

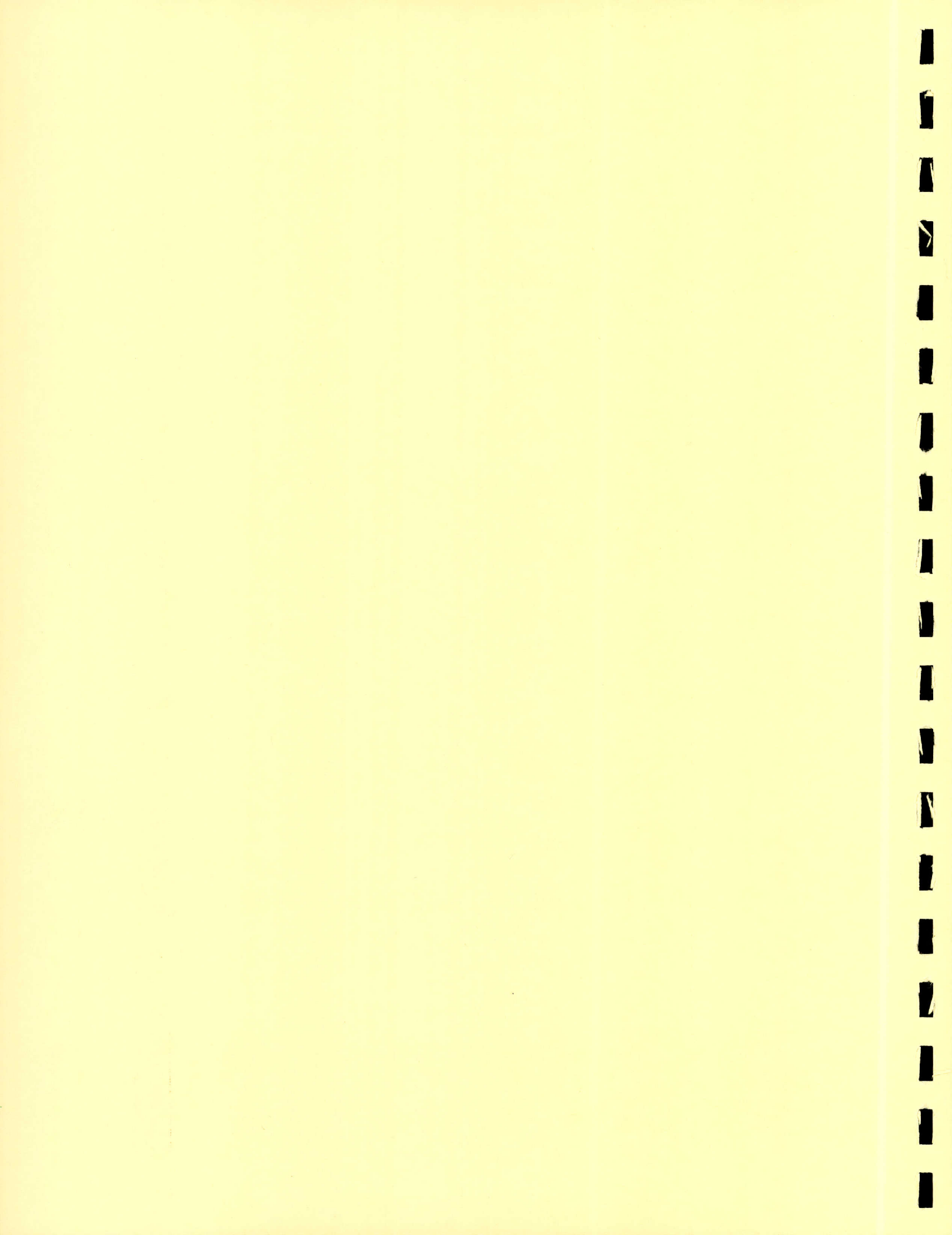
Annual Financial Report

UNAUDITED

**Texas Department of
Aging and Disability Services**

Austin, TX

For the Fiscal Year Ended August 31, 2014



UNAUDITED

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

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COMMISSIONER
Jon Weizenbaum

November 20, 2014

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

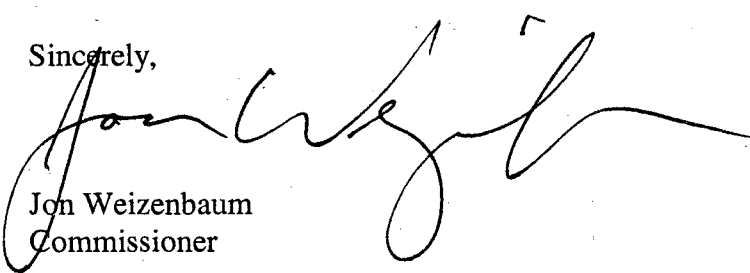
Ladies and Gentlemen:

We are pleased to submit the annual financial report of the Department of Aging and Disability Services for the year ended August 31, 2014, 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 Michael Doerr, Department of Aging and Disability Services, General Ledger Manager, at (512) 438-5319. Mr. Doerr may also be contacted for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,



Jon Weizenbaum
Commissioner

JW:dc

Enclosure

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TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT I - COMBINED BALANCE SHEET/STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS
For the Fiscal Year ended August 31, 2014

	GOVERNMENTAL FUND TYPES		Governmental Funds Total
	General Funds (EX A-1)	Capital Projects Funds (EX D-1)	
ASSETS			
Current Assets:			
Cash (Note 3)			
On Hand	64,355.00	-	64,355.00
In Bank	114,200.00	-	114,200.00
Cash in State Treasury	81,174,980.50	-	81,174,980.50
Legislative Appropriations	452,996,239.98	-	452,996,239.98
Receivables from:			
Federal	35,354,012.69	-	35,354,012.69
Intergovernmental Other	-	-	-
Accounts Receivable	10,680,903.91	-	10,680,903.91
Other Receivables	439,877.69	-	439,877.69
Interfund Receivable (Note 12)	15,555,476.92	-	15,555,476.92
Due From Other Funds	307,177,263.68	-	307,177,263.68
Due From Other Agencies	272,111,873.48	21,950,124.73	294,061,998.21
Consumable Inventories	5,436,916.78	-	5,436,916.78
Merchandise Inventories	62,715.26	-	62,715.26
Loans & Contracts	-	-	-
Other Current Assets	-	-	-
Total Current Assets	1,181,168,815.89	21,950,124.73	1,203,118,940.62
Non-Current Assets:			
Other Non-Current Assets	577,561.80	-	577,561.80
Capital Assets: (Note 2)			
Non-Depreciable or Non-Amortizable	-	-	-
Depreciable or Amortizable, Net	-	-	-
Total Non-Current Assets	577,561.80	-	577,561.80
TOTAL ASSETS	\$ 1,181,746,377.69	\$ 21,950,124.73	\$ 1,203,696,502.42

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Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
-	-	-	64,355.00
-	-	-	114,200.00
-	-	-	81,174,980.50
-	-	-	452,996,239.98
-	-	-	35,354,012.69
-	-	-	10,680,903.91
-	-	-	439,877.69
-	-	-	15,555,476.92
-	-	-	307,177,263.68
-	-	-	294,061,998.21
-	-	-	5,436,916.78
-	-	-	62,715.26
-	-	-	-
-	-	-	1,203,118,940.62
-	-	-	577,561.80
1,565,617.81	-	-	1,565,617.81
60,334,453.68	-	-	60,334,453.68
61,900,071.49	-	-	62,477,633.29
\$ 61,900,071.49	\$ -	\$ -	\$ 1,265,596,573.91

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TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT I - COMBINED BALANCE SHEET/STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS
For the Fiscal Year ended August 31, 2014

(continued)

	GOVERNMENTAL FUND TYPES		Governmental Funds Total
	General Funds (EX A-1)	Capital Projects Funds (EX D-1)	
LIABILITIES AND FUND BALANCES			
Liabilities			
Current Liabilities:			-
Payables from:			
Accounts	621,716,333.06	21,950,124.73	643,666,457.79
Payroll	47,206,964.26	-	47,206,964.26
Other	-	-	-
Interfund Payable (Note 12)	15,734,348.53	-	15,734,348.53
Due to Other Funds	307,177,263.68	-	307,177,263.68
Due to Other Agencies	85,961.73	-	85,961.73
Deferred Revenues	-	-	-
Employees' Compensable Leave (Note 5)	-	-	-
Claims and Judgements Payable	-	-	-
Capital Lease Obligations (Note 8)	-	-	-
Total Current Liabilities	<u>991,920,871.26</u>	<u>21,950,124.73</u>	<u>1,013,870,995.99</u>
Non-Current Liabilities			
Interfund Payable (Note 12)	291,799.25	-	291,799.25
Employees' Compensable Leave (Note 5)	-	-	-
Capital Lease Obligation (Note 8)	-	-	-
Pollution Remediation Obligations	-	-	-
Total Non-Current Liabilities	<u>291,799.25</u>	<u>-</u>	<u>291,799.25</u>
TOTAL LIABILITIES	<u>\$ 992,212,670.51</u>	<u>\$ 21,950,124.73</u>	<u>\$ 1,014,162,795.24</u>
Fund Balances (Deficits):			
Non Spendable	3,190,719.30	-	3,190,719.30
Restricted	48,282,469.21	-	48,282,469.21
Committed	93,325,878.76	-	93,325,878.76
Assigned	45,206,100.77	-	45,206,100.77
Unassigned (Note 20)	(471,460.86)	-	(471,460.86)
TOTAL FUND BALANCES	<u>\$ 189,533,707.18</u>	<u>\$ -</u>	<u>\$ 189,533,707.18</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,181,746,377.69</u>	<u>\$ 21,950,124.73</u>	<u>\$ 1,203,696,502.42</u>
Government-Wide Statement of Net Assets			
Net Assets:			
Invested in Capital Assets, Net of Related Debt			
Restricted			
Unrestricted			
Total Net Assets			

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

UNAUDITED

Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
-	-	-	643,666,457.79
-	-	-	47,206,964.26
-	-	-	15,734,348.53
-	-	-	307,177,263.68
-	-	-	85,961.73
-	37,701,741.33	-	37,701,741.33
-	23,247.15	-	23,247.15
-	37,724,988.48	-	1,051,595,984.47
-	-	-	291,799.25
-	24,645,132.23	-	24,645,132.23
-	3,973.37	-	3,973.37
-	92,875.08	-	92,875.08
-	24,741,980.68	-	25,033,779.93
\$ -	\$ 62,466,969.16	\$ -	\$ 1,076,629,764.40
-	-	-	3,190,719.30
-	-	-	48,282,469.21
-	-	-	93,325,878.76
-	-	-	45,206,100.77
-	-	-	(471,460.86)
\$ -	\$ -	\$ -	\$ 189,533,707.18
61,900,071.49	-	-	61,900,071.49
-	(62,466,969.16)	-	(62,466,969.16)
\$ 61,900,071.49	\$ (62,466,969.16)	\$ -	\$ 188,966,809.51

UNAUDITED

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

**EXHIBIT II - COMBINED STATEMENT OF REVENUES, EXPENDITURES &
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS**
For the Fiscal Year ended August 31, 2014

	General Funds	Capital Projects Funds	Governmental Funds Total
REVENUES			
Legislative Appropriations:			
Original Legislative Appropriations (GR)	\$ 2,600,871,177.75	\$ -	2,600,871,177.75
Additional Appropriations (GR)	88,724,268.73	-	88,724,268.73
Federal Revenues (PR-Operating or Capital)	123,089,060.43	-	123,089,060.43
Federal Grant Pass-Through Revenues	3,786,373,623.09	-	3,786,373,623.09
State Grant Pass-Through Revenues	-	-	-
Licenses, Fees and Permits	75,981,374.46	-	75,981,374.46
Interest Income	21,557.09	-	21,557.09
Land Income	738,295.39	-	738,295.39
Settlement of Claims	-	-	-
Sales of Goods and Services (PR)	59,425,654.16	-	59,425,654.16
Other (GR)	5,308,551.46	-	5,308,551.46
TOTAL REVENUES	\$ 6,740,533,562.56	\$ -	\$ 6,740,533,562.56
EXPENDITURES			
Salaries and Wages	590,616,249.96	-	590,616,249.96
Payroll Related Costs	187,687,837.79	-	187,687,837.79
Professional Fees and Services	69,553,573.03	2,381,192.42	71,934,765.45
Travel	10,837,856.80	-	10,837,856.80
Materials and Supplies	80,324,644.08	-	80,324,644.08
Communication and Utilities	10,683,608.00	-	10,683,608.00
Repairs and Maintenance	25,197,680.12	15,636,262.88	40,833,943.00
Rentals and Leases	8,462,056.52	-	8,462,056.52
Printing and Reproduction	330,565.18	-	330,565.18
Claims and Judgments	581,951.73	-	581,951.73
Federal Grant Pass-Through Expenditures	4,191,326.56	-	4,191,326.56
State Grant Pass-Through Expenditures	-	-	-
Intergovernmental Payments	81,491,949.69	-	81,491,949.69
Public Assistance Payments	5,417,498,144.92	-	5,417,498,144.92
Other Operating Expenditures	146,303,021.78	-	146,303,021.78
Debt Service:			
Principal	22,261.29	-	22,261.29
Interest	-	-	-
Capital Outlay	2,382,274.63	-	2,382,274.63
Depreciation Expense (Note 2)	-	-	-
TOTAL EXPENDITURES	\$ 6,636,165,002.08	\$ 18,017,455.30	\$ 6,654,182,457.38
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	104,368,560.48	(18,017,455.30)	86,351,105.18

UNAUDITED

Capital Asset Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
\$ -	\$ -		2,600,871,177.75
-	-		88,724,268.73
-	-		123,089,060.43
-	-		3,786,373,623.09
-	-		-
-	-		75,981,374.46
-	-		21,557.09
-	-		738,295.39
-	-		-
-	-		59,425,654.16
-	-		5,308,551.46
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,740,533,562.56</u>
-	2,998,574.82		593,614,824.78
-	-		187,687,837.79
-	-		71,934,765.45
-	-		10,837,856.80
-	-		80,324,644.08
-	-		10,683,608.00
-	-		40,833,943.00
-	-		8,462,056.52
-	-		330,565.18
-	-		581,951.73
-	-		4,191,326.56
-	-		-
-	-		81,491,949.69
-	-		5,417,498,144.92
-	-		146,303,021.78
-	(22,261.29)		-
-	-		-
(2,382,274.63)	-		-
9,165,884.10	-		9,165,884.10
<u>\$ 6,783,609.47</u>	<u>\$ 2,976,313.53</u>	<u>\$ -</u>	<u>\$ 6,663,942,380.38</u>
(6,783,609.47)	(2,976,313.53)	-	76,591,182.18

UNAUDITED

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

**EXHIBIT II - COMBINED STATEMENT OF REVENUES, EXPENDITURES &
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS**
For the Fiscal Year ended August 31, 2014

(continued)

	General Funds	Capital Projects Funds	Governmental Funds Total
OTHER FINANCING SOURCES (USES)			
Increase in Obligations - Capital Leases	-	-	-
Sale of Capital Assets	24,665.75	-	24,665.75
Insurance Recoveries	-	-	-
Transfers In	4,018,875,632.27	20,017,455.30	4,038,893,087.57
Transfers Out	(4,056,866,613.78)	(2,000,000.00)	(4,058,866,613.78)
Legislative Transfers In	579,577.00	-	579,577.00
Legislative Transfers Out	(40,389,594.00)	-	(40,389,594.00)
Gain (Loss) on Sale of Capital Assets	539,837.28	-	539,837.28
Inc(Dec) in Net Assets Due to Interagency Transfer	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ (77,236,495.48)	\$ 18,017,455.30	\$ (59,219,040.18)
Net Change in Pollution Remediation Obligation	-	-	-
Net Change in Fund Balances/Net Assets	27,132,065.00	-	27,132,065.00
Fund Financial Statement - Fund Balances			
Fund Balances - September 1, 2013	180,731,486.02	-	180,731,486.02
Restatements	-	-	-
Fund Balances - September 1, 2013, As Restated	180,731,486.02	-	180,731,486.02
Appropriations Lapsed	(18,329,843.84)	-	(18,329,843.84)
Fund Balances - August 31, 2014	<u>\$ 189,533,707.18</u>	<u>\$ -</u>	<u>\$ 189,533,707.18</u>
Government-Wide Statement of Net Assets			
Net Assets/Change in Net Assets			189,533,707.18
Net Assets, September 1, 2013			
Restatements			
Net Assets, September 1, 2013, As Restated			
Net Assets, August 31, 2014			<u>\$ 189,533,707.18</u>

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

UNAUDITED

Capital Asset Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
-	-	-	-
(24,665.75)	-	-	-
-	-	-	4,038,893,087.57
-	-	-	(4,058,866,613.78)
-	-	-	579,577.00
-	-	-	(40,389,594.00)
553,773.47	-	-	1,093,610.75
295,953.65	-	-	295,953.65
<u>\$ 825,061.37</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (58,393,978.81)</u>
-	(92,875.08)	-	(92,875.08)
-	<u>(3,069,188.61)</u>	-	<u>18,104,328.29</u>
-	-	-	180,731,486.02
-	-	-	<u>180,731,486.02</u>
-	-	-	(18,329,843.84)
-	-	-	<u>\$ 180,505,970.47</u>
<u>(5,958,548.10)</u>	<u>(3,069,188.61)</u>	<u>-</u>	<u>180,505,970.47</u>
<u>75,273,928.95</u>	<u>(59,397,780.55)</u>	<u>-</u>	<u>15,876,148.40</u>
<u>75,273,928.95</u>	<u>(59,397,780.55)</u>	<u>-</u>	<u>15,876,148.40</u>
<u>\$ 69,315,380.85</u>	<u>\$ (62,466,969.16)</u>	<u>\$ -</u>	<u>\$ 196,382,118.87</u>

UNAUDITED

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT VI - COMBINED STATEMENT OF FIDUCIARY NET ASSETS

For the Fiscal Year ended August 31, 2014

	Private Purpose Trust Funds (EX I-1)	Agency Funds (EX J-1)	TOTALS 2014
ASSETS			
Cash and Cash Equivalents (Note 3)			
Cash on Hand	-	-	-
Cash in Bank	362,002.64	1,863,031.16	2,225,033.80
Cash in State Treasury	10,109,705.86	3,353,021.14	13,462,727.00
Cash Equivalents	1,727,605.64	4,067,910.58	5,795,516.22
Investments	-	-	-
Receivables From:			
Interest and Dividends	-	-	-
Accounts Receivable	-	-	-
Non-Current Receivables	4,300,492.44	-	4,300,492.44
Merchandise Inventory	-	-	-
Total Assets	<u>\$ 16,499,806.58</u>	<u>\$ 9,283,962.88</u>	<u>\$ 25,783,769.46</u>
LIABILITIES			
Funds Held for Others	-	9,283,962.88	9,283,962.88
Total Liabilities	<u>\$ -</u>	<u>\$ 9,283,962.88</u>	<u>\$ 9,283,962.88</u>
NET ASSETS			
Held in Trust for			
Individuals, Organizations and Other Governments	16,499,806.58	-	16,499,806.58
Total Net Assets	<u>\$ 16,499,806.58</u>	<u>\$ -</u>	<u>\$ 16,499,806.58</u>

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

UNAUDITED

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT VII - COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 For the Fiscal Year ended August 31, 2014

	Private Purpose Funds (EX 1-2)	TOTALS 2014
ADDITIONS		
Sales of Goods and Services	-	-
Other Revenue	342,153.67	342,153.67
Interest Income	50,457.65	50,457.65
Licenses, Fees and Permits	-	-
Transfers In	-	-
Total Additions	<u>\$ 392,611.32</u>	<u>\$ 392,611.32</u>
DEDUCTIONS		
Material and Supplies	192,536.99	192,536.99
Communications and Utilities	3,551.92	3,551.92
Repairs and Maintenance	171,969.61	171,969.61
Rentals and Leases	10,365.28	10,365.28
Printing and Reproduction	-	-
Other Expenses	5,276.99	5,276.99
Interest Expense	-	-
Professional Fees and Services	-	-
Transfers Out	5,212.97	5,212.97
Total Deductions	<u>\$ 388,913.76</u>	<u>\$ 388,913.76</u>
Increase (Decrease) in Net Assets	<u>3,697.56</u>	<u>3,697.56</u>
Net Assets, September 1, 2013	<u>16,496,109.02</u>	<u>16,496,109.02</u>
Restatements	-	-
Net Assets, September 1, 2013 as Restated	<u>\$ 16,496,109.02</u>	<u>\$ 16,496,109.02</u>
Net Assets, August 31, 2014	<u>\$ 16,499,806.58</u>	<u>\$ 16,499,806.58</u>

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

NOTE 1 – Summary of Significant Accounting Policies

Entity

The Texas Department of Aging and Disability Services (DADS) is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*.

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

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

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

Fund Structure

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

Governmental Fund Types & Government-wide Adjustment Fund Types

General Revenue Funds

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

The Federal Public Welfare Administration Fund (Fund 0117) is to hold federal money set aside for administration of the Public Welfare Program.

The Texas Capital Trust Fund (Fund 0543) is used to finance acquisition, construction, repair, improvements, or equipping of a building by a state agency.

The Home Health Services Fund (Fund 5018) is created in the General Revenue Fund to receive fees related to licensing home and community support service agencies in amounts to meet costs of administration.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 1 – Summary of Significant Accounting Policies

The Texas Special Olympics License Plates Fund (Fund 5055) is created in the General Revenue Fund for the receipt of revenues from Special Olympics Texas license plates. DADS receives the funds from the Texas Department of Transportation during the year and transmits the collected amounts to Special Olympics annually.

The License Plate Trust Fund (Fund 0802) is created in the treasury for deposit of specialty license plate fees and related revenue collected under Subchapter G, Transportation Code that was previously deposited in various General Revenue accounts. Dedicated balances and revenues are to be deposited into accounts within the fund to be used in accordance with their specific statutory purpose.

The Quality Assurance Fund (Fund 5080) is created in the General Revenue Fund and consists of fees collected from Intermediate Care Facilities (ICF) and income earned on the account.

The Medicaid Recovery Fund (Fund 5109) is created in the General Revenue Fund to receive any funds recovered related to the Medicaid program by implementing 42 U.S.C. Section 1396p(b)(1). Used only to fund long-term care, including community-based care and facility-based care.

The Capital Project Fund (Fund 3001) was established to record the renovation costs of the electrical systems for the State Supported Living Centers. This fund is currently used to pay back loan balances advanced from the Comptroller's State Energy Conservation Office – LoanSTAR Program associated with those renovations. Interest expense and the repayment of the loan balances are the only remaining expenditures in this fund.

Special Revenue Funds

None

Debt Service Funds

None

Capital Project Funds

The capital projects funds are used to account for general obligation bonds issued by the Texas Public Finance Authority. Capital project funds are used to account for financial resources used for the acquisition, repair, renovation, or construction of major capital facilities for the DADS State Supported Living Centers. The Construction in Progress balances of assets that have not been transferred from HHSC Maintenance and Construction to the various DADS State Supported Living Centers as of August 31, 2014, have been included under the General Fixed Assets Account Group.

Texas Public Finance Authority General Obligation Bonds – MHMR Project Fund (Fund 7616) is used to receive proceeds from the sale of bonds (except accrued interest) and investment earnings. The fund is used to pay the cost of issuance and project costs as defined in the bond resolution. (Designated to MHMR during 78th Legislative Session)

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

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

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 1 – Summary of Significant Accounting Policies

Permanent Funds

None

Capital Assets Adjustment Fund Type

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

Long-Term Liabilities Adjustment Fund Type

Long-term Liabilities Adjustment Fund (Fund 0098) is used to convert governmental fund types' debt from modified accrual to full accrual.

Other Adjustment Fund Type

None

Proprietary Fund Types

Enterprise Funds

None

Internal Service Funds

None

Fiduciary Fund Types

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

Pension Trust Funds

None

External Investment Trust Funds

None

Agency Funds

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

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

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

U.S. Savings Bond Account Fund (Fund 0901) is used to accumulate money withheld from the salaries of state officers and employees for the purpose of purchasing United States Savings Bonds under the payroll savings plan. Bonds are purchased for the authorizing officer or employee when such individual's account has accumulated a sufficient amount.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 1 – Summary of Significant Accounting Policies

TexaSaver Hold Transmit Account – 401K Deferred Compensation Fund (Fund 0942) is used to provide a temporary depository for funds pending electronic transmittal to the administrator of the state deferred compensation 401k program. Interest earned between payday and the warrant paid date is transmitted with the deferred payments; interest earnings before payday are transmitted to the General Revenue Fund.

Correction Account for Direct Deposit Fund (Fund 0980) is used to hold money returned by financial institutions which had been transmitted for direct deposit where problems prevented credit from being given to individual depositors. DADS is then responsible for correction of the amounts in the correction account by either:

- a) Transfer of the funds back to the original issuing fund or
- b) Refund to the person for whom the original payment was made

Local Fund (Fund 0941) is used for reporting local fund activity in USAS related to Guardianship and DADS State Supported Living Center Client Trust checking, savings, CDs, and other short-term investments. Client trust funds are personal funds of the client which are in DADS' control or safekeeping as authorized by the client. Guardianship funds are client funds which are in DADS' control or safekeeping as authorized by the courts.

Child Support Addenda Deductions – Suspense (Fund 8070) is used to hold deductions from wages and salaries for child-support payments transferred to the Texas State Child Support Disbursement Unit.

Direct Deposit Return (Fund 9014) is used to process a callback or direct deposit monies returned from a bank. DADS does not enter callbacks until the Comptroller's Office notifies that the funds have been correctly deposited in the proper account.

Overpayments to Employees (Fund 9015) is used to record recoupments of compensation overpayments when deductions from future payments of compensation to the employee are not available.

Warrant Hold Offset (Fund 9016) is used when transferring funds from the warrant hold offset account to the correct appropriation and fund within 10 business days from the date the offset deposit is received. DADS then updates the internal systems to ensure the person's state debt balance is updated appropriately and timely.

Private-Purpose Trust Funds

The Assisted Living Facility Trust Fund (Fund 0857) makes emergency assistance funds available to an assisted living facility if a court orders disbursement upon finding the facility has inadequate funds for operation, an emergency exists, and it is in the best interests of the residents that funds are immediately available. Assisted Living providers pay an assessed health regulation fee annually, or more if needed, to maintain an adequate balance in the trust fund for disbursement to court appointed trustees in an emergency to assist in maintaining the operations of a facility in need.

The Nursing and Convalescent Home Trust Fund (Fund 0992) is funded through annual fees which are used to provide emergency assistance to facilities. Funds may be used to alleviate immediate threats to the health or safety of residents of the facilities. Long Term Care providers pay an assessed health regulation fee annually, or more if needed, to maintain an adequate balance in the trust fund for disbursement to court appointed trustees in an emergency to assist in maintaining the operations of a facility in need.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 1 – Summary of Significant Accounting Policies

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

Component Units

None

Basis of Accounting

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

Governmental fund types that build the fund financial statements are accounted for using the modified accrual method basis of accounting. Under the modified accrual basis, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end. The State of Texas considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for fund financial statements prepared on the modified accrual basis. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

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

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

Budget and Budgetary Accounting

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

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

Assets, Liabilities, and Fund Balances/Net Assets

Assets

Cash and Cash Equivalents

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

Securities Lending Collateral

None

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 1 – Summary of Significant Accounting Policies

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include revenues set aside for statutory or contractual requirements.

Inventories and Prepaid Items

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

Capital Assets

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

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

Current Receivables

Federal Receivables

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

Accounts Receivable

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

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 1 – Summary of Significant Accounting Policies

Noncurrent Receivables

Accounts Receivable

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

Liabilities

Current Payables

Accounts Payable

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

Payroll Payable

The accrual at year-end of payroll related items; expected to be paid within one year of fiscal year-end.

Noncurrent Payables

None

Employees' Compensable Leave Balances

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

Capital Lease Obligations

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

Bonds Payable – General Obligation Bonds

None

Bonds Payable – Revenue Bonds

None

Fund Balance/Net Assets

The difference between fund assets and liabilities is "net assets" 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

In accordance with GASB Statement No. 54, 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 formal action of the Texas Legislature, the state's highest level of decision making authority.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 1 – Summary of Significant Accounting Policies

- 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 of finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned fund balance is the residual classification for the general fund. This classification represents a fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

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 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 that 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.

Interfund Activities and Transactions

The agency has the following types of transactions between funds:

- (1) Transfers: Legally required transfers that are reported when incurred as “transfers in” by the recipient fund and as “transfers out” by the disbursing fund.
- (2) Reimbursements: Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another 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 it is classified as “current”. Repayment for two (or more) years is classified as “noncurrent”.

The composition of the agency’s interfund activities and transactions are presented in Note 12.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 2 – Capital Assets

NOTE 2 – Capital Assets

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

A summary of changes in capital assets for the year ended August 31, 2014, is presented below:

PRIMARY GOVERNMENT								
Governmental Activities	Balance 9/1/2013	Adjustments	Reclassifications			Additions	Deletions	Balance 8/31/2014
			Completed CIP	Inc-Int'agy Trans	Dec-Int'agy Trans			
Non-Depreciable Assets								
Land and Land Improvements	1,567,059.93	0.00	0.00	0.00	0.00	0.00	(1,442.12)	1,565,617.81
Infrastructure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Construction in Progress	7,411,131.43	(7,411,131.43)	0.00	0.00	0.00	0.00	0.00	0.00
Other Tangible Capital Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Land Use Rights	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Intangible Capital Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assets	<u>8,978,191.36</u>	<u>(7,411,131.43)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,442.12)</u>	<u>1,565,617.81</u>
Depreciable Assets:								
Buildings and Improvements	188,900,169.53	0.00	0.00	3,721,262.69	0.00	0.00	0.00	192,621,432.22
Infrastructure	536,543.12	0.00	0.00	0.00	0.00	0.00	0.00	536,543.12
Facilities & Other Improvements	14,378,000.99	0.00	0.00	0.00	0.00	0.00	0.00	14,378,000.99
Furniture and Equipment	21,019,400.10	5,762.12	0.00	10,554.00	0.00	1,866,778.89	(1,334,739.35)	21,567,755.76
Vehicle, Boats & Aircraft	22,796,244.83	0.00	0.00	18,126.00	0.00	1,055,333.02	(426,921.11)	23,442,782.74
Other Capital Assets	2,000.00	0.00	0.00	0.00	0.00	0.00	0.00	2,000.00
Total Depreciable Assets	<u>247,632,358.57</u>	<u>5,762.12</u>	<u>0.00</u>	<u>3,749,942.69</u>	<u>0.00</u>	<u>2,922,111.91</u>	<u>(1,761,660.46)</u>	<u>252,548,514.83</u>
Less Accumulated Depreciation for:								
Buildings and Improvements	(136,591,537.66)	0.00	0.00	(3,430,456.56)	0.00	(4,706,370.48)	0.00	(144,728,364.70)
Infrastructure	(85,846.56)	0.00	0.00	0.00	0.00	(21,461.64)	0.00	(107,308.20)
Facilities & Other Improvements	(13,236,807.72)	0.00	0.00	0.00	0.00	(223,577.03)	0.00	(13,460,384.75)
Furniture and Equipment	(16,769,447.67)	(9,940.05)	0.00	(5,406.48)	0.00	(1,815,551.65)	1,325,451.91	(17,274,893.94)
Vehicles, Boats, & Aircraft	(18,278,864.11)	0.00	0.00	(18,126.00)	0.00	(1,185,644.70)	426,921.11	(19,055,713.70)
Other Capital Assets	(2,000.00)	0.00	0.00	0.00	0.00	0.00	0.00	(2,000.00)
Total Accumulated Depreciation	<u>(184,964,503.72)</u>	<u>(9,940.05)</u>	<u>0.00</u>	<u>(3,453,989.04)</u>	<u>0.00</u>	<u>(7,952,605.50)</u>	<u>1,752,373.02</u>	<u>(194,628,665.29)</u>
Depreciable Assets, Net	<u>62,667,854.85</u>	<u>(4,177.93)</u>	<u>0.00</u>	<u>295,953.65</u>	<u>0.00</u>	<u>(5,030,493.59)</u>	<u>(9,287.44)</u>	<u>57,919,849.54</u>
Amortizable Assets-Intangible:								
Land Use Rights	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Computer Software	6,485,888.54	0.00	0.00	0.00	0.00	0.00	(14,545.20)	6,471,343.34
Other Intangible Capital Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Amortizable Assets - Intangible	<u>6,485,888.54</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(14,545.20)</u>	<u>6,471,343.34</u>
Less Accumulated Amortization for:								
Land Use Rights	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Computer Software	(2,858,005.80)	0.00	0.00	0.00	0.00	(1,213,278.60)	14,545.20	(4,056,739.20)
Other Intangible Capital Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Accumulated Amortization	<u>(2,858,005.80)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,213,278.60)</u>	<u>14,545.20</u>	<u>(4,056,739.20)</u>
Amortizable Assets - Intangible Net	<u>3,627,882.74</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,213,278.60)</u>	<u>0.00</u>	<u>2,414,604.14</u>
Governmental Activities Capital Assets, Net	<u>75,273,928.95</u>	<u>(7,415,309.36)</u>	<u>0.00</u>	<u>295,953.65</u>	<u>0.00</u>	<u>(6,243,772.19)</u>	<u>(10,729.56)</u>	<u>61,900,071.49</u>

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 3 – Deposits, Investments and Repurchase Agreements

NOTE 3 – Deposits, Investments and Repurchase Agreements

The Department of Aging and Disability Services maintains local bank accounts that are used for petty cash purchases and travel advances (Government and Business-Type Activities). The Department of Aging and Disability Services also maintains local bank accounts for Client Benefit Trust (Fund 6004) and Client Trust (Fund 7999) fiduciary funds. There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

As of August 31, 2014, the carrying amount of deposits was \$2,339,233.80 as presented below.

Governmental and Business-Type Activities

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

Fiduciary Funds

CASH IN BANK - CARRYING AMOUNT	\$3,722,762.26
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalent	\$1,497,728.46
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral	
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral	
Total Cash in Bank per AFR	\$2,225,033.80
Fiduciary Funds Cash in Bank	\$2,225,033.80
Fiduciary Funds Restricted Cash in Bank	
Cash in Bank per AFR	\$2,225,033.80

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 and Cash Equivalents".

As of August 31, 2014, the total **bank balance** was as follows:

Governmental and Business-Type Activities	\$114,200.00	Fiduciary Funds	\$2,225,033.80
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No deposits were exposed to custodial credit risk during the fiscal year.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 3 – Deposits, Investments and Repurchase Agreements

Investments

As of August 31, 2014, the fair value of investments are as presented below.

Fiduciary Funds

	Fair Value
Repurchase Agreements (Texas Treasury Safekeeping Trust Co)	\$4,297,787.76
Total Investments	\$4,297,787.76
Reconciliation of Investments per Exhibits – Fiduciary Funds	
Fiduciary Funds Short-Term Investments (reported as cash equivalents)	\$4,297,787.76
Investments per Exhibits	

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

Reverse Repurchase Agreements

Not Applicable

Securities Lending

Not Applicable

Derivative Investing

Not Applicable

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 4 – Short-Term Debt

NOTE 4 – Short-Term Debt

Not Applicable

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
 Note 5 – Long-Term Liabilities

NOTE 5 – Long-Term Liabilities

Changes in Long-Term Liabilities

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

Note 5 – Sum of Long-Term Liabilities						
Governmental Activities	Balance 09/01/13	Additions	Reductions	Balance 08/31/14	Amounts Due Within One Year	Amounts Due Thereafter
Claims and Judgments	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Capital Lease Obligations	49,481.81	0.00	22,261.29	27,220.52	23,247.15	3,973.37
Employees' Compensable Leave	59,348,298.74	83,916,810.05	80,918,235.23	62,346,873.56	37,701,741.33	24,645,132.23
Notes and Loans Payable	0.00	0.00	0.00	0.00	0.00	0.00
General Obligation Bonds Payable	0.00	0.00	0.00	0.00	0.00	0.00
Revenue Bonds Payable	0.00	0.00	0.00	0.00	0.00	0.00
Derivative Instrument Liability	0.00	0.00	0.00	0.00	0.00	0.00
Pollution Remediation Obligations	0.00	92,875.08	0.00	92,875.08	0.00	92,875.08
Total Governmental Activities	\$ 59,397,780.55	\$ 84,009,685.13	\$ 80,940,496.52	\$ 62,466,969.16	\$ 37,724,988.48	\$ 24,741,980.68

Capital Lease Obligations

DADS entered into a long-term lease on September 1, 2011 for financing the purchase of a forklift at San Angelo State Supported Living Center. This lease is classified as a capital lease for accounting purposes and is recorded at the present value of the future minimum lease payments at the inception of the lease. Ownership will be assumed after the lease ends.

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.

Pollution Remediation Obligations

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

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

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

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 5 – Long-Term Liabilities

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

DADS did not incur remediation expenses in Fiscal Year 2014 and remediation expenses are unknown for Fiscal Year 2015 at this time.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 6 – Bonded Indebtedness

NOTE 6 – Bonded Indebtedness

Not Applicable – Reported by the Texas Public Finance Authority

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 7 – Derivative Instruments

NOTE 7 – Derivative Instruments

Not Applicable

NOTE 8 – Leases

Capital Leases

DADS entered into a long-term lease on September 1, 2011 for financing the purchase of a forklift at San Angelo State Supported Living Center. This lease is classified as a capital lease for accounting purposes and is recorded at the present value of the future minimum lease payments at the inception of the lease. Ownership will be assumed after the lease ends. A summary of original capitalized costs of all such property under lease in addition to the accumulated depreciation as of August 31, 2014 is as follows:

**Assets Under Capital Leases
 Year Ending Aug. 31, 2014**

Governmental Activities			
Class of Property	Assets under Capital Lease	Accumulated Depreciation	Total
Furniture and Equipment	\$87,871.24	\$34,520.71	\$53,350.53
Totals	\$87,871.24	\$34,520.71	\$53,350.53

Future minimum lease payments under these capital leases, together with the present value of the net minimum lease payments at fiscal year-end, are as follows:

**Future Capital Lease Payments
 Year Ending Aug. 31, 2014**

Primary Government			
Governmental Activities			
Year	Principal	Interest	Total Future Min. Lease Payments
2015	23,247.15	722.73	23,969.88
2016	3,973.37	21.61	3,994.98
Totals	\$27,220.52	\$744.34	\$27,964.86

Operating Leases

There are no operating leases to report as all of DADS' operating leases are cancelable.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 9 – Pension Plans and Optional Retirement Program

NOTE 9 – Pension Plans and Optional Retirement Program

Not Applicable

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 10 – Deferred Compensation

NOTE 10 – Deferred Compensation (Administrative Agencies Only)

Not Applicable

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 11 – Post Employment Health Care and Life Insurance Benefits

NOTE 11 – Post Employment Health Care and Life Insurance Benefits

Not Applicable

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 12 – Interfund Activity and Transactions

NOTE 12 - Interfund Activity and Transactions

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

Individual balances and activity as of August 31, 2014, are as follows:

Required Note 12 Presentation

Interfund Receivables and Payables - Current			
Current Portion	Interfund Receivable	Interfund Payable	Purpose
GENERAL REVENUE (01)			
Appd Fund 0001 and D23 Fund 0001			
Agency 539, D23 Fund 5080		\$15,555,476.92	Quality Assurance Fee Payment
Appd Fund 5080 and D23 Fund 5080			
Agency 539, D23 Fund 0001	\$15,555,476.92		Quality Assurance Fee Payment
Appd Fund 0001 and D23 Fund 3001			
Agency 907, D23 Fund 0515		\$178,871.61	Texas LoanSTAR Program
Total Current Interfund Receivable/Payable	\$15,555,476.92	\$15,734,348.53	

Interfund Receivables and Payables – Non-Current			
Non-Current Portion	Interfund Receivable	Interfund Payable	Purpose
CAPITAL PROJECTS (04)			
Appd Fund 0001 and D23 Fund 3001			
Agency 907, D23 Fund 0515		\$291,799.25	Texas LoanSTAR Program
Total Non-Current Interfund Receivable/Payable		\$291,799.25	

Comptroller's Office – State Energy Conservation Office (SECO) interfund payables include loan balances funded through the Texas LoanSTAR program, a statewide energy efficiency demonstration program. SECO reports the LoanSTAR interfund balances as current and non-current in adherence to GASB 34.

Quality Assurance Fund (QAF) interfund payable/receivable consists of the August QAF assessment due from the DADS State Supported Living Centers and Intermediate Care Facilities to the Quality Assurance Fund.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 13 – Continuance Subject to Review

NOTE 13 – Continuance Subject to Review

Under the Texas Sunset Act, as amended by Senate Bill 652, 82nd Legislature, Regular Session, 2011, the Agency will be abolished effective September 1, 2015, unless continued in existence by the 84th Legislature as provided by the Act. If abolished, the Agency may continue until September 1, 2016 to close out its operations.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 14 – Adjustments to Fund Balances and Net Assets

NOTE 14 - Adjustments to Fund Balances and Net Assets

The following restatements of the amounts in fund balances and net assets are reported for the Department of Aging and Disability Services for Fiscal Year 2014:

	General Funds	Capital Project Funds	Total
Fund Bal/Net Assets Aug. 31, 2014	\$ 189,533,707.18	\$ -	\$ 189,533,707.18
Restatements	\$ -	\$ -	\$ -
Fund Bal/Net Assets Sept. 1, 2014, as Restated	\$ 189,533,707.18	\$ -	\$ 189,533,707.18

NOTE 15 – Contingencies and Commitments

Sick Leave

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

Federal Assistance

The federal grants received by the department are subject to review and audit by the grantor agencies. While these reviews may result in expenditure disallowances or deferrals under the terms of the grants, review exceptions, if any, are not expected to have a material financial impact on the operations of the department. The department's federal grants likewise are subject to the audit requirements of the Office of Management and Budget's Circulars A-102, Attachments A through O and A-133, which are performed by the State Auditor's Office.

Financial Management Review of Texas Intermediate Care Facilities for Intellectual and Developmental Disabilities (ICF/IDD) Provider Bed Tax Report

The final report was received from the U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services (CMS) on August 31, 2009. CMS determined that DADS had under-collected \$1,422,937.87. Total collections through October 03, 2014 are \$1,213,103.64. DADS is in the process of collecting the remaining amounts totaling \$209,834.23.

As of August 31, 2014, there were no other disallowances or deferrals for the department.

Unpaid Claims and Lawsuits

As of August 31, 2014, certain lawsuits were pending against the state and the department. The lawsuits, which may present contingent liabilities, are presented below:

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
 Note 15 – Contingencies and Commitments

Unpaid Pre-Litigation Claims

Case	Claimant Name	Defendant Name	Type of Litigation	Current Status	Damages Being Sought	Probability of Liability	Possible Amount of Loss
Case 1	Applied Information Sciences	DADS	Contract termination	Pending	\$624,190 and specific performance	Unknown	Unknown
Case 2	Clemons, Donald	DADS	Personal injury	Pending	Unspecified	Unknown	Unknown
Case 3	Collins, Mary (guardian of Timothy M. Fraser)	DADS and Brenham SSLC		Pending	\$100,000.00	Unknown	Unknown
Case 4	Dewberry, Susan	DADS	Wrongful death	Pending	Unspecified	Unknown	Unknown
Case 5	Dillar, Carlos (estate of)	DADS and Corpus Christi SSLC	Wrongful death	Pending	Unspecified	Unknown	Unknown
Case 6	Favela, Miguel	DADS and Lufkin SSLC	Personal injury	Pending	Unspecified	Unknown	Unknown
Case 7	Hodgkinson, Sherry (behalf of Katherine Mullins)	DADS and Mexia SSLC	Personal injury	Pending	Unspecified	Unknown	Unknown
Case 8	Lewis, Charna as Guardian and Next Friend of Anthony Cooper	DADS	Improper claim against DADS concerning HCS services received from Southern Concepts	Pending	Unspecified	Unknown	Unknown
Case 9	Milligan, Hershel & Dana Milligan as Representative of Bobby Milligan	DADS and Austin SSLC	Wrongful Death	Pending	Unspecified	Unknown	Unknown
Case 10	Morales, Irma Yolanda	DADS and Mexia SSLC	Personal injury	Pending	Unspecified	Unknown	Unknown

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
 Note 15 – Contingencies and Commitments

Unpaid Pre-Litigation Claims

Case	Claimant Name	Defendant Name	Type of Litigation	Current Status	Damages Being Sought	Probability of Liability	Possible Amount of Loss
Case 11	Nabhan, Yamille & Ray (parents of Michael Nabhan)	DADS	Personal injury	Pending	Unspecified	Unknown	Unknown
Case 12	Phillips, Shirley	DADS	Personal injury	Pending	Unspecified	Unknown	Unknown
Case 13	Rierner, Brenda (estate of George Thomas Edwards)	DADS and Brenham SSLC	Wrongful death	Pending	Unspecified	Unknown	Unknown
Case 14	RIS and Enterprise RAC	DADS and Josie Delaney	Vehicle accident	Pending	Unspecified	Unknown	Unknown
Case 15	Robertson, Sheri (on behalf of Derek Ford)	DADS	Wrongful death	Pending	Unspecified	Unknown	Unknown
Case 16	Shirley, Thomas (estate of)	DADS and Denton SSLC	Wrongful death	Pending	Unspecified	Unknown	Unknown
Case 17	Torres, Gabriela	DADS and El Paso SSLC	Vehicle accident	Pending	Unspecified	Unknown	Unknown
Case 18	Traveler's Insurance Company (Ronald A. Willis)	DADS and Mexia SSLC	Vehicle accident	Pending	\$15,364.59	Unknown	Unknown
Case 19	Whiting, Jason B., PhD	DADS	Reimbursement for property damage.	Pending	\$185.00	Unknown	Unknown
Case 20	Yates, Mary (personal representative of Sean Yates)	DADS	Negligence	Pending	Unspecified	Unknown	Unknown

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
 Note 15 – Contingencies and Commitments

Pending Lawsuits

Case	Plaintiff Name	Defendant Name	Type of Litigation	Current Status	Damages Being Sought	Probability of Liability	Possible Amount of Loss
Case 1	Adame, Aixa	DADS	Employment discrimination	Pending	Unspecified	Unknown	Unknown
Case 2	Adiuku, Victor d/b/a Flagstar Healthcare Services	DADS, et al.	Provider seeks declaratory & injunctive relief	Pending	Unspecified	Unknown	Unknown
Case 3	Anchondo, Raul	DADS	Employment discrimination and retaliation	Pending	Unspecified	Unknown	Unknown
Case 4	Angels of Care/John Clark	DADS and HHSC	Provider seeks injunctive relief	Settled; Awaiting dismissal	Unspecified	None	None
Case 5	Baldonado, Jose	HHSC and DADS	Employment discrimination	Pending	Unspecified	Unknown	Unknown
Case 6	Bisby, Jana	DADS and HHSC	Judicial review of employment termination	Pending	Unspecified	Unknown	Unknown
Case 7	Bryant, Tammy	DADS	Employment discrimination, FMLA and ADA violations	Pending	Unspecified	Unknown	Unknown
Case 8	Calab, Inc. et al.	DADS	Judicial review of contested case	Pending	Unspecified	Unknown	Unknown
Case 9	Cannon, Mary and Patrick Tate Dyess	Anthony Watson, et al.	Tort (wrongful death)	Pending	Unspecified	Unknown	Unknown
Case 10	Carlow, Janet	Daniel Rivera, et al.	Violation of 1st Amendment right	Pending	Unspecified	Unknown	Unknown
Case 11	Chavez, Joyce	EI Paso SSLC and DADS	Employment discrimination	Case settled, notice of intent to dismiss filed 04/08/13	\$40,000.00	Unknown	\$40,000 (settlement amount)
Case 12	Dattoo, Suleman	Sandra McGlothen and DADS	Provider seeks declaratory & injunctive relief	Pending	Unspecified	Unknown	Unknown
Case 13	DeLong, Sandra	DADS	Employment discrimination	Pending	Unspecified	Unknown	Unknown
Case 14	Donaldson, David T.	DADS and Chris Traylor	Employment discrimination	Pending	Unspecified	Unknown	Unknown
Case 15	Dorsey, Wanda	Austin SSLC	Personal Injury	Pending	Unspecified	Unknown	Unknown

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
 Note 15 – Contingencies and Commitments

Pending Lawsuits

Case	Plaintiff Name	Defendant Name	Type of Litigation	Current Status	Damages Being Sought	Probability of Liability	Possible Amount of Loss
Case 16	Engelhardt, Alecia	DADS	Judicial review of contested case	Pending	Unspecified	Unknown	Unknown
Case 17	Finch, Dieter	DADS, HHSC and DFPS	Employment discrimination—refusal to hire	Pending	Unspecified	Unknown	Unknown
Case 18	Four-Js Community Living Center	Chris Traylor and DADS	Judicial review of contested case	Pending	Unspecified	Unknown	Unknown
Case 19	Frausto, Greg, Glen Frausto and Jamie Snow all Individually and as Heirs of the Estate of Diane Rimert, Deceased	HHSC, DADS, et al.	Wrongful death	Pending	Unspecified	Unknown	Unknown
Case 20	G.G.E., et al.	Rick Perry, et al.	Client civil rights (violation of due process)	Pending	Unspecified	Unknown	Unknown
Case 21	Gardiner, Jeane, et al.	Ivie-Lee Homes, Inc., et al.	Tort (wrongful death)	Pending	Unspecified	Unknown	Unknown
Case 22	Gomez, Loreto	DADS	Employment discrimination	Pending	Unspecified	Unknown	Unknown
Case 23	Hosanna Health Care	DADS and HHSC	Judicial review of contested case	Pending	Unspecified	Unknown	Unknown
Case 24	InHome Care, Inc.	DADS and Chris Traylor	Provider seeks declaratory and injunctive relief	Pending	Unspecified	Unknown	Unknown
Case 25	Innovative Outcomes et al.	DADS	Judicial review of contested case	Pending	Unspecified	Unknown	Unknown
Case 26	Iredia, Esther	DADS	Employment discrimination	Pending	Unspecified	Unknown	Unknown
Case 27	Johnson, Pamela and Gerald Carr	DADS, et al.	Tort (injury)	Settlement in process; awaiting dismissal	Unspecified	Unknown	\$120,000 (settlement amount)
Case 28	Lagunas, Michael	DADS	Employment discrimination	Pending	Unspecified	Unknown	Unknown
Case 29	Loya, Lori	DADS	Employment discrimination and retaliation	Pending	Unspecified	Unknown	Unknown

**TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 15 – Contingencies and Commitments**

Pending Lawsuits

Case	Plaintiff Name	Defendant Name	Type of Litigation	Current Status	Damages Being Sought	Probability of Liability	Possible Amount of Loss
Case 30	Medina, Rudy, et al.	Corpus Christi SSLC and DADS	Tort (wrongful death)	Order entered 08/21/14, granting Motion to Dismiss; Court loses plenary power 09/20/14	Unspecified	Unknown	Unknown
Case 31	Mersch, Carol	State of Texas, et al.	Declaratory judgment over property of DADS ward	Pending	Unspecified	Unknown	Unknown
Case 32	Phillips, Frances (Guardianship of)	None	Appointment of DADS as guardian	Pending	Unspecified	Unknown	Unknown
Case 33	Pitre, Anna L.	DADS	Employment discrimination	Pending	Unspecified	Unknown	Unknown
Case 34	Polo, Imelda	DADS	Employment discrimination	Pending	Unspecified	Unknown	Unknown
Case 35	Powell, Deborah K.	DADS	Worker's compensation retaliation	Pending	Unspecified	Unknown	Unknown
Case 36	Promed Home Health Care, LLC	DADS and Chris Traylor	Provider seeks declaratory and injunctive relief	Pending	Unspecified	Unknown	Unknown
Case 37	R.C.	Chris Traylor, et al.	Client civil rights (violation of due process)	Case settled; awaiting dismissal	\$50,000.00	Unknown	\$1,000 (settlement amount)
Case 38	Salais, Ana Maria Gonzalez and Ruben Gonzalez	Mexia State School and DADS	Tort (wrongful death)	Pending	Unspecified	Unknown	Unknown
Case 39	Silsbee Oaks Health Care	Lois Wood, Nancy Kendall, Colleen Halliburton, Dorothea Raiford	Provider seeks injunctive relief and damages	Case dismissed 06/27/14; Motion for Reconsideration pending	Unspecified	Unknown	Unknown

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
 Note 15 – Contingencies and Commitments

Pending Lawsuits

Case	Plaintiff Name	Defendant Name	Type of Litigation	Current Status	Damages Being Sought	Probability of Liability	Possible Amount of Loss
Case 40	State Farm Mutual Automobile Insurance Company as subrogee of Scott Watson	TDMHMR	Tort	Pending	Unspecified	Unknown	Unknown
Case 41	Steward, Eric, et al.	Rick Perry, et al.	Client civil rights (ADA, Medicaid Act)	Pending	Unspecified	Unknown	Unknown
Case 42	Stohr, Mary	DADS	Employment Discrimination	Pending	Unspecified	Unknown	Unknown
Case 43	L. T.	DADS et al.	Judicial review of high-risk alleged offender appeal	Pending	Unspecified	Unknown	Unknown
Case 44	Valderas, Belia	Lubbock State School	Whistleblower	Pending	Unspecified	Unknown	Unknown
Case 45	Valles, Eva	DADS and El Paso SSLC	Employment discrimination	Pending	Unspecified	Unknown	Unknown
Case 46	Vicki Roy Home Health Service, LP, et al.	DADS, et al.	Provider seeks declaratory, injunctive relief and damages	Pending	Unspecified	Unknown	Unknown
Case 47	Wallace, Stephen as Guardian of Justin Wallace	Dr. Kyle Janek, Chris Traylor and Scott Schalchlin	Injunctive Relief	Pending	Unspecified	Unknown	Unknown
Case 48	Williams, Delores Revocable Living Trust	Denton SSLC, et.al.	Trust Dissolution and Distribution	Pending	None	N/A	Unknown
Case 49	Wright, Linda Ann	DADS, et al.	Civil Rights	Pending	Unspecified	Unknown	Unknown

NOTE 16 – Subsequent Events

State Supported Living Center and Bond Home Cost Report Submission

On or before November 30, 2014, the Department of Aging and Disability Services is required to submit cost reports for State Supported Living Centers and Bond Homes covering activity for Fiscal Year 2014. Depending on the results of the cost reports and the final settlement projected for April 30, 2015, DADS could potentially owe funds to the federal government should the federal share of audited cost be lower than the amount of federal funds drawn on an interim basis during FY 2014.

General Obligation Bonds

Bond Issuance	Series	Amount	Date of Issuance	Purpose
Texas Public Finance Authority	2008	4,287,000.00	November, 2014 for tranche; First issuance was 9/9/10	Capital repairs and renovations for the State Supported Living Centers.

Balancing Incentive Program

The Affordable Care Act, signed into law March 23, 2010, created the Balancing Incentive Program, which authorizes federal funding for states through September 30, 2015, to provide quality care in the most appropriate integrated setting. States that spend less than 50% of the Medicaid long-term services and supports (LTSS) funding on community LTSS are eligible for a 2% enhanced Federal Medical Assistance Percentage (FMAP). In federal FY2009, DADS spent 46.9% on community LTSS and became eligible to receive funding for community LTSS in exchange for making structural and programmatic changes to increase access to community LTSS based on this amount. By October 1, 2015, Texas must achieve a 50% benchmark of Medicaid community based LTSS expenditures.

The DADS award began October 1, 2012. The additional federal funds from the enhanced FMAP rate for FY 2015 are estimated at \$42.1 million.

Single Service Authorization System (SSAS) Project

The purpose of the Single Service Authorization System project was to create a single service authorization system by consolidating the functionality of the legacy Department of Human Services Service Authorization System and the legacy Department of Mental Health and Mental Retardation Client Assignment and Registration (CARE) application into one system to allow for standardized edits, business processes, and reporting capabilities.

On September 3, 2013, the Health and Human Services Commission notified Xerox State Healthcare, LLC by email of the cancellation of the SSAS Project. On October 9, 2013, Health and Human Services Commission (HHSC) Executive Commissioner Janek notified Xerox State Healthcare, LLC to discontinue further work on the project after the effective date of August 31, 2013, and perform only those tasks necessary to discontinue development of the project and to maintain system functionality and stability in the future.

The total expended cost for this project is approximately \$15.0M. The suspension of this project resulted in an expense of Construction in Progress (CIP) of \$5.4M for Fiscal Year 2014.

This project may be subject to audit by the Federal Centers for Medicare and Medicaid Services to determine if all cost and work performed produced deliverables consistent with the enhanced federal financial participation expended on the Single Service Authorization System project.

NOTE 17 – Risk Management

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

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

- Texas Mutual Insurance Company
Cost: \$915.00
Purpose: To provide workers' compensation coverage for San Antonio SSLC clients who participate in a Texas Department of Transportation (TXDOT) work program as required by TXDOT
- The Cima Companies, Inc.
Cost: \$2,619.71
Purpose: To provide insurance coverage for volunteers of the SSLC Foster Grandparent Programs, including liability coverage, Accidental Death and Dismemberment, medical expenses, and excess auto liability
- Wells Fargo Insurance Services USA, Inc.
Cost: \$4,500.00
Purpose: To provide hired and non-owned automobile liability insurance coverage for employees and volunteers driving personal or hired vehicles while in course and scope of employment or volunteer responsibilities with DADS
- Alliant Insurance Services Houston LLC.
Cost: \$3,861.67
Purpose: To provide insurance coverage for all volunteers or all court referred alternative volunteers designated or registered with DADS in projects and programs ranging from office-related work to field surveys to public information and youth education and other similar programs as directed by DADS
- Parallon Workforce Management Solutions
Cost: \$108.00
Purpose: To provide medical professional liability coverage for continuity of care for hospital admitted patients of DADS. Professional liability insurance for RNs is a new requirement of the Denton Regional Medical Center's third-party credentialing company.

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

The Department of Aging and Disability Services' liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are re-evaluated periodically by HHS Enterprise Risk Management, Facility Support Services Risk Management and the State Office of Risk Management (oversight agency) to consider frequency of claims, past experience, current settlements and economic factors.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 17 – Risk Management

As of August 31, 2014 the Department of Aging and Disability Services had 9,501 capital assets. There were 21 assets that were stolen, missing, damaged, or destroyed during Fiscal Year 14. Only 4 of the 21 assets had a remaining useful life and were valued at \$2,400.36.

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

New Contracts

On December 17, 2010, DADS entered into a contract with Sandata Technologies, L.L.C. to pilot implementation of a mandatory Electronic Visit Verification (EVV) system in DADS Region 9 (Midland, Odessa, San Angelo, and the surrounding areas). Subsequently the contract was amended to expand the use of EVV into Region 2 (Abilene, Wichita Falls, and the surrounding areas) and Region 4 (Longview, Tyler, and the surrounding areas) effective February 1, 2012; Region 3 (Dallas, Fort Worth, and surrounding areas) and Region 7 (Austin, Waco, and surrounding areas) effective August 16, 2012; and Region 5 (Beaumont, Nacogdoches, and surrounding areas) and Region 6 (Houston, Conroe, and surrounding areas) effective November 15, 2012. EVV is a telephone and computer-based system that electronically verifies that service visits occur, and it documents the precise time the provision of service begins and ends. The current EVV contract is one year, and is scheduled to end on December 31, 2014. Fiscal Year 2014 EVV costs were \$2,526,312.84, bringing the total project cost to date to \$6,006,453.34.

Department of Justice Settlement

A settlement agreement between the State of Texas and the Department of Justice regarding the DADS State Supported Living Centers (SSLCs) was finalized during Fiscal Year 2009. The 81st Legislature, Regular Session, via Senate Concurrent Resolution 77, approved the settlement agreement which was signed by the Governor on June 4, 2009. Formal monitoring of each facility's compliance with the terms of the settlement agreement began in January, 2010. Semi-annual on-site visits to each facility are conducted by a team of professionals with a detailed written report submitted to identify areas of substantial compliance, progress and recommendations for additional focused efforts. A baseline review was conducted at each facility during the period from January-May, 2010. The first phase of formal compliance reviews began in July, 2010 and concluded in November, 2010. The 8th phase of compliance reviews is currently underway and will be concluded in September 2014. The settlement agreement requires the monitoring teams to submit to the parties and federal court their first assessment of the status of compliance efforts within sixty days of the four-year anniversary of the agreement. The Four-Year Report was jointly filed by the parties with the Court June 25, 2014.

Balancing Incentive Program

The Affordable Care Act, signed into law March 23, 2010, created the Balancing Incentive Program (BIP) which authorizes federal funding for states through September 30, 2015, to provide quality care in the most appropriate integrated setting. States that spend less than 50% of Medicaid long-term services and supports (LTSS) funding on community LTSS are eligible for a 2% enhanced Federal Medical Assistance Percentage (FMAP). In federal FY2009, DADS spent 46.9% on community LTSS and became eligible to receive funding for community LTSS in exchange for making structural and programmatic changes to increase access to community LTSS based on this amount. By October 1, 2015, Texas must achieve a 50% benchmark of Medicaid community based LTSS expenditures. The DADS award began October 1, 2012. The additional federal funds from the enhanced FMAP rate for FY 2015 are estimated at \$42.1 million.

**TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 18 – Management Discussion and Analysis (MD&A)**

Donations to State Supported Living Centers

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

Donations Made by Volunteer Services Councils

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

Donations in the amount of \$2,130,353.26 made by the VSCs for the year ended August 31, 2014, are included on the agency's financial statements Exhibit A-2 – *Combining Statement of Revenues, Expenditures & Changes in Fund Balances: All General and Consolidated Funds*, Exhibit I-2 – *Combining Statement of Changes in Fiduciary Net Assets* and Exhibit II – *Combined Statement of Revenues, Expenditures & Changes in Fund Balances/Statement of Activities – Governmental Funds*.

Donations Made by VSCs to SSLCs by Category	Amount
Equipment (lawn mowers, medical equipment, etc.)	\$158,930.97
Housewares (includes rugs, linens, dishes, etc.)	23,357.50
Clothing & Accessories (clothes, belts, bags, jewelry, etc.)	126,054.53
Furniture	92,303.53
Events (entertainment, tickets, etc.)	929,837.00
Gifts (birthday and holiday gifts, etc.)	165,467.75
Consumable Supplies (craft supplies, party supplies, cakes, food, etc.)	67,401.52
Media (books, magazines, music, DVDs, etc.)	7,135.24
Sporting Goods (bicycles, bats, balls, sports equipment, etc.)	1,333.00
Electronics	9,487.94
Musical Instruments	340.00
Luggage	1,065.00
Plants & Flowers	2,762.16
Monetary Donations	430.84
In Kind Services	4,609.00
Capital Donations Capital Donations (2 vans, 3 vehicles, 1 digital imaging, 6 golf carts, 1 ultra violet system, 5 shower trolleys, 11 misc. furniture & equipment, 1 battery wheelchair and 1 x-ray bone densitometer)	539,836.28
Total:	\$2,130,352.26

**TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
 Note 18 – Management Discussion and Analysis (MD&A)**

Donations Made by Parties other than VSCs

Donations in the amount of \$124,503.24, made by parties other than VSCs for the year ended August 31, 2014, are included on the agency’s financial statements *Exhibit A-2 – Combining Statement of Revenues, Expenditures & Changes in Fund Balances: All General and Consolidated Funds*, *Exhibit I-2 – Combining Statement of Changes in Fiduciary Net Assets* and *Exhibit II – Combined Statement of Revenues, Expenditures & Changes in Fund Balances/Statement of Activities – Governmental Funds*.

Donations Made by Parties other than VSCs by Category	Amount
Monetary Donations	\$118,984.50
Food Donations	2,031.45
In Kind Goods	3,487.29
Total:	\$124,503.24

Health and Human Services Commission (HHSC) Enterprise Functions

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

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

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

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

1. Medicaid Administration
2. Risk Management

**TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 18 – Management Discussion and Analysis (MD&A)**

Single Service Authorization System (SSAS) Project

The purpose of the Single Service Authorization System Project was to create a single service authorization system by consolidating the functionality of the legacy Department of Human Services Service Authorization System and the legacy Department of Mental Health and Mental Retardation Client Assignment and Registration (CARE) application into one system to allow for standardized edits, business processes and reporting capabilities.

On September 3, 2013, the Health and Human Services Commission notified Xerox State Healthcare, LLC by email of the cancellation of the SSAS Project. On October 9, 2013, Health and Human Services Commission (HHSC) Executive Commissioner Janek notified Xerox State Healthcare, LLC to discontinue further work on the project after the effective date of August 31, 2013, and perform only those tasks necessary to discontinue development under this project, as well as any work that is necessary to continue system functionality and stability in the future.

The total expended cost for this project is approximately \$15.0M. The suspension of this project resulted in an expense of Construction in Progress (CIP) of \$5.4M for Fiscal Year 2014.

This project may be subject to audit by the Federal Centers for Medicare and Medicaid Services to determine if all cost and work performed produced deliverables consistent with the enhanced federal financial participation expended on the Single Service Authorization System Project.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 19 – The Financial Reporting Entity

NOTE 19 – The Financial Reporting Entity

Not Applicable

NOTE 20 - Stewardship, Compliance and Accountability

Deficit Fund Balance

DADS reported a deficit balance in the amount of (\$471,460.86) for Fund 3001, appropriated Fund 0001 as presented on *Exhibit A-1 Combining Balance Sheet – All General Fund and Consolidated Funds and on Exhibit I – Combined Balance Sheet/Statement of Net Assets – Governmental Funds*. This deficit is the result of the Comptroller’s Office – State Energy Conservation Office (SECO) Non-Current Liabilities Interfund Payables amount exceeding the available Assets amount for the fund. The funding for the repayment of the SECO loan resides in Fund 0001. DADS transfers cash into Fund 3001 from Fund 0001 at the time of the payment.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 22 – Donor Restricted Endowments

NOTE 22 – Donor Restricted Endowments

Not Applicable

NOTE 23 – Extraordinary and Special Items

Department of Justice Settlement

A settlement agreement between the State of Texas and the Department of Justice regarding the DADS State Supported Living Centers (SSLCs) was finalized during fiscal year 2009. The 81st Legislature, Regular Session, via Senate Concurrent Resolution 77, approved the settlement agreement, which was signed by the Governor on June 4, 2009. Formal monitoring of each facility's compliance with the terms of the settlement agreement began in January 2010. Semi-annual on-site visits to each facility were conducted by a team of professionals, who then submitted a detailed written report identifying areas of substantial compliance and progress and recommendations for additional focused efforts. A baseline review was conducted at each facility during the period from January–May 2010. The first phase of formal compliance reviews began in July 2010 and concluded in November 2010. The 8th phase of compliance reviews concluded in September 2014. The settlement agreement requires the monitoring teams to submit to the parties and federal court their first assessment of the status of compliance efforts within sixty days of the four-year anniversary of the agreement. This four-year report was jointly filed by the parties with the Court on June 25, 2014.

Systems Improvement Agreement — Austin SSLC

The Systems Improvement Agreement (SIA) between the Texas Department of Aging and Disability Services (DADS) Regulatory Services Division and DADS State Supported Living Centers Division on behalf of the Austin State Supported Living Center (AuSSLC or “the Center”) was signed in August 2013. The agreement was executed and implemented to further the objectives of the Texas State Medicaid program: to facilitate delivery of quality health care and rehabilitative services to the community served by AuSSLC and to promote consistent, sustained compliance by AuSSLC with all applicable provisions of the federal Social Security Act and regulatory Conditions of Participation (CoPs). A contract was executed in August 2013 with Columbus Organization to fulfill the Independent Consultative Review Expert scope of work: to complete the root cause analysis and to develop an action plan to bring the Center into compliance with facility staffing and active treatment CoPs. In September 2013, a contract was executed with H&W Independent Solutions to fulfill the role of the Compliance Officer. In November 2013, the root cause analysis was issued to AuSSLC after it was reviewed and approved by Regulatory Services. In December 2013, the action plan was submitted to Regulatory Services, and in January 2014 the SSLC Division staff met with Regulatory Services to review the plan. From January 2014 through August 2014, the Compliance Officer was at AuSSLC for monitoring on a monthly basis and noted that the Center had achieved compliance with the SIA. DADS Regulatory will conduct a survey of the Center to determine compliance with the applicable ICF/IID Conditions of Participation.

Steward settlement

Steward, et al. v. Perry, et al., Cause No. 5:10-cv-1025, In the U.S. District Court, Western District of Texas, San Antonio Division (PASRR lawsuit)

On December 20, 2010, Advocacy, Inc. (now called Disability Rights Texas) and other organizations filed a class action lawsuit against DADS, HHSC, and the Governor on behalf of current and future nursing facility residents with intellectual or developmental disabilities. The plaintiffs claimed violations of the Americans with Disabilities Act, the Rehabilitation Act, the Nursing Home Reform Amendments, and various provisions of the Medicaid Act. The plaintiffs were seeking declaratory and injunctive relief requiring the state to improve the Preadmission Screening and Resident Review (PASRR) process so the needs of nursing facility residents who have intellectual or developmental disabilities are identified and addressed; to provide all the specialized services that these individuals need, in accordance with the “active treatment” requirements for ICFs/IID; and to ensure that such individuals are placed in appropriate community placements (especially HCS waiver slots) whenever community placement is appropriate, regardless of waiver interest lists. The plaintiffs filed a motion for class certification on January 19, 2011.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 23 – Extraordinary and Special Items

The parties reached an interim settlement agreement that lasts until July 1, 2015 unless terminated earlier by the parties. It was approved in the first special session of the 83rd Legislature and has an effective date of August 5, 2013. In 2013, the parties selected an Expert Reviewer to assist in implementation of the interim agreement. The Expert Reviewer's contract was renewed for the term September 1, 2014 through August 31, 2015. The parties continue negotiations on a comprehensive agreement.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 24 – Disaggregation of Receivable and Payable Balances

NOTE 24 – Disaggregation of Receivable and Payable Balances

Not Applicable

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 25 – Termination Benefits

NOTE 25 - Termination Benefits

The Department of Aging and Disability Services had both voluntary and involuntary terminations during FY 2014. Of the 5,383 agency terminated employees, there were 1,606 involuntary terminations for the reporting period, 19 of which were due to death. The other 3,758 agency-terminated employees were voluntary terminations as of August 31, 2014. The department did not have any cost of termination benefits that are employer obligated for FY2014.

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

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

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

- severance pay when the amount is approved, communicated, and can be estimated
- continued access to health insurance through the employer's group insurance plan
- career counseling
- outplacement services

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

Through a contract with the Health and Human Services Commission for all 5 Health and Human Service agencies, the Deer Oaks Employee Assistance Program (EAP) is available to DADS employees at no cost to the employee for up to one full year after voluntary or involuntary separation from employment. The EAP assists with the issues of depression or anxiety stemming from work, family, legal, financial, or health related problems. In addition, the EAP includes short-term assessments in the areas of counseling, education, crisis intervention, and referrals.

NOTE 26 – Segment Information

Not Applicable

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 27 – Service Concession Arrangements

NOTE 27 – Service Concession Arrangements

Not Applicable

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 28 – Deferred Outflows of Resources and Deferred Inflows of Resources

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

Not Applicable

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539) – Unaudited
Note 29 – Trouble Debt Restructuring

NOTE 29 – Trouble Debt Restructuring

Not Applicable

UNAUDITED

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT A-1 - COMBINING BALANCE SHEET: All General Fund and Consolidated Funds
For the Fiscal Year ended August 31, 2014

	Consolidated Accounts		
	General Revenue Fund (0001) U/F (0001)(9000)(3001)	Public Welfare Administration Operating fund (0117) U/F (0117)	Texas Capital Trust Fund (0543) U/F (0543)
ASSETS			
Current Assets:			
Cash (Note 3)			
On Hand	64,355.00	-	-
In Bank	114,200.00	-	-
Cash in State Treasury	3,404,983.14	-	-
Legislative Appropriations	452,996,239.98	-	-
Receivables from:			
Federal	-	35,354,012.69	-
Intergovernmental Other	-	-	-
Accounts Receivable	10,463,680.96	-	-
Other Receivables	439,877.69	-	-
Interfund Receivable	-	-	-
Due From Other Funds	307,177,263.68	-	-
Due From Other Agencies	-	271,823,250.99	286,340.14
Consumable Inventories	5,436,916.78	-	-
Merchandise Inventories	62,715.26	-	-
Loans & Contracts	-	-	-
Other Current Assets	-	-	-
Total Current Assets	<u>780,160,232.49</u>	<u>307,177,263.68</u>	<u>286,340.14</u>
Non-Current Assets:			
Other Non-Current Assets	577,561.80	-	-
Total Non-Current Assets	<u>577,561.80</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 780,737,794.29</u>	<u>\$ 307,177,263.68</u>	<u>\$ 286,340.14</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Current Liabilities:			
Payables from			
Accounts	621,390,011.46	-	286,340.14
Payroll	47,027,844.90	-	-
Other	-	-	-
Interfund Payable	15,734,348.53	-	-
Due to Other Funds	-	307,177,263.68	-
Due to Other Agencies	85,961.73	-	-
Deferred Revenues	-	-	-
Capital Lease Obligations	-	-	-
Total Current Liabilities	<u>684,238,166.62</u>	<u>307,177,263.68</u>	<u>286,340.14</u>
Non-Current Liabilities			
Interfund Payable	291,799.25	-	-
Capital Lease Obligations	-	-	-
Total Non-Current Liabilities	<u>291,799.25</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 684,529,965.87</u>	<u>\$ 307,177,263.68</u>	<u>\$ 286,340.14</u>
Fund Balances (Deficits):			
Non Spendable	3,190,719.30	-	-
Restricted	48,282,469.21	-	-
Committed	-	-	-
Assigned	45,206,100.77	-	-
Unassigned (Note 20)	(471,460.86)	-	-
TOTAL FUND BALANCES	<u>\$ 96,207,828.42</u>	<u>\$ 0.00</u>	<u>\$ -</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 780,737,794.29</u>	<u>\$ 307,177,263.68</u>	<u>\$ 286,340.14</u>

UNAUDITED

Consolidated Accounts						TOTALS (EX 1) 2014
Home Health Services (5018) U/F (5018)	Texas Special Olympics License Plates (5055) U/F (5056)	License Plates Trust Fund (0802) U/F (0802)	Quality Assurance (5080) U/F (5080)	Medicaid Recovery (5109) U/F (5109)		
-	-	-	-	-	-	64,355.00
-	-	-	-	-	-	114,200.00
35,737,103.86	66.00	-	30,161,427.24	11,871,400.26	-	81,174,980.50
-	-	-	-	-	-	452,996,239.98
-	-	-	-	-	-	35,354,012.69
-	1,324.35	-	215,898.60	-	-	10,680,903.91
-	-	-	15,555,476.92	-	-	439,877.69
-	-	-	-	-	-	15,555,476.92
-	-	2,282.35	-	-	-	307,177,263.68
-	-	-	-	-	-	272,111,873.48
-	-	-	-	-	-	5,436,916.78
-	-	-	-	-	-	62,715.26
-	-	-	-	-	-	-
<u>35,737,103.86</u>	<u>1,390.35</u>	<u>2,282.35</u>	<u>45,932,802.76</u>	<u>11,871,400.26</u>		<u>1,181,168,815.89</u>
-	-	-	-	-	-	577,561.80
-	-	-	-	-	-	577,561.80
<u>\$ 35,737,103.86</u>	<u>\$ 1,390.35</u>	<u>\$ 2,282.35</u>	<u>\$ 45,932,802.76</u>	<u>\$ 11,871,400.26</u>	<u>\$</u>	<u>1,181,746,377.69</u>
37,324.11	375.00	2,282.35	-	-	-	621,716,333.06
179,119.36	-	-	-	-	-	47,206,964.26
-	-	-	-	-	-	15,734,348.53
-	-	-	-	-	-	307,177,263.68
-	-	-	-	-	-	85,961.73
-	-	-	-	-	-	-
<u>216,443.47</u>	<u>375.00</u>	<u>2,282.35</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>991,920,871.26</u>
-	-	-	-	-	-	291,799.25
-	-	-	-	-	-	291,799.25
<u>\$ 216,443.47</u>	<u>\$ 375.00</u>	<u>\$ 2,282.35</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>992,212,670.51</u>
-	-	-	-	-	-	3,190,719.30
35,520,660.39	1,015.35	-	45,932,802.76	11,871,400.26	-	48,282,469.21
-	-	-	-	-	-	93,325,878.76
-	-	-	-	-	-	45,206,100.77
-	-	-	-	-	-	(471,460.86)
<u>\$ 35,520,660.39</u>	<u>\$ 1,015.35</u>	<u>\$ -</u>	<u>\$ 45,932,802.76</u>	<u>\$ 11,871,400.26</u>	<u>\$</u>	<u>189,533,707.18</u>
<u>\$ 35,737,103.86</u>	<u>\$ 1,390.35</u>	<u>\$ 2,282.35</u>	<u>\$ 45,932,802.76</u>	<u>\$ 11,871,400.26</u>	<u>\$</u>	<u>1,181,746,377.69</u>

UNAUDITED

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT A-2 - COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES: All General and Consolidated Funds
For the Fiscal Year ended August 31, 2014

	General Revenue Fund (0001) U/F (0001)(9000)(3001)	Consolidated Accounts	
		Public Welfare Administration Operating Fund (0117) U/F (0117)	Texas Capital Trust Fund (0543) U/F (0543)
REVENUES			
Legislative Appropriations:			
Original Legislative Appropriations (GR)	\$ 2,600,871,177.75	\$ -	\$ -
Additional Appropriations (GR)	88,724,268.73	-	-
Federal Revenues (PR-Operating or Capital)	215,869.48	122,873,190.95	-
Federal Grant Pass-Through Revenues	1,983.00	3,786,371,640.09	-
State Grant Pass-Through Revenues	-	-	-
Licenses, Fees and Permits	8,210,714.38	-	-
Interest Income	21,553.54	-	-
Land Income	-	-	738,295.39
Settlement of Claims	-	-	-
Sales of Goods and Services (PR)	56,992,874.98	-	-
Other (GR)	5,308,551.46	-	-
TOTAL REVENUES	\$ 2,760,346,993.32	\$ 3,909,244,831.04	\$ 738,295.39
EXPENDITURES			
Salaries and Wages	580,803,549.27	-	-
Payroll Related Costs	183,979,821.88	-	-
Professional Fees and Services	69,468,538.28	-	-
Travel	10,715,208.59	-	-
Materials and Supplies	80,286,165.63	-	-
Communication and Utilities	10,675,782.14	-	-
Repairs and Maintenance	25,197,680.12	-	-
Rentals and Leases	8,461,575.52	-	-
Printing and Reproduction	330,086.61	-	-
Claims and Judgements	571,951.73	-	-
Federal Grant Pass-Through Expenditures	134,716.56	4,056,610.00	-
State Grant Pass-Through Expenditures	-	-	-
Intergovernmental Payments	81,491,949.69	-	-
Public Assistance Payments	5,368,058,144.92	-	-
Other Operating Expenditures	145,942,946.00	-	34,148.00
Debt Service:			
Principal	22,261.29	-	-
Interest	-	-	-
Capital Outlay	2,382,274.63	-	-
Depreciation Expense	-	-	-
TOTAL EXPENDITURES	\$ 6,568,522,652.86	\$ 4,056,610.00	\$ 34,148.00
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(3,808,175,659.54)	3,905,188,221.04	704,147.39

UNAUDITED

Consolidated Accounts					
Home Health Services (5018) U/F (5018)	Texas Special Olympics License Plates (5055) U/F (5056)	License Plates Trust Fund (0802) U/F (0802)	Quality Assurance (5080) U/F (5080)	Medicaid Recovery (5109) U/F (5109)	TOTALS (EX II) 2014
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,600,871,177.75
-	-	-	-	-	88,724,268.73
-	-	-	-	-	123,089,060.43
-	-	-	-	-	3,786,373,623.09
7,205,802.54	-	2,278.80	60,562,578.74	-	75,981,374.46
-	-	3.55	-	-	21,557.09
-	-	-	-	-	738,295.39
-	-	-	-	-	-
-	-	-	-	2,432,779.18	59,425,654.16
-	-	-	-	-	5,308,551.46
<u>\$ 7,205,802.54</u>	<u>\$ -</u>	<u>\$ 2,282.35</u>	<u>\$ 60,562,578.74</u>	<u>\$ 2,432,779.18</u>	<u>\$ 6,740,533,562.56</u>
9,777,774.06	-	-	34,926.63	-	590,616,249.96
489,812.33	-	-	3,218,203.58	-	187,687,837.79
85,034.75	-	-	-	-	69,553,573.03
122,648.21	-	-	-	-	10,837,856.80
19,568.10	-	-	18,910.35	-	80,324,644.08
7,025.86	-	-	800.00	-	10,683,608.00
-	-	-	-	-	25,197,680.12
481.00	-	-	-	-	8,462,056.52
478.57	-	-	-	-	330,565.18
10,000.00	-	-	-	-	581,951.73
-	-	-	-	-	4,191,326.56
-	-	-	-	-	-
-	-	-	-	-	81,491,949.69
-	-	-	49,440,000.00	-	5,417,498,144.92
323,645.43	-	2,282.35	-	-	146,303,021.78
-	-	-	-	-	-
-	-	-	-	-	22,261.29
-	-	-	-	-	-
-	-	-	-	-	2,382,274.63
<u>\$ 10,836,468.31</u>	<u>\$ -</u>	<u>\$ 2,282.35</u>	<u>\$ 52,712,840.56</u>	<u>\$ -</u>	<u>\$ 6,636,165,002.08</u>
(3,630,665.77)	-	-	7,849,738.18	2,432,779.18	104,368,560.48

UNAUDITED

DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT A-2 - COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES: All General Fund Consolidated Funds
For the Fiscal Year ended August 31, 2014

(continued)

	Consolidated Funds		
	General Revenue Fund (0001) U/F (0001)(9000)(3001)	Public Welfare Administration Operating Fund (0117) U/F (0117)	Texas Capital Trust Fund (0543) U/F (0543)
OTHER FINANCING SOURCES (USES)			
Increase in Obligations - Capital Leases	-	-	-
Sale of Capital Assets	24,665.75	-	-
Insurance Recoveries	-	-	-
Transfers In	3,867,189,662.73	-	11,666.57
Transfers Out	711,724.19	(3,905,188,221.04)	(715,813.96)
Legislative Transfers In	579,577.00	-	-
Legislative Transfers Out	(40,389,594.00)	-	-
Gain (Loss) on Sale of Capital Assets	539,837.28	-	-
Inc(Dec) in Net Assets Due to Interagency Transfer	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ 3,828,655,872.95	\$ (3,905,188,221.04)	\$ (704,147.39)
Net Change in Fund Balances/Net Assets	<u>20,480,213.41</u>	<u>-</u>	<u>-</u>
Fund Financial Statement - Fund Balances			
Fund Balances - September 1, 2013	94,057,458.85	0.00	-
Restatements	-	-	-
Fund Balances - September 1, as Restated	<u>94,057,458.85</u>	<u>0.00</u>	<u>-</u>
Appropriations Lapsed	(18,329,843.84)	-	-
Fund Balances - August 31, 2014	<u>\$ 96,207,828.42</u>	<u>\$ 0.00</u>	<u>\$ -</u>

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

UNAUDITED

	Consolidated Funds	Consolidated Funds	Consolidated Funds		
Home Health Services (5018) U/F (5018)	Texas Special Olympics License Plates (5055) U/F (5056)	License Plates Trust Fund (0802) U/F (0802)	Quality Assurance (5080) U/F (5080)	Medicaid Recovery (5109) U/F (5109)	TOTALS (EX II) 2014
-	-	-	-	-	24,665.75
-	-	-	-	-	4,018,875,632.27
60,128,277.90	-	-	91,546,025.07	-	(4,056,866,613.78)
(60,128,277.90)	-	-	(91,546,025.07)	-	579,577.00
-	-	-	-	-	(40,389,594.00)
-	-	-	-	-	539,837.28
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (77,236,495.48)
(3,630,665.77)	-	-	7,849,738.18	2,432,779.18	27,132,065.00
39,151,326.16	1,015.35	-	38,083,064.58	9,438,621.08	180,731,486.02
39,151,326.16	1,015.35	-	38,083,064.58	9,438,621.08	180,731,486.02
-	-	-	-	-	(18,329,843.84)
\$ 35,520,660.39	\$ 1,015.35	\$ -	\$ 45,932,802.76	\$ 11,871,400.26	\$ 189,533,707.18

UNAUDITED

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT D-1 - COMBINING BALANCE SHEET - Capital Projects Funds
For the Fiscal Year ended August 31, 2014

	Bond Revenue Fund (7616) U/F (7616)	Bond Revenue Fund (7644) U/F (7644)	Bond Revenue Fund (7658) U/F (7658)	TOTALS (EX I) 2014
ASSETS				
Current Assets:				
Cash				
On Hand	-	-	-	-
In Bank	-	-	-	-
Cash in State Treasury	-	-	-	-
Legislative Appropriations	-	-	-	-
Receivables from:				
Federal	-	-	-	-
Intergovernmental Other	-	-	-	-
Accounts Receivable	-	-	-	-
Other Receivables	-	-	-	-
Interfund Receivable	-	-	-	-
Due From Other Agencies	-	4,950,124.73	17,000,000.00	21,950,124.73
Due From Other Funds	-	-	-	-
Consumable Inventories	-	-	-	-
Merchandise Inventories	-	-	-	-
Other Current Assets	-	-	-	-
Total Current Assets	<u>-</u>	<u>4,950,124.73</u>	<u>17,000,000.00</u>	<u>21,950,124.73</u>
Non-Current Assets				
Other Non-Current Assets	-	-	-	-
Total Non-Current Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 4,950,124.73</u>	<u>\$ 17,000,000.00</u>	<u>\$ 21,950,124.73</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Current Liabilities:				
Payables from:				
Accounts	-	4,950,124.73	17,000,000.00	21,950,124.73
Payroll	-	-	-	-
Other	-	-	-	-
Interfund Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Due to Other Agencies	-	-	-	-
Deferred Revenues	-	-	-	-
Capital Lease Obligations	-	-	-	-
Total Current Liabilities	<u>-</u>	<u>4,950,124.73</u>	<u>17,000,000.00</u>	<u>21,950,124.73</u>
Non-Current Liabilities				
Interfund Payable	-	-	-	-
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 4,950,124.73</u>	<u>\$ 17,000,000.00</u>	<u>\$ 21,950,124.73</u>
Fund Balance (Deficits)				
Non Spendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 4,950,124.73</u>	<u>\$ 17,000,000.00</u>	<u>\$ 21,950,124.73</u>

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

UNAUDITED

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT D-2 - COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES - Capital Projects Funds
For the Fiscal Year ended August 31, 2014

	Capital Project		Bond Revenue (7658) U/F (7658)	TOTALS (EX II) 2014
	Bond Revenue (7616) U/F (7616)	Bond Revenue (7644) U/F (7644)		
REVENUES				
Legislative Appropriations:				
Original Appropriations (GR)	\$ -	\$ -	\$ -	\$ -
Additional Appropriations (GR)	-	-	-	-
Federal Revenues (PR-Operating or Capital)	-	-	-	-
Federal Grant Pass-Through Revenues	-	-	-	-
State Grant Pass-Through Revenues	-	-	-	-
Licenses, Fees and Permits (PR)	-	-	-	-
Interest Income	-	-	-	-
Land Income	-	-	-	-
Settlement of Claims	-	-	-	-
Sales of Goods and Services (PR)	-	-	-	-
Other (GR)	-	-	-	-
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Salaries and Wages	-	-	-	-
Payroll Related Costs	-	-	-	-
Professional Fees and Services	-	721,992.42	1,659,200.00	2,381,192.42
Travel	-	-	-	-
Materials and Supplies	-	-	-	-
Communication and Utilities	-	-	-	-
Repairs and Maintenance	-	295,462.88	15,340,800.00	15,636,262.88
Rentals and Leases	-	-	-	-
Printing and Reproduction	-	-	-	-
Claims and Judgments	-	-	-	-
Federal Grant Pass-Through Expenditures	-	-	-	-
State Grant Pass-Through Expenditures	-	-	-	-
Intergovernmental Payments	-	-	-	-
Public Assistance Payments	-	-	-	-
Other Operating Expenditures	-	-	-	-
Debt Service:				
Principle	-	-	-	-
Interest	-	-	-	-
Capital Outlay	-	-	-	-
Depreciation Expense	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ 1,017,455.30	\$ 17,000,000.00	\$ 18,017,455.30
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(1,017,455.30)	(17,000,000.00)	(18,017,455.30)
OTHER FINANCING SOURCES (USES)				
Increase in Obligations - Capital Leases	-	-	-	-
Sale of Capital Assets	-	-	-	-
Transfers In	-	3,017,455.30	17,000,000.00	20,017,455.30
Transfers Out	-	(2,000,000.00)	-	(2,000,000.00)
Legislative Transfers In	-	-	-	-
Legislative Transfers Out	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-
Inc(Dec) in Net Assets Due to Interagency Transfer	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	\$ 1,017,455.30	\$ 17,000,000.00	\$ 18,017,455.30
Net Change in Fund Balances	-	-	-	-
Fund Financial Statements - Fund Balances				
Fund Balances - September 1, 2013	-	-	-	-
Restatements	-	-	-	-
Fund Balances - September 1, as Restated	-	-	-	-
Appropriations Lapsed	-	-	-	-
Fund Balances - August 31, 2014	\$ -	\$ -	\$ -	\$ -

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

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TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT I-1 - COMBINING STATEMENT OF FIDUCIARY NET ASSETS - Private-Purpose Trust Funds
For the Fiscal Year ended August 31, 2014

	Expendable Trust Local Fund 1 (9993) U/F (0971)	Assisted Living Facility Trust Fund 2 (0857) U/F (0857)	Nursing and Convalescent Home Trust Fund 3 (0992) U/F (0992)	TOTALS 2014
ASSETS				
Cash and Cash Equivalents:				
Cash on Hand	-	-	-	-
Cash in Bank	362,002.64	-	-	362,002.64
Cash in State Treasury	-	501,887.62	9,607,818.24	10,109,705.86
Cash Equivalents	1,727,605.64	-	-	1,727,605.64
Investments	-	-	-	-
Receivables From:				
Accounts Receivable	-	-	-	-
Non-Current Receivables	-	33,521.44	4,266,971.00	4,300,492.44
Merchandise Inventories	-	-	-	-
Total Assets	\$ 2,089,608.28	\$ 535,409.06	\$ 13,874,789.24	\$ 16,499,806.58
LIABILITIES				
Current Liabilities:				
Funds Held for Others	-	-	-	-
Total Liabilities	\$ -	\$ -	\$ -	\$ -
NET ASSETS				
Held in Trust For:				
Individuals, Organizations, and Other Governments	2,089,608.28	535,409.06	13,874,789.24	16,499,806.58
Total Net Assets	\$ 2,089,608.28	\$ 535,409.06	\$ 13,874,789.24	\$ 16,499,806.58

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

UNAUDITED

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

**EXHIBIT I-2 - COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
Private-Purpose Trust Funds**
For the Fiscal Year ended August 31, 2014

	Expendable Trust Local Fund 1 (9993) U/F (0971)	Assisted Living Facility Trust Fund 2 (0857) U/F (0857)	Nursing and Convalescent Home Trust Fund 3 (0992) U/F (0992)	TOTALS (EXH VII) 2014
ADDITIONS				
Sales of Goods and Services	-	-	-	-
Other Revenue	291,609.60	-	50,544.07	342,153.67
Interest Income	12,726.58	1,887.62	35,843.45	50,457.65
Licenses, Fees and Permits	-	-	-	-
Transfers In	-	-	-	-
Total Additions	<u>\$ 304,336.18</u>	<u>\$ 1,887.62</u>	<u>\$ 86,387.52</u>	<u>\$ 392,611.32</u>
DEDUCTIONS				
Material and Supplies	192,536.99	-	-	192,536.99
Communications and Utilities	3,551.92	-	-	3,551.92
Repairs and Maintenance	171,969.61	-	-	171,969.61
Rentals and Leases	10,365.28	-	-	10,365.28
Printing and Reproduction	-	-	-	-
Other Expenses	5,276.99	-	-	5,276.99
Interest Expense	-	-	-	-
Professional Fees and Services	-	-	-	-
Transfers Out	-	5,212.97	-	5,212.97
Total Deductions	<u>\$ 383,700.79</u>	<u>\$ 5,212.97</u>	<u>\$ -</u>	<u>\$ 388,913.76</u>
Increase (Decrease) in Net Assets	<u>(79,364.61)</u>	<u>(3,325.35)</u>	<u>86,387.52</u>	<u>3,697.56</u>
Net Assets, September 1, 2013	2,168,972.89	538,734.41	13,788,401.72	16,496,109.02
Restatements	-	-	-	-
Net Assets, September 1, 2013, as Restated	<u>2,168,972.89</u>	<u>538,734.41</u>	<u>13,788,401.72</u>	<u>16,496,109.02</u>
Net Assets, August 31, 2014	<u>\$ 2,089,608.28</u>	<u>\$ 535,409.06</u>	<u>\$ 13,874,789.24</u>	<u>\$ 16,499,806.58</u>

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

UNAUDITED

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT J-1 - COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - Agency Funds
For the Fiscal Year ended August 31, 2014

	Beginning Balance Sept 1, 2013	Additions	Deductions	Ending Balance Aug 31, 2014
UNAPPROPRIATED RECEIPTS				
Agency Fund #1 (0807) U/F (8070)				
ASSETS				
Cash in State Treasury	145,642.08	144,929.19	145,642.08	144,929.19
Total Assets	<u>\$ 145,642.08</u>	<u>\$ 144,929.19</u>	<u>\$ 145,642.08</u>	<u>\$ 144,929.19</u>
LIABILITIES				
Funds Held for Others	145,642.08	144,929.19	145,642.08	144,929.19
Total Liabilities	<u>\$ 145,642.08</u>	<u>\$ 144,929.19</u>	<u>\$ 145,642.08</u>	<u>\$ 144,929.19</u>
Agency Fund #2 (0900) U/F (0900)				
ASSETS				
Cash on Hand	-	-	-	-
Cash in State Treasury	6,554,776.17	13,090,675.74	16,518,849.66	3,126,602.25
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ 6,554,776.17</u>	<u>\$ 13,090,675.74</u>	<u>\$ 16,518,849.66</u>	<u>\$ 3,126,602.25</u>
LIABILITIES				
Funds Held for Others	6,554,776.17	16,278,494.88	19,706,668.80	3,126,602.25
Total Liabilities	<u>\$ 6,554,776.17</u>	<u>\$ 16,278,494.88</u>	<u>\$ 19,706,668.80</u>	<u>\$ 3,126,602.25</u>
Agency Fund #2 (0900) U/F (9015)				
ASSETS				
Cash on Hand	-	-	-	-
Cash in State Treasury	67,239.50	107,055.94	102,389.61	71,905.83
Accounts Receivable	-	924,763.63	924,763.63	-
Total Assets	<u>\$ 67,239.50</u>	<u>\$ 1,031,819.57</u>	<u>\$ 1,027,153.24</u>	<u>\$ 71,905.83</u>
LIABILITIES				
Funds Held for Others	67,239.50	107,055.94	102,389.61	71,905.83
Total Liabilities	<u>\$ 67,239.50</u>	<u>\$ 107,055.94</u>	<u>\$ 102,389.61</u>	<u>\$ 71,905.83</u>
Agency Fund #2 (0900) U/F (9016)				
ASSETS				
Cash on Hand	-	-	-	-
Cash in State Treasury	-	-	-	-
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
Funds Held for Others	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Agency Fund #3 (0901) U/F (0901)				
ASSETS				
Cash on Hand	-	-	-	-
Cash in State Treasury	-	315.00	315.00	-
Total Assets	<u>\$ -</u>	<u>\$ 315.00</u>	<u>\$ 315.00</u>	<u>\$ -</u>
LIABILITIES				
Funds Held for Others	-	315.00	315.00	-
Total Liabilities	<u>\$ -</u>	<u>\$ 315.00</u>	<u>\$ 315.00</u>	<u>\$ -</u>
Agency Fund #4 (0942) U/F (0942)				
ASSETS				
Cash in State Treasury	-	-	-	-
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
Funds Held for Others	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

EXHIBIT J-1 - COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - Agency Funds
For the Fiscal Year ended August 31, 2014

	Beginning Balance Sept 1, 2013	Additions	Deductions	Ending Balance Aug 31, 2014
Agency Fund #5 (0980) U/F (0980)				
ASSETS				
Cash in State Treasury	556.19	155.41	556.19	155.41
Total Assets	<u>\$ 556.19</u>	<u>\$ 155.41</u>	<u>\$ 556.19</u>	<u>\$ 155.41</u>
LIABILITIES				
Funds Held for Others	556.19	155.41	556.19	155.41
Total Liabilities	<u>\$ 556.19</u>	<u>\$ 155.41</u>	<u>\$ 556.19</u>	<u>\$ 155.41</u>
Agency Fund #5 (0980) U/F (9014)				
ASSETS				
Cash in State Treasury	772.67	9,428.46	772.67	9,428.46
Total Assets	<u>\$ 772.67</u>	<u>\$ 9,428.46</u>	<u>\$ 772.67</u>	<u>\$ 9,428.46</u>
LIABILITIES				
Funds Held for Others	772.67	9,428.46	772.67	9,428.46
Total Liabilities	<u>\$ 772.67</u>	<u>\$ 9,428.46</u>	<u>\$ 772.67</u>	<u>\$ 9,428.46</u>
Agency Fund #6 (9995) U/F (0941)				
ASSETS				
Cash in Bank	1,989,021.00	3,047,396.19	3,173,386.03	1,863,031.16
Cash in State Treasury	-	-	-	-
Cash Equivalents	4,720,489.14	4,147,282.01	4,799,860.57	4,067,910.58
Investments	-	8,794,000.00	8,794,000.00	-
Receivables	-	-	-	-
Interest and Dividends	-	-	-	-
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ 6,709,510.14</u>	<u>\$ 15,988,678.20</u>	<u>\$ 16,767,246.60</u>	<u>\$ 5,930,941.74</u>
LIABILITIES				
Funds Held for Others	6,709,510.14	7,244,447.20	8,023,015.60	5,930,941.74
Total Liabilities	<u>\$ 6,709,510.14</u>	<u>\$ 7,244,447.20</u>	<u>\$ 8,023,015.60</u>	<u>\$ 5,930,941.74</u>
Totals - All Agency Funds				
ASSETS				
Cash on Hand	-	-	-	-
Cash in Bank	1,989,021.00	3,047,396.19	3,173,386.03	1,863,031.16
Cash in State Treasury	6,768,986.61	13,352,559.74	16,768,525.21	3,353,021.14
Cash Equivalents	4,720,489.14	4,147,282.01	4,799,860.57	4,067,910.58
Investments	-	8,794,000.00	8,794,000.00	-
Receivables	-	-	-	-
Interest and Dividends	-	-	-	-
Accounts Receivable	-	924,763.63	924,763.63	-
Total Assets	<u>\$ 13,478,496.75</u>	<u>\$ 30,266,001.57</u>	<u>\$ 34,460,535.44</u>	<u>\$ 9,283,962.88</u>
LIABILITIES				
Funds Held for Others	13,478,496.75	23,784,826.08	27,979,359.95	9,283,962.88
Total Liabilities	<u>\$ 13,478,496.75</u>	<u>\$ 23,784,826.08</u>	<u>\$ 27,979,359.95</u>	<u>\$ 9,283,962.88</u>

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TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

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	Pass-Through From			Direct Program Amount	Total PT From & Direct Program
		Agy./ Univ. #	Agencies or Univ. Amount	Non-State Entities Amount		
General Services Administration						
Donation of Federal Surplus Personal Property (Non-monetary) Pass-Through From: Texas Facilities Commission	39.003	303	\$ 32,546.06	\$	\$	\$ 32,546.06
Total General Services Commission			<u>32,546.06</u>	<u>0.00</u>	<u>0.00</u>	<u>32,546.06</u>
U.S. Dept of Agriculture						
Pass-Through From:						
School Breakfast Program	10.553		\$	\$	\$	\$
Pass-Through From: Texas Department of Agriculture		551				
National School Lunch Program	10.555					
Pass-Through From: Texas Department of Agriculture		551				
National School Lunch Program (Non-monetary)	10.555					
Pass-Through From: Texas Department of Agriculture		551				
Total U.S. Department of Agriculture			<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
U.S. Department of Health and Human Services						
Administration on Aging:						
Direct Programs:						
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041				352,240.91	352,240.91
Special Programs for the Aging - Title VII, Chapter 2 - Long-Term Care Ombudsman Services for Older Individuals	93.042				1,014,515.97	1,014,515.97
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043				1,280,227.56	1,280,227.56
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044				26,356,867.53	26,356,867.53
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045				37,491,552.93	37,491,552.93
Special Programs for the Aging - Title IV and II - Discretionary Projects	93.048				369,608.33	369,608.33
National Family Caregiver Support, Title III, Part E	93.052				8,863,078.43	8,863,078.43
Nutrition Services Incentive Program	93.053				10,391,061.92	10,391,061.92
Medicare Enrollment Assistance Program	93.071				1,751,362.94	1,751,362.94
Pass-Through To:						
Texas Department of Insurance (TDI)						
Lifespan Respite Care Program	93.072				352,674.97	352,674.97
Administration for Community Living						
State Health Insurance Assistance Program	93.324				937,673.00	937,673.00
Affordable Care Act - Medicare Improvements for Patients and Providers	93.518				(8,271.00)	(8,271.00)
ARRA-Communities Putting Prevention to Work: Chronic Disease Self-Management Program	93.725					
Administration For Children and Families:						
Direct Programs:						
Developmental Disabilities Basic Support and Advocacy Grants						
Pass-Through From:						
Texas Education Agency (TEA)	91.630	701	1,983.00		(0.30)	1,982.70
Social Services Block Grant	93.667					
Pass-Through From:						
Health and Human Services Commission		529	91,230,239.20			91,230,239.20
Centers For Medicare and Medicaid Services:						
Direct Programs:						
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777				29,348,564.00	29,348,564.00
Pass-Through To:						
Department of State Health Services (DSHS)						
Medical Assistance Program	93.778					
Pass-Through From:						
Health and Human Services Commission		529	3,651,822,487.35			3,651,822,487.35
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations	93.779				2,833,143.32	2,833,143.32
Pass-Through To:						
Texas Department of Insurance (TDI)						
Texas Department of Housing and Community Affairs (TDHCA)						
Money Follows the Person Rebalancing Demonstration	93.791					
Pass-Through From:						
Health and Human Services Commission		529	21,187,099.19			21,187,099.19
State Survey and Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796					
Pass-Through From:						
Health and Human Services Commission		529	22,131,814.35			22,131,814.35
Total U.S. Dept of Health and Human Services			<u>3,786,373,623.09</u>	<u>0.00</u>	<u>121,334,300.51</u>	<u>3,907,707,923.60</u>
Corporation For National and Community Service						
Direct Programs:						
Foster Grandparent Program	94.011				1,754,759.92	1,754,759.92
Senior Companion Program	94.016					
Total Corporation For National and Community Service			<u>0.00</u>	<u>0.00</u>	<u>1,754,759.92</u>	<u>1,754,759.92</u>
U.S. Department of Homeland Security						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036					
Pass-Through From:						
Texas Department of Public Safety		405				
Total U.S. Department of Homeland Security			<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 3,786,406,169.15</u>	<u>\$ 0.00</u>	<u>\$ 123,089,060.43</u>	<u>\$ 3,909,495,229.58</u>

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Agy./ Univ. #	Pass-Through To		Expenditures Amount	Total PT To & Expenditures
	State Agy. or Univ. Amount	Non-State Entities Amount		
	\$	\$	\$ 32,546.06	\$ 32,546.06
	<u>0.00</u>	<u>0.00</u>	<u>32,546.06</u>	<u>32,546.06</u>
	\$	\$	\$	\$
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
		352,240.91	-	352,240.91
		1,014,515.97	-	1,014,515.97
		1,280,227.56	-	1,280,227.56
		25,862,211.09	494,656.44	26,356,867.53
		36,414,749.96	1,076,802.97	37,491,552.93
		-	369,608.33	369,608.33
		8,592,049.49	271,028.94	8,863,078.43
		8,319,554.10	2,071,507.82	10,391,061.92
		1,558,689.00	163,128.94	1,721,817.94
454	29,545.00	-	-	29,545.00
		-	352,674.97	352,674.97
		937,673.00	-	937,673.00
		(8,271.00)	-	(8,271.00)
			1,982.70	1,982.70
			91,230,239.20	91,230,239.20
			25,291,954.00	25,291,954.00
537	4,056,610.00		-	4,056,610.00
			3,651,822,487.35	3,651,822,487.35
			2,727,971.76	2,727,971.76
454	154,892.35		-	154,892.35
332	(49,720.79)		-	(49,720.79)
			21,187,099.19	21,187,099.19
			22,131,814.35	22,131,814.35
	<u>4,191,326.56</u>	<u>84,323,640.08</u>	<u>3,819,192,956.96</u>	<u>3,907,707,923.60</u>
			1,754,759.92	1,754,759.92
	<u>0.00</u>	<u>0.00</u>	<u>1,754,759.92</u>	<u>1,754,759.92</u>
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
\$	<u>4,191,326.56</u>	\$ <u>84,323,640.08</u>	\$ <u>3,820,980,262.94</u>	\$ <u>3,909,495,229.58</u>

UNAUDITED

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (539)

SCHEDULE 1A - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year ended August 31, 2014

Note 1 - Non-Monetary Assistance

The Donation of Federal Surplus Personal Property is presented at 23.68 percent of the federal acquisition cost of \$137,441.15. The surplus property is passed through from the Texas Facilities Commission (TFC). The federal grantor agency is the General Services Administration (GSA) and the federal CFDA number is 39.003. The estimated fair value for the current fiscal year is \$32,546.06

Note 2 - Reconciliation:

Federal Revenues (Exhibit II)	123,089,060.43
Federal Pass-Through Revenues (Exhibit II)	<u>3,786,373,623.09</u>
Subtotal	<u>3,909,462,683.52</u>
Reconciling Items:	
Non-monetary Items:	
Donation of Federal Surplus Personal Property	32,546.06
National School Lunch Program	
Total 'Pass-Through To' and 'Expenditures Amount' (Schedule 1A)	<u>\$ 3,909,495,229.58</u>

Note 7 - Federal Deferred Revenue:

Federal Deferred Revenue 09/01/2013	
Increase (Decrease) in FY2014	
CFDA# 39.003 - Donation of Federal Surplus Personal Property (Non-monetary)	0.00
CFDA# 10.553 - School Breakfast Program	0.00
CFDA# 10.555 - National School Lunch Program	0.00
CFDA# 93.041 - Title VII, Ch. 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	0.00
CFDA# 93.042 - Title VII, Ch. 2, Long-Term Care Ombudsman Services for Older Individuals	0.00
CFDA# 93.043 - Title III, Part D, Disease Prevention and Health Promotion Services	0.00
CFDA# 93.044 - Title III, Part B, Grants for Supportive Services and Senior Centers	0.00
CFDA# 93.045 - Title III, Part C, Nutrition Services	0.00
CFDA# 93.048 - Special Programs for the Aging - Title IV and II - Discretionary Projects	0.00
CFDA# 93.052 - National Family Caregiver Support, Title III, Part E	0.00
CFDA# 93.053 - Nutrition Services Incentive Program	0.00
CFDA# 93.072 - Lifespan Respite Care Program	0.00
CFDA# 93.518 - Affordable Care Act - Medicare Improvements for Patients and Providers	0.00
CFDA# 93.667 - Social Services Block Grant	0.00
CFDA# 93.725 - ARRA - Communities Putting Prevention to Work: Chronic Disease Self Management Program	0.00
CFDA# 93.777 - State Survey and Certification of Health Care Providers and Suppliers	0.00
CFDA# 93.778 - Medical Assistance Program	0.00
CFDA# 93.778 - ARRA - Medical Assistance Program	0.00
CFDA# 93.791 - Money Follows the Person Rebalancing Demonstration	0.00
CFDA# 93.779 - CMS Research, Demonstrations, and Evaluations	0.00
CFDA# 94.011 - Foster Grandparent Program	0.00
CFDA# 94.016 - Senior Companion Program	0.00
CFDA# 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	0.00
Subtotal - FY2014 Increase	<u> -</u>
Federal Deferred Revenue 08/31/2014	<u> -</u>

