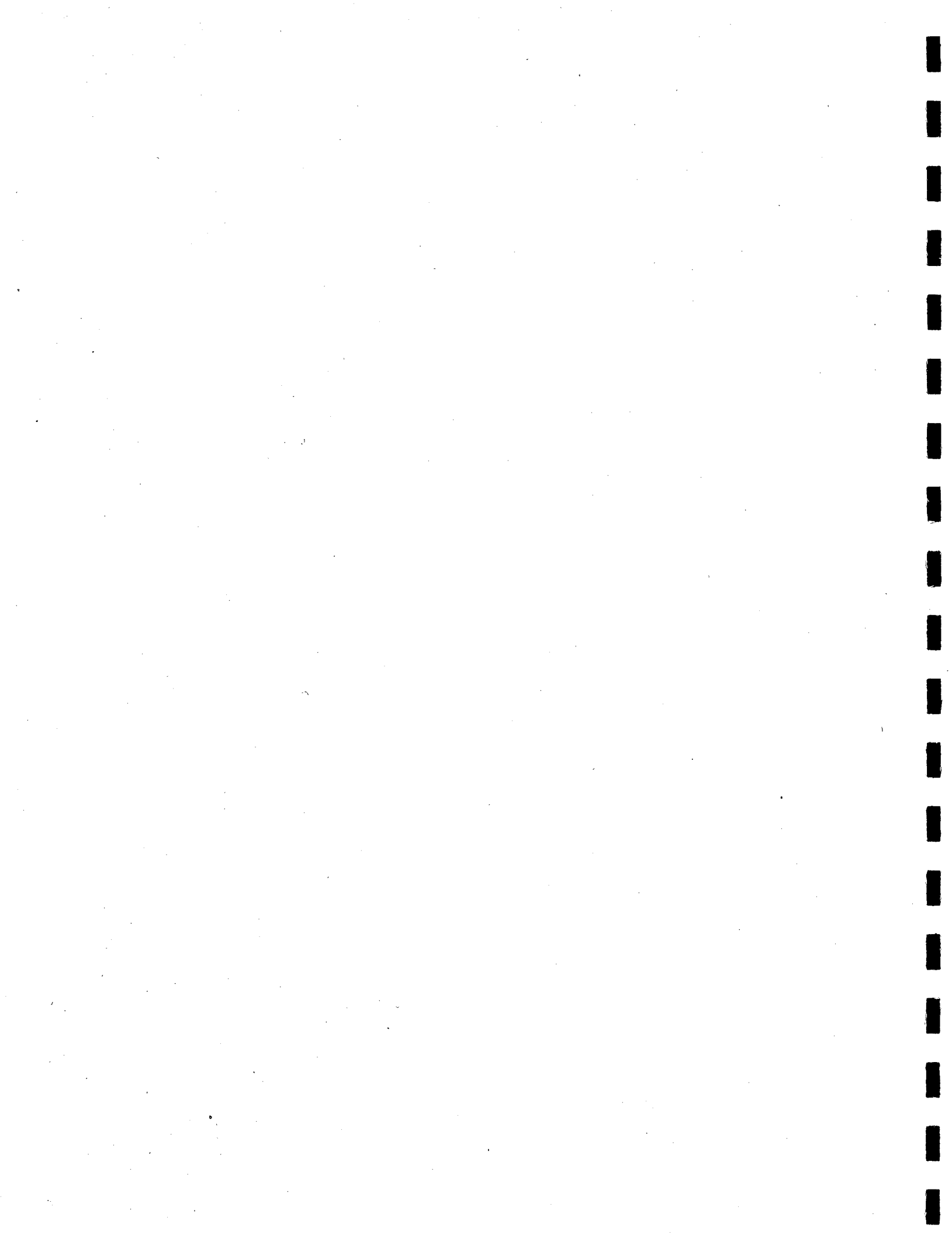
	Beginning Balance September 1, 2013	Additions	Deductions	Ending Balance August 31, 2014
Unappropriated Receipts				
<u>Inventory Security Deposit Fund 0492 (U/F 0491)</u>				
ASSETS				
Cash in State Treasury	\$ 8,270.49	\$ 8,270.49	\$ 8,270.49	\$ 8,270.49
Total Assets	<u>\$ 8,270.49</u>	<u>\$ 8,270.49</u>	<u>\$ 8,270.49</u>	<u>\$ 8,270.49</u>
LIABILITIES				
Funds Held for Others	\$ 8,270.49	\$ -	\$ -	\$ 8,270.49
Total Liabilities	<u>\$ 8,270.49</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,270.49</u>
<u>Child Support Employee Deduction Fund 0807 (U/F 8070)</u>				
ASSETS				
Cash in State Treasury	\$ 18,090.02	\$ 248,208.92	\$ 247,556.15	\$ 18,742.79
Total Assets	<u>\$ 18,090.02</u>	<u>\$ 248,208.92</u>	<u>\$ 247,556.15</u>	<u>\$ 18,742.79</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 229,113.28	\$ 229,113.28	\$ -
Funds Held for Others	18,090.02	248,208.92	247,556.15	18,742.79
Total Liabilities	<u>\$ 18,090.02</u>	<u>\$ 477,322.20</u>	<u>\$ 476,669.43</u>	<u>\$ 18,742.79</u>
<u>City, Cty, MTA & SPD Agency 0882 (U/F 0882)</u>				
ASSETS				
Cash in State Treasury	\$ -	\$ 2.86	\$ 2.86	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 2.86</u>	<u>\$ 2.86</u>	<u>\$ -</u>
LIABILITIES				
Funds Held for Others	\$ -	\$ 2.86	\$ 2.86	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 2.86</u>	<u>\$ 2.86</u>	<u>\$ -</u>
<u>Suspense Fund 0900 (U/F 0900, 9015,9016)</u>				
ASSETS				
Cash in State Treasury	\$ 521.17	\$ 26,706,326.45	\$ 26,706,139.18	\$ 708.44
Total Assets	<u>\$ 521.17</u>	<u>\$ 26,706,326.45</u>	<u>\$ 26,706,139.18</u>	<u>\$ 708.44</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 26,693,265.83	\$ 26,693,265.83	\$ -
Funds Held for Others	521.17	26,706,326.45	26,706,139.18	708.44
Total Liabilities	<u>\$ 521.17</u>	<u>\$ 53,399,592.28</u>	<u>\$ 53,399,405.01</u>	<u>\$ 708.44</u>
<u>Direct Deposit Correction Fund 0980 (U/F 0980, 9014)</u>				
ASSETS				
Cash in State Treasury	\$ -	\$ 90,980.43	\$ 90,980.43	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 90,980.43</u>	<u>\$ 90,980.43</u>	<u>\$ -</u>
LIABILITIES				
Funds Held for Others	\$ -	\$ 90,980.43	\$ 90,980.43	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 90,980.43</u>	<u>\$ 90,980.43</u>	<u>\$ -</u>


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

Texas Department of Assistive and Rehabilitative Services (538) - Unaudited
 Exhibit J-1 - Combining Statement of Changes in Assets and Liabilities - Agency Funds
 August 31, 2014

	Beginning Balance September 1, 2013	Additions	Deductions	Ending Balance August 31, 2014
Unappropriated General Revenue 1000 (U/F 1000)				
ASSETS				
Cash in State Treasury	\$ -	\$ 615,212.49	\$ 615,212.49	\$ -
Due From Other Agencies	6,680.00	432,199.00	438,879.00	-
Total Assets	<u>\$ 6,680.00</u>	<u>\$ 1,047,411.49</u>	<u>\$ 1,054,091.49</u>	<u>\$ -</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 1,322.50	\$ 1,322.50	\$ -
Funds Held for Others	6,680.00	608,532.49	615,212.49	-
Total Liabilities	<u>\$ 6,680.00</u>	<u>\$ 609,854.99</u>	<u>\$ 616,534.99</u>	<u>\$ -</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash in State Treasury	\$ 26,881.68	\$ 27,669,001.64	\$ 27,668,161.60	\$ 27,721.72
Due From Other Agencies	6,680.00	432,199.00	438,879.00	-
Total Assets	<u>\$ 33,561.68</u>	<u>\$ 28,101,200.64</u>	<u>\$ 28,107,040.60</u>	<u>\$ 27,721.72</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 26,923,701.61	\$ 26,923,701.61	\$ -
Funds Held for Others	33,561.68	27,654,051.15	27,659,891.11	27,721.72
Total Liabilities	<u>\$ 33,561.68</u>	<u>\$ 54,577,752.76</u>	<u>\$ 54,583,592.72</u>	<u>\$ 27,721.72</u>

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





Required Supplemental Information (Schedules)

Texas Department of Assistive and Rehabilitative Services (538) -Unaudited
 Schedule 1A - Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2014

FEDERAL GRANTOR / PASS THROUGH GRANTOR / PROGRAM TITLE	CFDA Number	Agy./ Univ. #	Pass-Through From			
			Agencies or Univ. Amount	Non-State Entities Amount	Direct Program Amount	Total PT From & Direct Program
U.S. Department of Education						
<u>Direct Programs:</u>						
Rehabilitation Services - Vocational Rehabilitation						
Grants to States	84.126		\$ -	\$ -	\$ 241,902,732.55	\$ 241,902,732.55
VR Program-Program Income	84.126		-	-	15,801,019.89	15,801,019.89
Independent Living -State Grants	84.169		-	-	1,377,501.16	1,377,501.16
Rehabilitation Services - IL Services for Older Individuals who are Blind	84.177		-	-	1,896,177.65	1,896,177.65
Special Education - Grants for Infants and Families	84.181		-	-	30,374,463.43	30,374,463.43
<u>Pass Through To:</u>						
Texas Education Agency						
University of Texas Medical Branch - Galveston						
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187		-	-	1,722,490.58	1,722,490.58
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	84.265		-	-	366,700.44	366,700.44
Totals - U.S. Department of Education			-	-	293,441,085.70	293,441,085.70
U.S. Department of Health and Human Services						
<u>Pass-Through From:</u>						
Developmental Disabilities Basic Support and Advocacy Grants	93.630					
<u>Pass-Through From:</u>						
Texas Education Agency		701	230,094.54	-	-	230,094.54
Totals - U.S. Department of Health and Human Services			230,094.54	-	-	230,094.54
Medicaid Cluster						
U.S. Department of Health and Human Services						
<u>Direct Programs:</u>						
Medical Assistance Program	93.778				417,196.73	417,196.73
<u>Pass-Through From:</u>						
Medical Assistance Program	93.778					
<u>Pass-Through From:</u>						
Health and Human Services Commission		529	25,073,132.06	-	-	25,073,132.06
<u>Pass-Through To:</u>						
University of Texas Medical Branch - Galveston						
Totals - U.S. Department of Health and Human Services			25,073,132.06	-	417,196.73	25,490,328.79
Special Education (IDEA) Cluster						
U.S. Department of Education						
<u>Pass-Through From:</u>						
Special Education-Grants to States	84.027					
<u>Pass-Through From:</u>						
Texas Education Agency		701	5,131,125.00	-	-	5,131,125.00
<u>Pass-Through To:</u>						
University of Texas Medical Branch - Galveston						
Totals - U.S. Department of Education			5,131,125.00	-	-	5,131,125.00
Disability Insurance/SSI Cluster						
Social Security Administration						
<u>Direct Programs:</u>						
Social Security Disability Insurance	96.001				124,812,674.51	124,812,674.51
Totals - Social Security Administration					124,812,674.51	124,812,674.51
TANF Cluster						
U.S. Department of Health and Human Services						
<u>Pass-Through From:</u>						
Temporary Assistance to Needy Families (TANF)	93.558					
<u>Pass-Through From:</u>						
Health and Human Services Commission		529	16,102,792.00	-	-	16,102,792.00
<u>Pass-Through To:</u>						
University of Texas Medical Branch - Galveston						
Totals - U.S. Department of Health and Human Services			16,102,792.00	-	-	16,102,792.00
Total Expenditures of Federal Awards			\$ 46,537,143.60	\$ -	\$ 418,670,956.94	\$ 465,208,100.54

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

FEDERAL GRANTOR / PASS THROUGH GRANTOR / PROGRAM TITLE	CFDA Number	Agy./ Univ. #	Pass-Through To		Expenditures Amount	Total PT To & Expenditures
			State Agy. or Univ. Amount	Non-State Entities Amount		
U.S. Department of Education						
<u>Direct Programs:</u>						
Rehabilitation Services - Vocational Rehabilitation						
Grants to States	84.126		\$ -	\$ -	\$ 241,902,732.55	\$ 241,902,732.55
VR Program-Program Income	84.126		-	1,451,134.57	14,349,885.32	15,801,019.89
Independent Living -State Grants	84.169		-	343,269.00	1,034,232.16	1,377,501.16
Rehabilitation Services - IL Services for Older Individuals who are Blind	84.177		-	-	1,896,177.65	1,896,177.65
Special Education - Grants for Infants and Families	84.181		-	24,815,508.91	4,981,798.78	29,797,307.69
<u>Pass Through To:</u>						
Texas Education Agency		701	76,265.55	-	-	76,265.55
University of Texas Medical Branch - Galveston		723	500,890.19	-	-	500,890.19
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187		-	-	1,722,490.58	1,722,490.58
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	84.265		-	-	366,700.44	366,700.44
Totals - U.S. Department of Education			577,155.74	26,609,912.48	266,254,017.48	293,441,085.70
U.S. Department of Health and Human Services						
<u>Pass-Through From:</u>						
Developmental Disabilities Basic Support and Advocacy Grants	93.630					
<u>Pass-Through From:</u>						
Texas Education Agency					230,094.54	230,094.54
Totals - U.S. Department of Health and Human Services					230,094.54	230,094.54
Medicaid Cluster						
U.S. Department of Health and Human Services						
<u>Direct Programs:</u>						
Medical Assistance Program	93.778				417,196.73	417,196.73
<u>Pass-Through From:</u>						
Medical Assistance Program	93.778					
<u>Pass-Through From:</u>						
Health and Human Services Commission				25,049,413.41	-	25,049,413.41
<u>Pass-Through To:</u>						
University of Texas Medical Branch - Galveston		723	23,718.65	-	-	23,718.65
Totals - U.S. Department of Health and Human Services			23,718.65	25,049,413.41	417,196.73	25,490,328.79
Special Education (IDEA) Cluster						
U.S. Department of Education						
<u>Pass-Through From:</u>						
Special Education-Grants to States	84.027					
<u>Pass-Through From:</u>						
Texas Education Agency				5,095,861.03	-	5,095,861.03
<u>Pass-Through To:</u>						
University of Texas Medical Branch - Galveston		723	35,263.97	-	-	35,263.97
Totals - U.S. Department of Education			35,263.97	5,095,861.03	-	5,131,125.00
Disability Insurance/SSI Cluster						
Social Security Administration						
<u>Direct Programs:</u>						
Social Security Disability Insurance	96.001				124,812,674.51	124,812,674.51
Totals - Social Security Administration					124,812,674.51	124,812,674.51
TANF Cluster						
U.S. Department of Health and Human Services						
<u>Pass-Through From:</u>						
Temporary Assistance to Needy Families (TANF)	93.558					
<u>Pass-Through From:</u>						
Health and Human Services Commission				16,044,585.68	-	16,044,585.68
<u>Pass-Through To:</u>						
University of Texas Medical Branch - Galveston		723	58,206.32	-	-	58,206.32
Totals - U.S. Department of Health and Human Services			58,206.32	16,044,585.68	-	16,102,792.00
Total Expenditures of Federal Awards			\$ 694,344.68	\$ 72,799,772.60	\$ 391,713,983.26	\$ 465,208,100.54

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

Texas Department of Assistive and Rehabilitative Services (538) - Unaudited
Schedule 1A - Schedule of Expenditures of Federal Awards Continued
 For the Fiscal Year Ended August 31, 2014

Note 1 - Non-Monetary Assistance - N/A

Note 2 - Reconciliation

Below is a reconciliation of the total of federal pass-through and federal expenditures as reported on the Schedule of Expenditures of Federal Awards to the total federal revenues and federal pass-through revenues as reported in the general purpose financial statements. Generally, federal funds are not earned until expended; therefore, federal revenues equal federal expenditures for the reporting period.

Per Combined Statement of Revenues, Expenditures, and Changes in Fund Balance (Exhibit II)

Federal Revenues	\$	418,670,956.94
Federal Pass-through Revenues		<u>46,537,143.60</u>
		465,208,100.54
Total Pass Through & Expenditures per Federal Schedule		<u>465,208,100.54</u>
Difference	\$	<u>-</u>

Notes 3-6 - N/A

Note 7 - Federal Deferred Revenue

CFDA	Program	Federal Deferred Revenue September 1, 2013	Increase (Decrease)	Federal Deferred Revenue August 31, 2014
84.126	VR Program - Program Income	\$ 340,901.78	\$ 6,514.35	\$ 347,416.13
84.177	Rehabilitation Services - IL Services for Older Blind	3,277.62	34,061.60	37,339.22
	Total Deferred Revenue	\$ 344,179.40	\$ 40,575.95	\$ 384,755.35

(Exhibit I)

For CFDA 84.126, the amount represents unspent program income. The amount from CFDA 84.177 represents funds drawn in advance.

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

Texas Department of Assistive and Rehabilitative Services (538) - Unaudited
Schedule 1B - Schedule of State Grant Pass-throughs From/To State Agencies/Universities
For the Fiscal Year Ended August 31, 2014

Pass-Through From:

Council Early Childhood Intervention Services

Texas Education Agency (#701)	\$ 16,498,102.00
Total Pass-Through from Other Agencies	\$ 16,498,102.00

Pass-Through To:

Intervention and Respite Services

University of Texas Medical Branch - Galveston (#723)	\$ 142,242.77
Total Pass-Through to Other Agencies	\$ 142,242.77

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

