



*Transforming Lives*

**(A COMPONENT UNIT OF HARRIS COUNTY, TEXAS)**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For Fiscal Years Ended  
August 31, 2015 and 2014**

Steven B. Schnee, Ph.D.  
Executive Director



**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
OF  
THE HARRIS CENTER FOR MENTAL HEALTH AND IDD  
(A COMPONENT UNIT OF HARRIS COUNTY, TEXAS)**

**For Fiscal Years Ended August 31, 2015 and 2014**

Steven B. Schnee, Ph.D.  
Executive Director

Harris County, Texas

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MENTAL HEALTH AND IDD**

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## **INTRODUCTORY SECTION**

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# THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

## Listing of Officials

August 31, 2015

### *Board of Trustees*

Tom Hamilton, Ph. D.	Board Chairperson
Bob Borochoff	Board Vice Chairperson, Public Education Committee Chairperson
Gerald Womack	Secretary, Resource Committee Chairperson
Victor C. Alvarez	Board Member
Efrain Bleiberg, M.D.	Board Member, Program Committee Chairperson
Jon R. Keeney	Board Member
Johnanna (Jo) Monday	Board Member
Lois J. Moore, BSN, MED, LHD, FACHE	Board Member, Audit Committee Chairperson
Robert Whitten, Jr., C.P.A.	Board Member

### *Executive Staff*

Steven B. Schnee, Ph. D.	Executive Director
Scott P. Strang, Ph. D., M.B.A.	Chief Operating Officer
Michael Downey, MBA, MA, LPC	Deputy Director, Mental Health Services
Monalisa Jiles, LPC, LMFT, NCC, LBSW	Deputy Director, Forensic Mental Health Services
Robert Stakem, Jr., MPM, CPHQ	Interim Deputy Director, Intellectual Disability and Autism Services
Barbara Dawson, M.S.E.	Deputy Director, Psychiatric Emergency and Hospital Services
Alex V. Lim, C.P.A., M.B.A.	Chief Financial Officer
Jeanne Mayo, M.S., J.D.	General Counsel
Sylvia Muzquiz, M.D.	Medical Director, Mental Health Services
Sarah Flick, M.D.	Medical Director, Intellectual Disability and Autism Services
Daryl Knox, M.D.	Medical Director, Psychiatric Emergency and Hospital Services
Carson Easley, R.N., M.S.N.	Director, Nursing Services
Robert Stakem, Jr., MPM, CPHQ	Director, Program Compliance and Clinical Supports
Charlotte Simmons	Director, Human Resources and Public Affairs
Paul Wilson, P.E.	Director, Facility Services
Ron Coots, B.S.N., M.S.H.P.	Director, Information Services
Scott Hickey, Ph. D.	Director, Outcomes Management

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Financial Services  
9401 Southwest Freeway  
Houston, TX 77074  
713-970-7000 Office  
713-970-7000 Fax

January 26, 2016

To the Citizens of Harris County and the Members of The Harris Center for Mental Health and IDD Board of Trustees:

We hereby issue the comprehensive annual financial report for The Harris Center for Mental Health and IDD (Center), formerly known as the Mental Health and Mental Retardation Authority of Harris County, for the fiscal year ended August 31, 2015. The report is published to provide the Board, consumers, family members, elected officials, and other interested parties with detailed information concerning our financial condition and activities of the organization. It is also required by our major funding sources: the State's Department of State Health Services (DSHS) and Department of Aging and Disability Services (DADS), as well as other federal, state and local grantors.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of The Harris Center for Mental Health and IDD. We believe said data are accurate in all material respects; that they present fairly the financial position and results of operations of the Center as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an understanding of the Center's financial activity have been included.

### **Financial Report**

The comprehensive annual financial report consists of four sections: introductory, financial, statistical and single audit. Particular attention is called to the section entitled Management Discussion and Analysis. It provides an objective and easily readable analysis of the Center's financial activities based on currently known facts.

The Center is required to undergo a single audit annually in accordance with the provisions of the Single Audit Act of 1984 (as amended) and U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Nonprofit

Organization.” Information related to this single audit includes the Schedule of Federal and State Awards, Findings and Questioned Costs, and the auditors’ reports on the internal control structure and compliance with applicable laws and regulations.

### **Fiscal Year**

The Center’s fiscal year starts on September 1 of each year and ends on August 31 of the following year, consistent with the fiscal year observed by the State of Texas government.

### **Accounting Systems and Budgetary Controls**

The management of the Center is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Center are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and local financial assistance, the Center is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations. This internal control structure is subject to periodic evaluation by management.

In addition, the Center maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Center 's governing body. Activities of the General Fund are included in the annual budget. The level of budgetary control or the level at which expenditures cannot legally exceed the appropriated amount is established at the fund level. Budgetary control is maintained by account at the cost center level through monthly budget-to-actual variance reports.

### **Independent Audit**

The Harris Center for Mental Health and IDD’s financial statements were audited by Pattillo, Brown & Hill, L.L.P., a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of The Harris Center for Mental Health and IDD for the fiscal year ended August 31, 2015 are free of material misstatement. The independent audit involved examining, on test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management;

and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion that The Harris Center for Mental Health and IDD's financial statements for the fiscal year ended August 31, 2015 are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the Financial Section of this report. The independent audit of the financial statements of The Harris Center for Mental Health and IDD was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on those requirements involving the administration of federal awards.

### **Business Profile**

The Harris Center for Mental Health and IDD is a governmental entity providing Mental Health (MH) and Intellectual and Developmental Disability (IDD) services for the residents of Harris County. These services are designed for those persons who can be effectively treated in their own community and do not require long-term institutional care. To fulfill this objective, The Harris Center for Mental Health and IDD seeks to provide as full a range of effective services and supports designed to provide care in the least restrictive manner, to the degree resources permit.

The Harris Center for Mental Health and IDD was established by Harris County Commissioners Court in response to the passage of the Texas Mental Health and Mental Retardation Act of 1965. This act provided for the creation of local boards of trustees to develop and implement community-based mental health and intellectual and developmental disability services. The Harris Center for Mental Health and IDD contracts with the Texas Department of State Health Services (DSHS) and the Texas Department of Aging and Disability Services (DADS) to provide certain mental health and intellectual and developmental disability services for those residents who meet the State's eligibility criteria. Other services and supports are provided to eligible persons within the criteria established by a variety of Federal, State, and local payors.

The first Board of Trustees for The Harris Center for Mental Health and IDD was established by the Harris County Commissioners Court in 1965. As of August 31, 2015, the end of the fiscal year, the Board was composed of nine citizens who were appointed to serve two-year terms of office by the Commissioners Court. Members of the The Harris Center for Mental Health and IDD's Board of Trustees receive no salary or any other compensation for their work on the Board.

The Harris Center for Mental Health and IDD is a separate entity under state law from Harris County, and governed by an independent Board of Trustees, appointed by the Harris County Commissioners Court. There is oversight responsibility exercised by Harris County Commissioners Court, but the financial information of Harris County is

not within the scope of the Center's financial statements. For financial reporting purposes, and in conformance with Governmental Accounting Standards Board standards, the financial reporting entity, The Harris Center for Mental Health and IDD, is included as a component unit of Harris County because the County's Commissioners Court appoints the members of the Center's Board of Trustees and a significant financial burden will be incurred by the County in case the Center will discontinue its operations.

Under The Harris Center for Mental Health and IDD's budgeting procedures, the Executive Director and Chief Financial Officer prepare a proposed budget for the fiscal year after consultation with division deputies and department heads and according to instructions of DSHS/DADS and other contract payors or grantors. The proposed budget, together with revenue estimates, is submitted to the Board of Trustees of the Center for consideration and approval.

Once the Board's approval is obtained, the budget is then submitted to DSHS/DADS for approval. After reviewing the budget, DSHS and DADS either approve or direct The Harris Center for Mental Health and IDD to make necessary changes and resubmit the budget. The annual budget process usually begins in May and is submitted to the Board of Trustees for consideration each year in July or August.

During the 78th Legislative Session, House Bill 2292 restructured the Texas Department of Mental Health and Mental Retardation (TDMHMR), along with the other health and human service agencies, and created five new agencies for Texas. All mental health components were moved under the purview of the Department of State Health Services (DSHS). All intellectual and developmental disability components were moved under the oversight of the Department of Aging and Disability Services (DADS).

During the 84th Legislative Session, Senate Bill 200, otherwise known as the Health and Human Services Commission sunset bill, ordered the consolidation of these various agencies to the mother commission. This consolidation process has started and will continue until September 1, 2018.

For FY 2015, The Harris Center for Mental Health and IDD had a contract with each of these two state agencies, DSHS, a state Agency created pursuant to Texas Health and Safety Code (THSC), Chapter 1001, and DADS, a state Agency created pursuant to Texas Human Resource Code (THRC), Chapter 161.

The administrative offices of the Center are located at 9401 Southwest Freeway, 12 miles southwest of downtown Houston, Texas. The Center has 25 offices located in Houston, including an emergency psychiatric clinic within the old Ben Taub Clinic Facility in the Texas Medical Center.

## **Economic and Political Milieu**

The Harris Center for Mental Health and IDD was designated as the Mental Health Authority and the Intellectual and Developmental Disabilities Authority for Harris County. It serves an area that is significantly influenced economically by the city of Houston and its immediate environs. This geographic area has a diverse employment base heavily dominated by the petrochemical industry, the largest conglomeration of hospitals, medical schools and research facilities in the country called the Texas Medical Center, and a host of universities and other institutions of learning. Recruitment of skilled individuals for professional and paraprofessional positions in the healthcare field continues to be a challenge as the Center is frequently unable to compete with the salaries offered by the medical centers, the universities, as well as the state, county and city governments.

The Center receives the majority of its funding through contracts with agencies of the State of Texas, grants, Medicaid, Medicare, and CHIP, in addition to major financial support from the Harris County Commissioners Court.

The Center does not receive annual increases from funding sources to fund salary adjustments for staff or other operating expense increases, such as insurance and utilities. Additional funding are oftentimes intended to underwrite the costs of new programs which State agencies may want to pursue. As a result, over the past several years, The Harris Center for Mental Health and IDD continued to develop and refine its strategy and methodology to meet the mental health and intellectual and developmental disability contract requirements with existing and even at times decreasing funds.

Another issue that is exerting pressure on the finances of the Center, as is the case with many businesses, is the spiraling cost of health insurance premiums. As this cost continues to rise, the Center is forced to either use existing dollars to cover it or pass the increase on to employees. This is affecting employee recruitment and retention as more and more individuals are looking at fringe benefits when they are considering employment options.

The Center's use of the Patient Assistance Program/ Drug Sample Program continues to be extremely successful and has provided the Center consumers with "free" medications in the amount of \$24 million in FY 2015. The Center employs a dedicated team of staff who work with consumers to complete the paperwork required by the various pharmaceutical companies in order for them to obtain these free drugs. Without these programs, the Center will otherwise be forced to purchase these drugs.

## **Future Economic Factors and Next Year's Budgets and Rates**

The recent spate of mass killings, most particularly the tragedy at Sandy Hook Elementary School in Newtown, Connecticut, raised concern over the depressed funding for mental illness across the country. In its 83<sup>rd</sup> and 84<sup>th</sup> Sessions therefore, the Texas Legislature allocated over \$200 million and \$100 million respectively in new and exceptional funding for the Department of State Health Services to decrease the wait list and expand substance use disorder and other services.

The basic state appropriation for the Center from DSHS is therefore expected to increase by approximately \$5.5M in FY 2016.

The appropriation from DADS, on the other hand, will substantially remain the same as in the previous fiscal year.

Early in 2015, Harris County adjusted upwards its allocation to the Center by \$170,000 to partially restore the reduction made in the previous year. This adjustment takes effect during the County fiscal year which started March 1, 2015.

Another major source of funding for the Center in the coming year is Medicaid Waiver 1115 which was authorized by the Centers for Medicare and Medicaid Services (CMS). The Center is currently pursuing 27 Delivery System Reform Incentive Payment (DSRIP) projects under this waiver which may potentially bring in a total of \$32.5M in valuation reimbursement in FY 2016.

The decline in the price of crude oil snuffed out the momentum from what otherwise was a surging Texas economy in recent months. Layoffs in a number of businesses, even those outside of the petrochemical industry, have occurred and continue to threaten many wage-earners. Many trade analysts predict that low crude prices will prevail over the next two to three years. Should this be the case, it is anticipated that the State and county budgets may contract in the near term and again result in reductions in healthcare and social services funding.

## **Long-term Financial Planning**

The fund balance of the General Fund is equivalent to 77 days of expenditures. This is below the targeted standard of most community centers of having a fund balance equivalent to 90 to 120 days of expenditure.

The Center has a number of projected major capital outlays in the foreseeable future. However, each year, after the excess of revenue over expenditures is determined, it adopts a capital plan utilizing part of that excess to refurbish, repair or replace existing vehicles, furniture, equipment and computers, as well as repair and maintain existing structures, buildings and land improvements.

In December 2013, the Center purchased a 12-story building located at 9401 Southwest Freeway, Houston for \$9.55M. Renovation of this building was undertaken and completed in FY 2015 for another \$13.9M. Then, the offices located at 7011 Southwest Freeway, Houston were moved to this new location, and the expansion called for by the additional funding from the State and some of the new DSRIP projects were housed therein. The purchase was financed primarily by a bank loan and partially by fund balance.

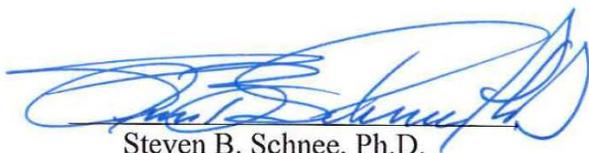
### **Acknowledgements**

This report could not have been prepared without the exceptional dedication and professional competence of the Center's Financial Services Department. We express our appreciation to the staff of said department for their invaluable contribution to this effort.

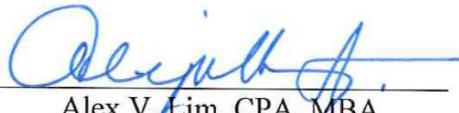
We also recognize our Division Deputy Directors and their management teams and the Division Medical Directors and their medical staff for their day to day commitment to our consumers. Their dedicated service to the Center and to our consumers, enable us to meet our mission towards the citizens of Harris County.

We are also deeply grateful to the members of the Center's Board of Trustees for their devoted interest and steadfast support in maintaining the highest standards of professionalism and competence in the management of The Harris Center for Mental Health and IDD and the quality and effectiveness of the services and assistance provided to and for our consumers and their families, reflecting their deep commitment to this community, especially to those who are mentally and developmentally impaired.

Respectfully submitted,



Steven B. Schnee, Ph.D.  
Executive Director



Alex V. Lim, CPA, MBA  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

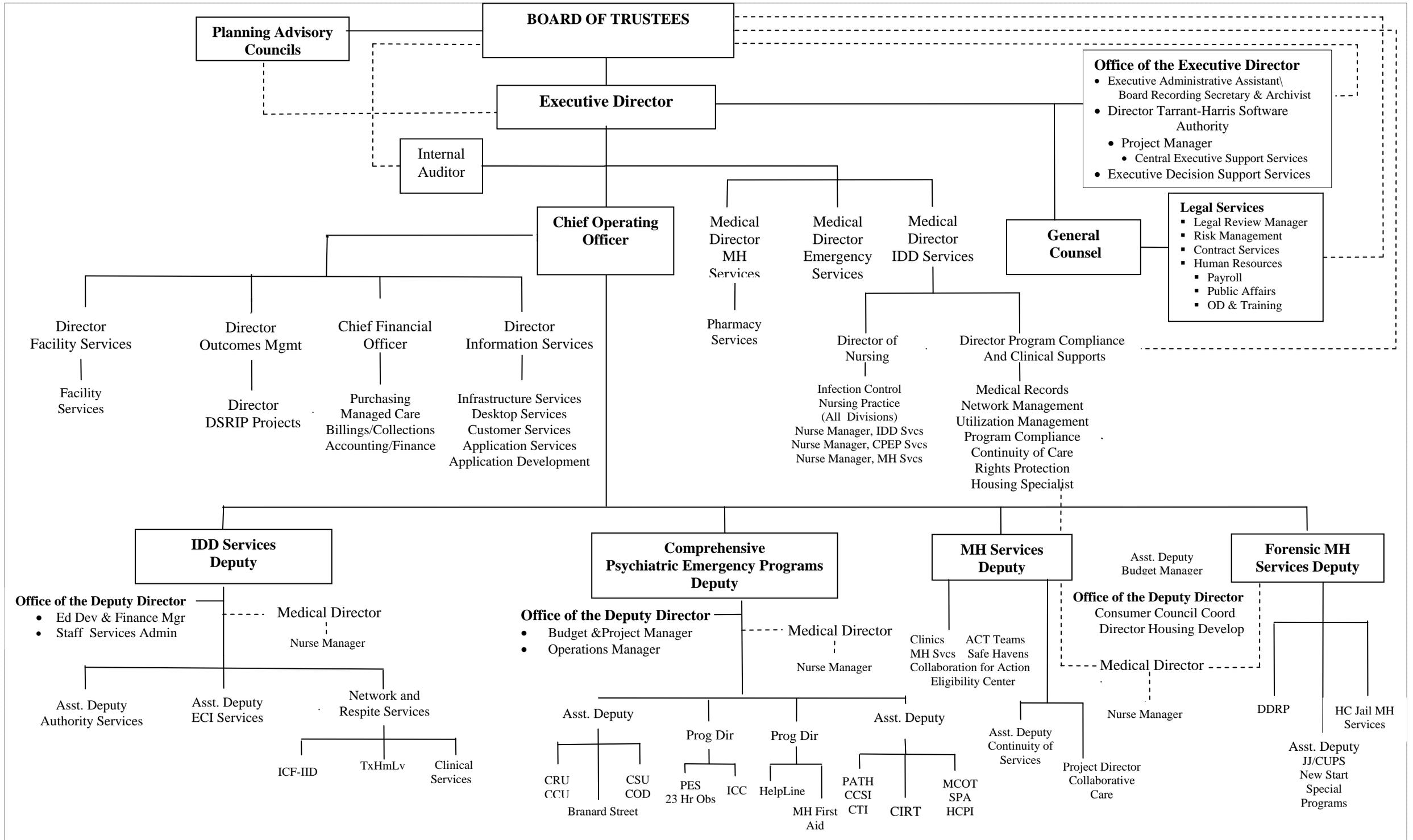
**Mental Health and Mental  
Retardation Authority of Harris County**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**



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**FINANCIAL SECTION**

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CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
The Harris Center for Mental  
Health and IDD

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of The Harris Center for Mental Health and IDD (the "Center"), a component unit of Harris County, Texas, as of and for the year ended August 31, 2015 (May 31, 2015 for Pasadena Cottages, Inc.), and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Pasadena Cottages, Inc., Pecan Village, Inc., Villas at Bayou Park, Inc., Pear Grove, Inc., or Acres Homes Gardens, Inc., which represent 88 percent, 86 percent, and 77 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Pasadena Cottages, Inc., Pecan Village, Inc., Villas at Bayou Park, Inc., Pear Grove, Inc., or Acres Homes Gardens, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant account estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Center, as of August 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Summarized Comparative Information*

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. The source of the information was audited previously and the summarized comparative information is consistent, in all material respects, with the audited financial statements from which it has been derived. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended August 31, 2014, from which such summarized information was derived.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The introductory section, other supplementary information, and the statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State of Texas Single Audit Circular*, and is also not a required part of the basic financial statements.

The other supplementary information and schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our reported dated January 26, 2016, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

*Patillo, Brown & Hill, L.L.P.*

Waco, Texas  
January 26, 2016

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*(Required Supplementary Information)*

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## Management's Discussion and Analysis

We present the readers the financial statements of The Harris Center for Mental Health and IDD (Center), formerly known as the Mental Health and Mental Retardation Authority of Harris County, along with this narrative overview and analysis of the financial activities for the fiscal year ended August 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### **FINANCIAL HIGHLIGHTS**

- The assets of the Center exceeded its liabilities at the close of FY 2015 by \$78,728,151 (net position). Of this amount, \$34,271,388 (unrestricted net position) may be used to meet the Center's ongoing obligations.
- The Center's total net position (government-wide) decreased by \$235,548 during the fiscal year.
- The Center's governmental funds decreased by \$11,803,699 resulting in an ending fund balance of \$48,606,866.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$19,574,866 or 9% of total General Fund expenditures.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Center's basic financial statements. The Center's financial statements are composed of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Center's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Center's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the Center is improving or deteriorating.

The *statement of activities* presents information showing how the Center's net position changed during the fiscal year. This statement includes all of the revenue and expenses generated by the Center's operations. The accrual basis of accounting is used, which is similar to the method used by most private-sector companies. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The Statement of Net Position and the Statement of Activities include both the Center's basic services including programs for Adult Mental Health, Child and Adolescents Mental Health, Intellectual and Developmental Disabilities, Crisis Center, Community Hospital and General Administration. The Center does not have any business-type activities.

## **FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources which have been segregated for specific activities or objectives. The Center uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Center can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using a method called *modified accrual accounting*, which measures cash and all other financial assets that can realistically be converted to cash.

The governmental fund statements provide a detailed short-term view of the Center's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Center's programs. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Center maintains one separate governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund.

The Center adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The governmental fund financial statements are found on pages 15-21.

**Proprietary Fund.** The Center maintains an Internal Service Fund (Proprietary Fund) to account for certain self-insurance activities.

The internal service fund financial statements are found on pages 22-24.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of consumers. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Center's programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 25 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 30 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information that is required by the Texas Health and Human Services Commission, OMB Circular A-133 and the State of Texas Single Audit Circular. This supplementary information can be found following the notes to the financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The Center’s assets exceeded its liabilities by \$78,728,151 at the close of the fiscal year.

The largest portion of the Center’s net position (44 percent) represents the unrestricted financial resources available for future operations. This compares to last fiscal year’s unrestricted financial resources at 51 percent.

Another 13% was earmarked for Delivery System Reform Incentive Projects, while the remaining balance of the Center’s net position, 43 percent, reflects its investment in capital assets such as land, buildings, vehicles and electronic equipments, less any related debt that are still outstanding. The Center uses these assets to provide services to the consumers that we serve. Consequently, these assets are not available for future spending. Although the Center’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The following chart reflects a summary of net position as of August 31, 2015, with comparative figures for FY 2014:

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD’S NET POSITION**

	Governmental Activities	
	2015	2014
Current and other assets	\$ 78,178,881	\$ 82,783,172
Non-current assets	40,555,878	30,010,157
Total assets	<u>118,734,759</u>	<u>112,793,329</u>
Current liabilities	29,080,436	22,501,398
Long-term liabilities outstanding	10,926,172	11,328,232
Total liabilities	<u>40,006,608</u>	<u>33,829,630</u>
Net position:		
Invested in capital assets, Net of related debt	34,224,927	21,640,340
Restricted	10,231,836	16,760,603
Unrestricted	34,271,388	40,562,756
Total net position	<u>\$ 78,728,151</u>	<u>\$ 78,963,699</u>

To a large extent, the decrease in net position was due to the expenses exceeding receipts from Waiver 1115 DSRIP projects.

## Governmental Activities

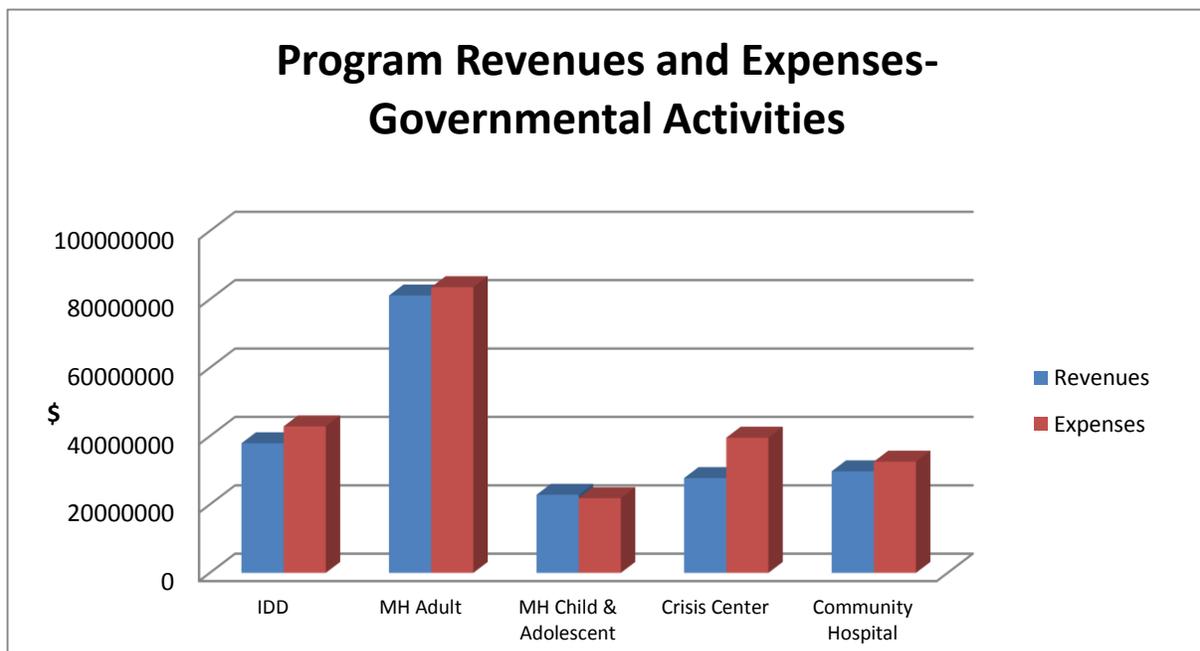
Revenues for the Center's governmental activities were \$219,520,957 while total expenses were \$219,756,505. The change in net position of governmental activities was \$(235,548). The following table reflects a comparison of the governmental activities between FY 2015 and FY 2014:

### **THE HARRIS CENTER FOR MENTAL HEALTH AND IDD CHANGES IN NET POSITION**

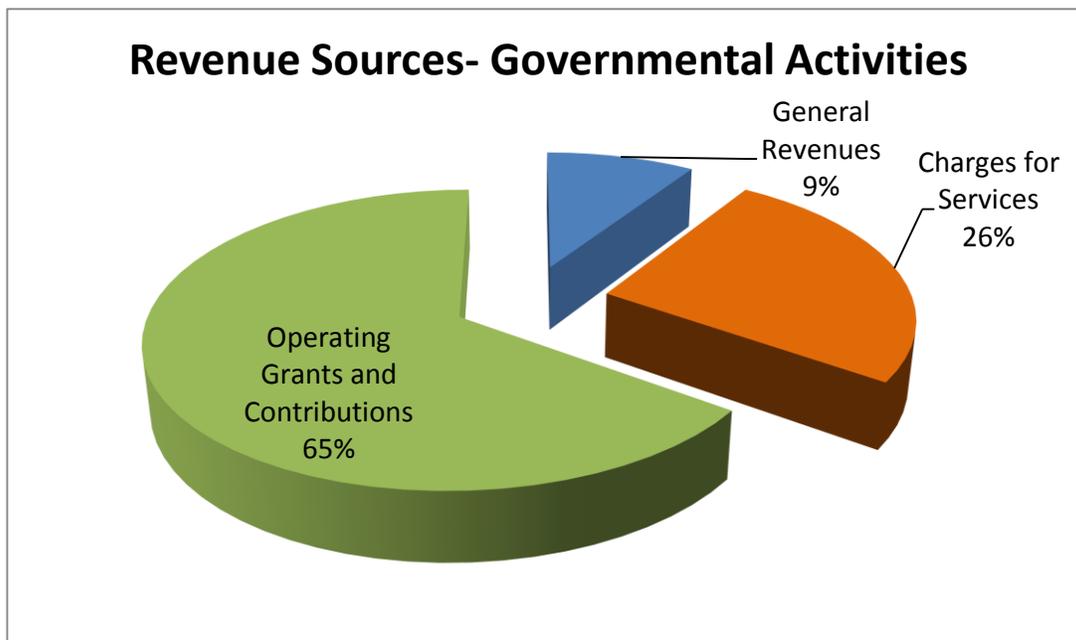
	Governmental Activities	
	2015	2014
<b>REVENUES</b>		
Program revenues:		
Charges for services:		
Intellectual & Developmental Disabilities	\$ 21,217,555	\$ 22,460,881
Mental Health Adult	22,478,572	17,738,233
Mental Health Child and Adolescents	7,761,080	5,236,013
Crisis Center	4,799,763	3,738,072
Total charges for services	<u>56,256,970</u>	<u>49,173,199</u>
Operating grants and contributions		
Intellectual & Developmental Disabilities	16,690,238	15,123,265
Mental Health Adult	58,628,272	61,559,641
Mental Health Child and Adolescents	15,086,642	11,266,418
Crisis Center	22,921,082	26,781,351
Community Hospital	29,693,696	28,406,319
Total operating grants and contributions	<u>143,019,930</u>	<u>143,136,994</u>
General revenues:		
Payment from Harris County	19,356,844	18,640,633
Grants not restricted to specific programs	2,929	1,992,355
Investment earnings	222,109	308,905
Other income	655,615	273,610
Gain on sale of capital assets	6,560	24,478
Total general revenues	<u>20,244,057</u>	<u>21,239,981</u>
Total revenues	<u>219,520,957</u>	<u>213,550,174</u>
<b>EXPENSES</b>		
General administration	21,526,010	17,058,371
Intellectual & Development Disabilities	37,762,776	36,871,591
Mental Health Adult	73,648,372	61,065,540
Mental Health Child and Adolescents	19,259,605	16,951,280
Crisis Center	34,846,801	32,220,066
Community Hospital	32,526,192	31,481,431
Interest on long-term debt	186,749	179,191
Total expenses	<u>219,756,505</u>	<u>195,827,470</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (235,548)</u>	<u>\$ 17,722,704</u>

The table and chart below present the net revenue (cost) of each of the Center’s programs: Adult Mental Health, Child and Adolescents Mental Health, Intellectual and Development Disabilities, Crisis Center and interest on long-term debt. The net revenue (cost) does not reflect the revenue generated through local funding and unrestricted investments.

	Net Cost of Services
Intellectual and Developmental Disabilities	\$ (4,766,135)
Mental Health Adult	(2,119,700)
Mental Health Child and Adolescents	1,083,353
Crisis Center	(11,657,878)
Community Hospital	(2,832,496)
Interest on long-term debt	(186,749)
<b>Total</b>	<b>\$ (20,479,605)</b>



The following chart depicts the major sources of revenues:



### FINANCIAL ANALYSIS OF THE CENTER'S FUNDS

As noted earlier, the Center uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Center's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Center's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Center's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Center. As the Center completed the year, its General Fund (as presented in the balance sheet on page 16) reported a fund balance of \$48,606,866. A large portion of this, or 40%, is labeled as unassigned fund balance. As a measure of the General Fund's liquidity, it may be useful to compare spendable (assigned and unassigned) fund balance to total fund expenditures. Spendable fund balance totals \$47,790,920 and represents 21% of total General Fund expenditures or the equivalent of 75 days.

An analysis of significant balances follows:

- Compared to the previous year, State grants and programs for FY 2015 decreased by \$1,922,413 as a result of a reduction in funding from the Texas Department of State Health Services (DSHS) in the implementation of the Affordable Care Act and Senate Bill 58 in the amount of \$3,770,999, coupled with slight increases in funding from the Department of Assistive and Rehabilitative Services' (DARS) Early Childhood Intervention and Services to Children with Autism, and the Texas Council on Offenders with Mental Impairments (TCOOMI).

- Federal funds increased by \$3,432,288 compared to the prior year primarily due to an increase in Medicaid Administrative Claim receipts by \$1,808,437, funding of the Early Childhood Intervention program by \$670,775, and Waiver 1115 DSRIP payments which rose by \$634,014 between fiscal years.
- In FY 2015, local billings decreased slightly by \$570,328 and investment earnings declined by \$87,084 due to the lower amount of invested funds.

### **Internal Service Fund.**

In FY 2015, the total assets of the Internal Service (Proprietary) Fund, representing a self-insurance reserve fund, slightly inched up from \$2,160,075 in FY 2014 to \$2,161,100.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

A number of amendments were made to the original budget during the year. The major ones include the increase in projected funding from the Department of State Health Services by \$1,742,519, the increase in anticipated revenue from the State for the Early Childhood Intervention program by \$529,965 and from the feds by \$1,075,988, as well as the increase in the federal funding for Mental Health Block Grant-CSC. Actual figures however indicated a decrease in funding from DSHS of \$2,835,160 compared to the original projection, while Early Childhood Intervention funding posted an increase from the State of only \$275,196, and from the feds of only \$311,279.

On expenditures, personnel costs fell below the budget as a number of vacant positions were not filled during the year. The budget for contracts with service agencies and professional fees was increased with the need to hire contract psychiatrists and nurses to fill in vacancies. Repairs and maintenance also saw a budget escalation as major repairs planned at the start of the year, including the build-out of 9401 Southwest Freeway, were pursued.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The Center's investment in capital assets as of August 2015, amounts to \$40,555,878 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, vehicles and intangible assets-software.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD  
CAPITAL ASSETS (Net of Depreciation)**

Major changes in capital assets during the fiscal year included the following:

	Fiscal Year 2015	Fiscal Year 2014	Increase (Decrease)
Land	\$ 6,023,410	\$ 5,434,585	\$ 588,825
Buildings & improvement	25,972,248	16,509,730	9,462,518
Furniture & equipment	1,870,113	1,402,235	467,878
Vehicles	505,910	520,722	(14,812)
Intangible Assets - Software	6,184,197	6,142,885	41,312
Total capital assets	\$ 40,555,878	\$ 30,010,157	\$ 10,545,721

Additional information on the Center's capital assets can be found in Note 6 of the basic financial statements.

**Long-term debt.** At the end of the current fiscal year, the Center had total outstanding long-term debt of \$12,595,694. A more extensive discussion about long-term debt is provided in the Notes to the Basic Financial Statements: Note 7- Long-Term Liabilities.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the finances of The Harris Center for Mental Health and IDD and its accountability for the money received. Should you have any questions about this report or need additional financial information, please contact the Chief Financial Officer, The Harris Center for Mental Health and IDD, Texas, P.O. Box 25381, Houston, Texas 77265-5381.

## **BASIC FINANCIAL STATEMENTS**

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**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**STATEMENT OF NET POSITION**  
**August 31, 2015 and 2014**

	2015		2014	
	Primary Government- Governmental Activities	Component Units	Primary Government- Governmental Activities	Component Units
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 8,539,379	\$ 1,214,166	\$ 4,313,075	\$ 999,015
Investments	51,729,545	-	50,977,470	-
Accounts receivable, net	17,094,011	33,926	26,421,445	44,436
Inventories	230,342	-	195,217	-
Deposits	103,290	-	101,640	-
Prepaid expenses	482,314	21,422	774,325	19,610
Other assets	-	1,221	-	1,221
<b>Total current assets</b>	<b>78,178,881</b>	<b>1,270,735</b>	<b>82,783,172</b>	<b>1,064,282</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	-	337,955	-	314,753
Land	6,023,410	-	5,434,585	-
Intangible assets - software in development	6,184,197	-	6,142,885	-
All other capital assets, net	28,348,271	5,780,547	18,432,687	5,943,244
<b>Total noncurrent assets</b>	<b>40,555,878</b>	<b>6,118,502</b>	<b>30,010,157</b>	<b>6,257,997</b>
<b>Total assets</b>	<b>\$ 118,734,759</b>	<b>\$ 7,389,237</b>	<b>\$ 112,793,329</b>	<b>\$ 7,322,279</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 7,828,244	\$ 777,615	\$ 5,503,995	\$ 599,139
Accrued liabilities	18,242,743	17,794	13,542,225	17,252
Unearned revenue	1,339,927	-	1,166,312	-
Current portion of long-term obligations	1,669,522	63,184	2,288,866	62,186
<b>Total current liabilities</b>	<b>29,080,436</b>	<b>858,593</b>	<b>22,501,398</b>	<b>678,577</b>
<b>Noncurrent liabilities:</b>				
Noncurrent portion of long-term obligations	10,926,172	1,557,348	11,328,232	1,568,989
<b>Total liabilities</b>	<b>40,006,608</b>	<b>2,415,941</b>	<b>33,829,630</b>	<b>2,247,566</b>
<b>Net Position:</b>				
Net investment in capital assets	34,224,927	4,160,015	21,640,340	4,312,069
Restricted for:				
Delivery System Reform Incentive Projects	10,231,836	-	16,760,603	-
Unrestricted	34,271,388	813,281	40,562,756	762,644
<b>Total net position</b>	<b>78,728,151</b>	<b>4,973,296</b>	<b>78,963,699</b>	<b>5,074,713</b>
<b>Total liabilities and net position</b>	<b>\$ 118,734,759</b>	<b>\$ 7,389,237</b>	<b>\$ 112,793,329</b>	<b>\$ 7,322,279</b>

**The accompanying notes are an integral part of this statement.**

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended August 31, 2015**

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Total Governmental Activities	Component Units
<b>Primary government:</b>						
<b>Governmental activities:</b>						
General Administration	\$ 21,526,010	\$ (21,526,010)	\$ -	\$ -	\$ -	\$ -
Adult Mental Health	73,648,372	9,578,172	22,478,572	58,628,272	(2,119,700)	-
Intellectual & Developmental Disabilities	37,762,776	4,911,152	21,217,555	16,690,238	(4,766,135)	-
Child and Adolescent	19,259,605	2,504,764	7,761,080	15,086,642	1,083,353	-
Crisis Center	34,846,801	4,531,922	4,799,763	22,921,082	(11,657,878)	-
Community Hospital (payment to HCPC)	32,526,192	-	-	29,693,696	(2,832,496)	-
Interest on long-term debt	186,749	-	-	-	(186,749)	-
<b>Total governmental activities</b>	<b>\$ 219,756,505</b>	<b>\$ -</b>	<b>\$ 56,256,970</b>	<b>\$ 143,019,930</b>	<b>(20,479,605)</b>	<b>\$ -</b>
<b>Component units:</b>						
HUD Programs	\$ 600,618		\$ 421,466	\$ -		(179,152)
Fund raising activities	50,893		-	124,656		73,763
<b>Total component units</b>	<b>\$ 651,511</b>		<b>\$ 421,466</b>	<b>\$ 124,656</b>		<b>\$ (105,389)</b>
<b>General revenues:</b>						
Payment from Harris County					19,356,844	-
Grants and contributions not restricted to specific programs					2,929	-
Investment earnings					222,109	3,360
Other income					655,615	612
Gain on sale of capital assets					6,560	-
<b>Total general revenues</b>					<b>20,244,057</b>	<b>3,972</b>
Change in net position					(235,548)	(101,417)
<b>Net position - beginning</b>					<b>78,963,699</b>	<b>5,074,713</b>
<b>Net position - ending</b>					<b>\$ 78,728,151</b>	<b>\$ 4,973,296</b>

The accompanying notes are an integral part of this statement.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended August 31, 2014**

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Total Governmental Activities	Component Units
<b>Primary government:</b>						
<b>Governmental activities:</b>						
General Administration	\$ 17,058,371	\$ (17,058,371)	\$ -	\$ -	\$ -	\$ -
Adult Mental Health	61,065,540	7,081,023	17,738,233	61,559,641	11,151,311	-
Intellectual & Developmental Disabilities	36,871,591	4,275,548	22,460,881	15,123,265	(3,562,993)	-
Child and Adolescent	16,951,280	1,965,633	5,236,013	11,266,418	(2,414,482)	-
Crisis Center	32,220,066	3,736,167	3,738,072	26,781,351	(5,436,810)	-
Community Hospital (payment to HCPC)	31,481,431	-	-	28,406,319	(3,075,112)	-
Interest on long-term debt	179,191	-	-	-	(179,191)	-
<b>Total governmental activities</b>	<b>\$ 195,827,470</b>	<b>\$ -</b>	<b>\$ 49,173,199</b>	<b>\$ 143,136,994</b>	<b>(3,517,277)</b>	<b>\$ -</b>
<b>Component units:</b>						
HUD Programs	\$ 597,467		\$ 405,990	\$ -		(191,477)
Fund raising activities	190,155		-	244,254		54,099
<b>Total component units</b>	<b>\$ 787,622</b>		<b>\$ 405,990</b>	<b>\$ 244,254</b>		<b>\$ (137,378)</b>
<b>General revenues:</b>						
					18,640,633	-
Payment from Harris County					1,992,355	-
Grants and contributions not restricted to specific programs					308,905	2,229
Investment earnings					273,610	3,878
Other income					24,478	-
Gain on sale of capital assets						
<b>Total general revenues</b>					<b>21,239,981</b>	<b>6,107</b>
Change in net position					17,722,704	(131,271)
<b>Net position - beginning</b>					<b>61,240,995</b>	<b>(168,434)</b>
Prior period adjustment					-	5,374,418
<b>Net position - ending</b>					<b>\$ 78,963,699</b>	<b>\$ 5,074,713</b>

The accompanying notes are an integral part of this statement.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**August 31, 2015 and 2014**

	<b>General Fund</b>	
	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Cash and cash equivalents	8,539,379	\$ 4,313,075
Investments	49,568,444	48,817,395
Accounts receivable (net of allowance for uncollectible)	1,830,533	1,491,907
Receivables from other governments	14,889,246	20,869,742
Other receivables	374,232	4,059,796
Inventories	230,342	195,217
Deposits	103,290	101,640
Prepaid items	482,314	774,325
<b>Total assets</b>	<b>\$ 76,017,780</b>	<b>\$ 80,623,097</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 7,828,244	\$ 5,503,995
Accrued liabilities	18,242,743	13,542,225
Unearned revenue	1,339,927	1,166,312
<b>Total liabilities</b>	<b>27,410,914</b>	<b>20,212,532</b>
<b>Fund balances:</b>		
<b>Nonspendable:</b>		
Inventories	230,342	195,217
Prepaid items	482,314	774,325
Deposits	103,290	101,640
<b>Committed:</b>		
Delivery System Reform Incentive Projects	10,231,836	16,760,603
<b>Assigned:</b>		
Infrastructure development	2,994,473	5,800,000
Self insurance	2,000,000	2,000,000
Debt repayment	6,330,951	8,369,816
Compensated absences	6,264,742	5,247,282
Other purposes	394,052	404,706
<b>Unassigned</b>	<b>19,574,866</b>	<b>20,756,976</b>
<b>Total fund balances</b>	<b>48,606,866</b>	<b>60,410,565</b>
<b>Total liabilities and fund balances</b>	<b>\$ 76,017,780</b>	<b>\$ 80,623,097</b>

The accompanying notes are an integral part of this statement.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**RECONCILIATION OF THE FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS**  
**August 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Total Fund Balance</b>	\$ 48,606,866	\$ 60,410,565
Amounts reported for governmental activities in the statement of net position are different because:		
An internal service fund is used by management to charge the costs of certain self insurance activities to general fund. Interfund transfers are reported with governmental activities.	2,161,101	2,160,075
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	40,555,878	30,010,157
Long-term liabilities, current and long-term, are not due and payable with current financial resources and therefore, are not reported in the funds.	(12,595,694)	(13,617,098)
<b>Net position of governmental activities</b>	<b>\$ 78,728,151</b>	<b>\$ 78,963,699</b>

**The accompanying notes are an integral part of this statement.**

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Years Ended August 31, 2015 and 2014**

	<b>General Fund</b>	
	<b>2015</b>	<b>2014</b>
<b>Revenues</b>		
State grants & programs	102,911,444	\$ 104,833,857
Federal grants	45,887,191	42,454,903
Harris County allocation	35,157,223	30,412,676
Local billings	32,721,570	33,291,898
Investment earnings	221,083	308,167
Miscellaneous	2,614,864	2,223,456
<b>Total revenues</b>	<b>219,513,375</b>	<b>213,524,957</b>
<b>Expenditures</b>		
<b>Current:</b>		
Adult mental health	73,227,244	60,823,678
Intellectual & Developmental Disabilities	37,534,988	36,663,301
Child and adolescent	19,141,469	16,833,144
Crisis center	35,764,895	32,169,118
Community hospital	32,526,192	31,481,431
General administration	30,903,231	24,344,816
<b>Debt service:</b>		
Principal	2,038,866	1,440,160
Interest and other charges	186,749	179,191
<b>Total expenditures</b>	<b>231,323,634</b>	<b>203,934,839</b>
Excess of revenues over expenditures	(11,810,259)	9,590,118
<b>Other Financing Sources</b>		
Issuance of debt	-	7,640,000
Sale of capital assets	6,560	24,478
<b>Total other financing sources</b>	<b>6,560</b>	<b>7,664,478</b>
Net change in fund balance	(11,803,699)	17,254,596
<b>Fund balances - beginning</b>	<b>60,410,565</b>	<b>43,155,969</b>
<b>Fund balances - ending</b>	<b>\$ 48,606,866</b>	<b>\$ 60,410,565</b>

The accompanying notes are an integral part of this statement.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**  
**For the Years Ended August 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
Net change in fund balance - total governmental funds	\$ (11,803,699)	\$ 17,254,596
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	10,545,721	8,479,061
Income generated from the internal service fund is reported in governmental activities.	1,025	738
The issuance of long-term debt provides current financial resources to governmental funds. However, this has no effect on net position.	-	(7,640,000)
Repayment of bonds, notes payable and capital leases is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.	2,038,866	1,440,160
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount is the net increase in accrued compensated absences in the government-wide financial statements during the current fiscal year.	(1,017,461)	(1,811,851)
Change in net position of governmental activities	\$ (235,548)	\$ 17,722,704

**The accompanying notes are an integral part of this statement.**

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**BUDGETARY COMPARISON STATEMENT**  
**GENERAL FUND**  
**For the Year Ended August 31, 2015**

	Budget		Actual (Budgetary basis)	Variance Positive/ (Negative)
	Original	Final		
<b>State Program Revenues</b>				
General revenue	\$ 96,528,038	\$ 98,270,557	\$ 97,239,489	\$ (1,031,068)
Early Childhood Intervention	1,025,568	1,555,533	1,494,851	(60,682)
Services to Children with Autism	927,871	825,298	653,450	(171,848)
Texas Council on Offenders with Mental Impairments	2,948,172	2,948,172	3,077,654	129,482
Texas Department of Criminal Justice- Parole and Substance Abuse	446,000	446,000	446,000	-
<b>Total state program revenues</b>	101,875,649	104,045,560	102,911,444	(1,134,116)
<b>Federal Program Revenues</b>				
Mental Health Block Grant	3,081,806	3,081,806	3,081,806	-
Mental Health Block Grant - CSC	-	467,764	330,900	(136,864)
Social Services Block Grant (Title XX)	389,374	389,374	641,614	252,240
TANF to Title XX Block Grant	1,499,692	1,499,692	1,499,691	(1)
MH Block Homeless PATH Grant	1,134,817	1,134,817	1,101,021	(33,796)
 SAMHSA-Partners at Independence Heights Delivery System Reform Incentive Payments	15,000 35,310,581	15,000 35,293,504	2,929 31,166,380	(12,071) (4,127,124)
Administrative Claiming Leadership Education in Neurodevelopmental and Related Disorders Training Program	- - -	- -	4,724,146 5,289	4,724,146 5,289
Early Childhood Intervention	2,082,215	3,158,203	3,075,730	(82,473)
Transitional Housing Program-Safe Havens	335,867	335,867	257,685	(78,182)
<b>Total federal program revenues</b>	43,849,352	45,376,027	45,887,191	511,164
<b>Local Revenues</b>				
County funds	35,511,094	36,528,825	35,157,223	(1,371,602)
<b>Local Billings</b>				
Patient fees and private insurance	839,453	970,608	1,096,132	125,524
Medicare	841,007	841,007	974,697	133,690
Medicaid	22,906,452	23,355,542	24,454,032	1,098,490
ICF/MR, HCS and THL waiver	7,779,060	6,740,222	5,581,555	(1,158,667)
Administrative claiming	5,922,417	5,870,205	615,154	(5,255,051)
<b>Total local billings</b>	38,288,389	37,777,584	32,721,570	(5,056,014)
Investment earnings	150,000	150,000	221,083	71,083
Miscellaneous	5,262,643	30,221,675	2,614,864	(27,606,811)
<b>Total Revenues before Patient Assistance Program</b>	224,937,127	254,099,671	219,513,375	(34,586,296)
Patient Assistance Program	22,607,733	23,407,733	\$ 24,031,595	623,862
<b>Total Revenues</b>	\$ 247,544,860	\$ 277,507,404	\$ 243,544,970	\$ (33,962,434)

**The accompanying notes are an integral part of this statement.**

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**BUDGETARY COMPARISON STATEMENT (Continued)**  
**GENERAL FUND**  
**For the Year Ended August 31, 2015**

	Budget		Actual (Budgetary basis)	Variance Positive/ (Negative)
	Original	Final		
<b>Expenditures</b>				
<b>Current:</b>				
Personnel costs	\$ 150,338,072	\$ 151,487,497	147,951,872	\$ 3,535,625
Contracts with service agencies and professional fees	48,701,461	51,783,672	46,879,285	4,904,387
Drug costs and other supplies	3,297,914	3,472,543	2,994,103	478,440
Rental	839,436	880,206	863,964	16,242
Repairs and maintenance	9,013,689	29,653,855	8,858,070	20,795,785
Travel	3,458,526	3,543,153	3,278,161	264,992
Security services	913,977	883,538	923,494	(39,956)
Utilities	1,938,040	2,471,609	2,350,972	120,637
Other	2,696,278	4,124,215	2,995,515	1,128,700
<b>Debt service:</b>				
Principal	2,037,729	2,037,729	2,038,866	(1,137)
Interest and other charges	195,546	195,546	186,749	8,797
<b>Capital outlay</b>	1,506,459	3,566,108	12,002,583	(8,436,475)
<b>Total expenditures before Patient Assistance Program</b>	224,937,127	254,099,671	231,323,634	22,776,037
<b>Expenditures Patient Assistance Program</b>	22,607,733	23,407,733	24,031,595	(623,862)
<b>Total expenditures</b>	247,544,860	277,507,404	255,355,229	22,152,175
Excess of revenues over expenditures	-	-	(11,810,259)	(11,810,259)
<b>Other Financing Sources</b>				
Proceeds from sale of capital assets	-	-	6,560	6,560
	-	-	6,560	6,560
Excess of revenues and other financing sources over expenditures	\$ -	\$ -	\$ (11,803,699)	\$ (11,803,699)

**The accompanying notes are an integral part of this statement.**

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD  
 BUDGETARY COMPARISON STATEMENT (Continued)  
 BUDGET-TO-GAAP RECONCILIATION - GENERAL FUND  
 For The Year Ended August 31, 2015**

*Sources / Inflows of Resources*

<b>Total revenue as per Budgetary Comparison</b>	\$	243,544,970
Differences - budget to GAAP:		
Value of drugs received by patients from Patient Assistance Program (PAP) are budgetary resources, but are not reported as revenues under GAAP.		(24,031,595)
<b>Total revenue as per Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds</b>	<b>\$</b>	<b>219,513,375</b>

*Uses / Outflows of Resources*

<b>Total expenditures as per Budgetary Comparison</b>	\$	255,355,229
Differences - budget-to-GAAP:		
Value of drugs provided under Patient Assistance Program (PAP) are outflows of budgetary resources, but are not recorded as expenditures under GAAP.		(24,031,595)
<b>Total expenditures as per Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds</b>	<b>\$</b>	<b>231,323,634</b>

**The accompanying notes are an integral part of this statement.**

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**August 31, 2015 and 2014**

	<b>Governmental Activities - Internal Service Fund</b>	
	<b>Self- Insurance Reserve Fund (SIRF)</b>	
	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Current Assets:		
Investments	\$ 2,161,100	\$ 2,160,075
<b>Total assets</b>	2,161,100	2,160,075
<b>Net Position</b>	\$ 2,161,100	\$ 2,160,075

The accompanying notes are an integral part of this statement.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**For the Years Ended August 31, 2015 and 2014**

	<b>Governmental Activities - Internal Service Fund</b>	
	<b>Self- Insurance Reserve Fund (SIRF)</b>	
	<b>2015</b>	<b>2014</b>
<b>Operating revenue</b>		
Charges	\$ -	\$ -
<b>Total operating revenue</b>	-	-
<b>Non-operating revenue</b>		
Interest	1,025	738
<b>Total non-operating revenue</b>	1,025	738
Change in net position	1,025	738
<b>Net position - beginning of the year</b>	2,160,075	2,159,337
<b>Net position- end of the year</b>	\$ 2,161,100	\$ 2,160,075

**The accompanying notes are an integral part of this statement.**

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**COMPARATIVE STATEMENT OF CASH FLOW**  
**PROPRIETARY FUND**  
For the Years Ended August 31, 2015 and 2014

	<b>Governmental Activities - Internal Service Fund</b>	
	<b>Self- Insurance Reserve Fund (SIRF)</b>	
	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities:</b>		
Cash received from charges	\$ -	\$ -
<b>Net cash provided by operating activities</b>	-	-
<b>Cash flows from investing activities:</b>		
Interest income	1,025	738
<b>Net cash provided by investing activities</b>	1,025	738
Net increase in cash and cash equivalents	1,025	738
<b>Total cash and cash equivalents, beginning of year</b>	2,160,075	2,159,337
<b>Total cash and cash equivalents, end of year</b>	\$ 2,161,100	\$ 2,160,075

**The accompanying notes are an integral part of this statement.**

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**COMPARATIVE STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**August 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 18,894	\$ 21,886
	<u>18,894</u>	<u>21,886</u>
<b>Liabilities</b>		
Due to clients	\$ 18,894	\$ 21,886
	<u>18,894</u>	<u>21,886</u>

**The accompanying notes are an integral part of this statement.**

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**COMBINING STATEMENT OF NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**August 31, 2015**

	Pasadena Cottages, Inc. May 31, 2015	Pecan Village, Inc. August 31, 2015	Villas at Bayou Park, Inc. August 31, 2015	Pear Grove, Inc. August 31, 2015	Acres Homes Garden, Inc. August 31, 2015	Friends of MHMRA August 31, 2015	Total
<b>Assets</b>							
<b>Current assets:</b>							
Cash and cash equivalents	\$ 6,318	\$ 58,976	\$ 60,865	\$ 163,290	\$ 33,257	\$ 891,460	\$ 1,214,166
Accounts receivable	-	9,750	3,575	6,151	4,761	9,689	33,926
Prepaid expenses	4,566	7,240	3,567	3,771	2,278	-	21,422
Other assets	-	471	-	750	-	-	1,221
<b>Total current assets</b>	<b>10,884</b>	<b>76,437</b>	<b>68,007</b>	<b>173,962</b>	<b>40,296</b>	<b>901,149</b>	<b>1,270,735</b>
<b>Noncurrent assets:</b>							
Restricted cash and cash equivalents	48,686	97,371	65,785	76,820	49,293	-	337,955
Capital assets, net	160,397	770,830	1,667,187	1,415,329	1,766,804	-	5,780,547
<b>Total noncurrent assets</b>	<b>209,083</b>	<b>868,201</b>	<b>1,732,972</b>	<b>1,492,149</b>	<b>1,816,097</b>	<b>-</b>	<b>6,118,502</b>
<b>Total assets</b>	<b>\$ 219,967</b>	<b>\$ 944,638</b>	<b>\$ 1,800,979</b>	<b>\$ 1,666,111</b>	<b>\$ 1,856,393</b>	<b>\$ 901,149</b>	<b>\$ 7,389,237</b>
<b>Liabilities</b>							
<b>Current liabilities:</b>							
Accounts payable	\$ 13,185	\$ 85,732	\$ 145,088	\$ 221,119	\$ 116,324	\$ 196,167	\$ 777,615
Accrued interest payable	2,169	-	-	-	-	-	2,169
Deposits payable	125	4,508	4,760	3,197	3,035	-	15,625
Current portion of long-term obligations	11,641	9,752	-	41,791	-	-	63,184
<b>Total current liabilities</b>	<b>27,120</b>	<b>99,992</b>	<b>149,848</b>	<b>266,107</b>	<b>119,359</b>	<b>196,167</b>	<b>858,593</b>
<b>Noncurrent liabilities:</b>							
Noncurrent portion of long-term obligations	277,509	1,099,700	110,139	70,000	-	-	1,557,348
<b>Total liabilities</b>	<b>304,629</b>	<b>1,199,692</b>	<b>259,987</b>	<b>336,107</b>	<b>119,359</b>	<b>196,167</b>	<b>2,415,941</b>
<b>Net Position</b>							
Net investment in capital assets	(128,753)	(338,622)	1,557,048	1,303,538	1,766,804	-	4,160,015
Unrestricted net position	44,091	83,568	(16,056)	26,466	(29,770)	704,982	813,281
<b>Total net position</b>	<b>(84,662)</b>	<b>(255,054)</b>	<b>1,540,992</b>	<b>1,330,004</b>	<b>1,737,034</b>	<b>704,982</b>	<b>4,973,296</b>
<b>Total liabilities and net position</b>	<b>\$ 219,967</b>	<b>\$ 944,638</b>	<b>\$ 1,800,979</b>	<b>\$ 1,666,111</b>	<b>\$ 1,856,393</b>	<b>\$ 901,149</b>	<b>\$ 7,389,237</b>

**The accompanying notes are an integral part of this statement.**

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**COMBINING STATEMENT OF ACTIVITIES**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**For the Year Ended August 31, 2015 \***

	Program Revenues			Net (Expense) Revenue and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Pasadena Cottages, Inc	Pecan Village, Inc.	Villas at Bayou Park, Inc,	Pear Grove, Inc.	Acres Homes Garden, Inc.	Friends of MHMRA	Totals
<b>Pasadena Cottages, Inc.</b>										
HUD Section 811 program	\$ 113,656	\$ 142,980	\$ -	\$ 29,324						\$ 29,324
Interest on long-term debt	26,470	-	-	(26,470)						(26,470)
<b>Total -Pasadena Cottage, Inc.</b>	140,126	142,980	-	2,854						2,854
<b>Pecan Village, Inc.</b>										
HUD Section 811 program	123,132	76,084	-		\$ (47,048)					(47,048)
<b>Villas at Bayou Park, Inc.</b>										
HUD Section 811 program	106,780	61,342	-			\$ (45,438)				(45,438)
<b>Pear Grove, Inc.</b>										
HUD Section 811 program	115,915	67,886	-				\$ (48,029)			(48,029)
<b>Acres Homes Garden, Inc.</b>										
HUD Section 811 program	114,665	73,174	-					\$ (41,491)		(41,491)
<b>Friends of MHMRA</b>										
Fund raising activities	50,893	-	124,656						\$ 73,763	73,763
<b>Total component units</b>	<u>\$ 651,511</u>	<u>\$ 421,466</u>	<u>\$ 124,656</u>							<u>(105,389)</u>
<b>General revenues:</b>										
Investment earnings				19	59	58	197	38	2,989	3,360
Other income				-	-	20	567	25	-	612
<b>Total general revenues and transfer</b>				19	59	78	764	63	2,989	3,972
Change in net position				2,873	(46,989)	(45,360)	(47,265)	(41,428)	76,752	(101,417)
<b>Net position - beginning</b>				(87,535)	(208,065)	1,586,352	1,377,269	1,778,462	628,230	5,074,713
<b>Net position - ending</b>				\$ (84,662)	\$ (255,054)	\$ 1,540,992	\$ 1,330,004	\$ 1,737,034	\$ 704,982	\$ 4,973,296

\* Pasadena Cottages, Inc. is reported for the year ended May 31, 2015.

**The accompanying notes are an integral part of this statement.**

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**COMBINING STATEMENT OF NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**August 31, 2014**

	<b>Pasadena Cottages, Inc. May 31, 2014</b>	<b>Pecan Village, Inc. August 31, 2014</b>	<b>Villas at Bayou Park, Inc. August 31, 2014</b>	<b>Pear Grove, Inc. August 31, 2014</b>	<b>Acres Homes Garden, Inc. August 31, 2014</b>	<b>Friends of MHMRA August 31, 2014</b>	<b>Total</b>
<b>Assets</b>							
<b>Current assets:</b>							
Cash and cash equivalents	\$ 6,647	\$ 58,771	\$ 41,016	\$ 145,261	\$ 13,324	\$ 733,996	\$ 999,015
Accounts receivable	-	9,750	15,272	6,151	4,761	8,502	44,436
Prepaid expenses	3,714	7,585	1,956	3,202	3,153	-	19,610
Other assets	-	471	-	750	-	-	1,221
<b>Total current assets</b>	<b>10,361</b>	<b>76,577</b>	<b>58,244</b>	<b>155,364</b>	<b>21,238</b>	<b>742,498</b>	<b>1,064,282</b>
<b>Noncurrent assets:</b>							
Restricted cash and cash equivalents	45,971	92,682	60,755	72,335	43,010	-	314,753
Capital assets, net	163,479	795,308	1,708,246	1,462,200	1,814,011	-	5,943,244
<b>Total noncurrent assets</b>	<b>209,450</b>	<b>887,990</b>	<b>1,769,001</b>	<b>1,534,535</b>	<b>1,857,021</b>	<b>-</b>	<b>6,257,997</b>
<b>Total assets</b>	<b>\$ 219,811</b>	<b>\$ 964,567</b>	<b>\$ 1,827,245</b>	<b>\$ 1,689,899</b>	<b>\$ 1,878,259</b>	<b>\$ 742,498</b>	<b>\$ 7,322,279</b>
<b>Liabilities</b>							
<b>Current liabilities:</b>							
Accounts payable	\$ 5,180	\$ 58,508	\$ 126,492	\$ 197,543	\$ 97,148	\$ 114,268	\$ 599,139
Accrued interest payable	2,248	-	-	-	-	-	2,248
Deposits payable	125	4,672	4,262	3,296	2,649	-	15,004
Current portion of long-term obligations	10,643	9,752	-	41,791	-	-	62,186
<b>Total current liabilities</b>	<b>18,196</b>	<b>72,932</b>	<b>130,754</b>	<b>242,630</b>	<b>99,797</b>	<b>114,268</b>	<b>678,577</b>
<b>Noncurrent liabilities:</b>							
Noncurrent portion of long-term obligations	289,150	1,099,700	110,139	70,000	-	-	1,568,989
<b>Total liabilities</b>	<b>307,346</b>	<b>1,172,632</b>	<b>240,893</b>	<b>312,630</b>	<b>99,797</b>	<b>114,268</b>	<b>2,247,566</b>
<b>Net Position</b>							
Net investment in capital assets	(136,314)	(314,144)	1,598,107	1,350,409	1,814,011	-	4,312,069
Unrestricted net position	48,779	106,079	(11,755)	26,860	(35,549)	628,230	762,644
<b>Total net position</b>	<b>(87,535)</b>	<b>(208,065)</b>	<b>1,586,352</b>	<b>1,377,269</b>	<b>1,778,462</b>	<b>628,230</b>	<b>5,074,713</b>
<b>Total liabilities and net position</b>	<b>\$ 219,811</b>	<b>\$ 964,567</b>	<b>\$ 1,827,245</b>	<b>\$ 1,689,899</b>	<b>\$ 1,878,259</b>	<b>\$ 742,498</b>	<b>\$ 7,322,279</b>

**The accompanying notes are an integral part of this statement.**

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**COMBINING STATEMENT OF ACTIVITIES**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**For the Year Ended August 31, 2014 \***

	Program Revenues			Net (Expense) Revenue and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Pasadena Cottages, Inc	Pecan Village, Inc.	Villas at Bayou Park, Inc,	Pear Grove, Inc.	Acres Homes Garden, Inc.	Friends of MHMRA	Totals
<b>Pasadena Cottages, Inc.</b>										
HUD Section 811 program	\$ 112,648	\$ 140,760	\$ -	\$ 28,112						\$ 28,112
Interest on long-term debt	27,389	-	-	(27,389)						(27,389)
<b>Total -Pasadena Cottage, Inc.</b>	<b>140,037</b>	<b>140,760</b>	<b>-</b>	<b>723</b>						<b>723</b>
<b>Pecan Village, Inc.</b>										
HUD Section 811 program	123,409	89,215	-		\$ (34,194)					(34,194)
<b>Villas at Bayou Park, Inc.</b>										
HUD Section 811 program	109,421	59,476	-			\$ (49,945)				(49,945)
<b>Pear Grove, Inc.</b>										
HUD Section 811 program	119,382	68,414	-				\$ (50,968)			(50,968)
<b>Acres Homes Garden, Inc.</b>										
HUD Section 811 program	105,218	48,125					\$ (57,093)			(57,093)
<b>Friends of MHMRA</b>										
Fund raising activities	178,620	-	244,254						\$ 54,099	54,099
<b>Total component units</b>	<b>\$ 776,087</b>	<b>\$ 405,990</b>	<b>\$ 244,254</b>							<b>(137,378)</b>
<b>General revenues:</b>										
Investment earnings				21	63	56	194	33	1,862	2,229
Other income					1,859	1,097	225	697	-	3,878
<b>Total general revenues and transfer</b>				<b>21</b>	<b>1,922</b>	<b>1,153</b>	<b>419</b>	<b>730</b>	<b>1,862</b>	<b>6,107</b>
Change in net position				744	(32,272)	(48,792)	(50,549)	(56,363)	55,961	(131,271)
<b>Net position - beginning</b>				<b>(88,279)</b>	<b>(175,793)</b>	<b>(344,066)</b>	<b>9,910</b>	<b>(142,475)</b>	<b>572,269</b>	<b>(168,434)</b>
Prior period adjustment				-	-	1,979,210	1,417,908	1,977,300	-	5,374,418
<b>Net position - ending</b>				<b>\$ (87,535)</b>	<b>\$ (208,065)</b>	<b>\$ 1,586,352</b>	<b>\$ 1,377,269</b>	<b>\$ 1,778,462</b>	<b>\$ 628,230</b>	<b>\$ 5,074,713</b>

\* Pasadena Cottages, Inc. is reported for the year ended May 31, 2014.

The accompanying notes are an integral part of this statement.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**Notes to the Basic Financial Statements**

**Note 1 – Reporting Entity – Basis of Presentation**

**Primary Government**

The Harris Center for Mental Health and IDD (the “Center”) was the name adopted by the Board of Trustees of the organization which was formerly known as the Mental Health and Mental Retardation Authority of Harris County when it renamed the entity during its meeting on February 24, 2015. The Center is a public agency that was established as a result of the Texas Mental Health and Mental Retardation Act of 1965. This Act provided for the creation of local boards of trustees to develop and implement community-based mental health and mental retardation services. The Center is governed by a Board of Trustees appointed by the Commissioners Court of Harris County (the “County”). The County has the ability to appoint and remove the members of the governing Board of Trustees of the Center. For financial reporting purposes, the Center is considered a component unit of the County.

The accompanying financial statements present the Center’s primary government and component units, entities for which the Center is considered to be financially accountable.

**Component Units**

Pasadena Cottages, Inc., a Texas non-profit corporation (“Pasadena”) was organized in 1992 to purchase and maintain property for residential programs for individuals with intellectual and developmental disabilities (IDD). The Center’s Board of Trustees appoints the Board of Trustees of Pasadena and has the ability to remove Trustees; thus, the Center is financially accountable for Pasadena. Accordingly, Pasadena has been included in the Center’s basic financial statements as a discretely presented component unit.

Pecan Village, Inc., a Texas non-profit corporation (“Pecan Village”) was organized in 2000 to provide homes for persons with mental illness by acquiring and managing residential property under the Department of Housing and Urban Development (HUD) Section 811 grant. The Center’s Board of Trustees appoints the Board of Trustees of Pecan Village and has the ability to remove Trustees; thus, the Center is financially accountable for Pecan Village. Accordingly, Pecan Village has been included in the Center’s basic financial statements as a discretely presented component unit.

Villas at Bayou Park, Inc., a Texas non-profit corporation (“Villas at Bayou”) was organized in 2001 to provide homes for persons with mental illness by acquiring and managing residential property under the Department of Housing and Urban Development (HUD) Section 811 grant. The Center’s Board of Trustees appoints the Board of Directors of Villas at Bayou and has the ability to remove Directors; thus, the Center is financially accountable for Villas at Bayou. Accordingly, Villas at Bayou has been included in the Center’s basic financial statements as a discretely presented component unit.

Pear Grove, Inc., a Texas non-profit corporation (“Pear Grove”) was organized in 2004 to provide homes for persons with mental illness by acquiring and managing residential property under the Department of Housing and Urban Development (HUD) Section 811 grant. The Center’s Board of Trustees appoints the Board of Trustees of Pear Grove and has the ability to remove Trustees; thus, the Center is financially accountable for Pear Grove. Accordingly, Pear Grove has been included in the Center’s basic financial statements as a discretely presented component unit.

Acres Homes Garden, Inc., a Texas non-profit corporation (“Acres Homes”) was organized in 2008 to provide homes for persons with mental illness by acquiring and managing residential property under the Department of Housing and Urban Development (HUD) Section 811 grant. The Center’s Board of Trustees appoints the Board of Trustees of Pear Grove and has the ability to remove Trustees; thus, the Center is financially accountable for Acres Homes. Accordingly, Acres Homes has been included in the Center’s basic financial statements as a discretely presented component unit.

Friends of MHMRA of Harris County (“Friends of MHMRA”) was organized during 2005 to provide charitable services and increase awareness in the community. The Center’s Board of Trustees has the ability to appoint and remove directors and officers of Friends of MHMRA and is financially accountable and the corporation operates exclusively for the benefit of the Center. In keeping with MHMRA of Harris County changing its name to The Harris Center for Mental Health and IDD, the Board of Trustees of the Friends of MHMRA of Harris County adopted at a special meeting on July 21, 2015 the “doing business as (dba)” name of the Harris Center Foundation for Mental Health and IDD. Accordingly, Friends of MHMRA has been included in the Center’s basic financial statements as a component unit.

Financial statements of these component units may be obtained from the Chief Financial Officer, The Harris Center for Mental Health and IDD, P.O. Box 25381, Houston, Texas 77265-5381.

### **Government-wide and Fund Financial Statements**

The financial statements of the Center have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. The Center's significant accounting policies are described below.

Revenue and expenditure classifications in the fund financial statements conform to requirements codified in *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers (21<sup>st</sup> Revision)* published by the Texas Health and Human Services Commission (HHSC).

## **Measurement Focus and Basis of Accounting**

### ***Government-wide Financial Statements***

The statements of net position and statements of activities display information about the Center as a whole. The statements of net position and statements of activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenditures, gains, losses, assets, and liabilities are recognized when the underlying transactions take place. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated. In the Statement of Activities, internal service fund transactions have been eliminated. Government-wide financial statements do not include fiduciary funds or component units that are fiduciary in nature.

Program revenues are derived from state and federal grants and third party billings for services rendered. General revenues are primarily derived from the County budget allocation for the Center. Indirect expenses are allocated to individual functions based on the percentage of actual direct costs in accordance with HHSC reporting guidelines.

### ***Fund Financial Statements***

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund financial statements are presented using current financial resources measurement focus and modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Fiduciary fund financial statements are presented using the economic resources measurement focus and accrual basis of accounting. The operating statements of these funds present increases and decreases in net current assets. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the fiscal period. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Center considers revenue to be available when it is collected within 120 days of the end of the current fiscal period. Significant revenues susceptible to accrual under this method are principally billings on reimbursable type grants and awards where revenue is recognized when services are rendered or when reimbursable expenditures are incurred. Client fees are recorded at the net realizable amounts. Medicaid and Medicare revenue is recognized when the services are provided. Unearned revenue arises when resources are received before there is a legal claim to them, such as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when there is a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

## ***Description of Funds***

The Center's accounts are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts. All transactions are accounted for in funds, as follows:

### **Governmental Fund**

*General Fund* – The General Fund is the general operating fund of the Center. There are no legal requirements to account for financial resources in any governmental fund type other than the General Fund.

### **Proprietary Funds**

*Internal Service Fund* – Permitted for any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis when the reporting government is the predominant participant in the activity.

*Self-Insurance Reserve Fund* - This internal service fund is used to account for certain self-insurance activities for professional liabilities.

### **Fiduciary Funds**

*Agency Funds* – Used to account for assets held as an agent for individuals and other governmental entities. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

*Client Trust Fund* - This fund is used to account for the receipts and distribution of the supplemental security income of eligible clients. As invoices are submitted for items such as clients' rent, utilities, and food, clients are reimbursed using the funds available for their account.

## **Budgetary Information**

The Center's annual budget for the General Fund is prepared based on estimated expenditures provided on a unit basis summarized by program category. The budget is submitted to the Board of Trustees. The budget must have the Board of Trustees' approval and that of the Texas Department of State Health Services ("DSHS") and the Texas Department of Aging and Disability Services ("DADS"). All annual appropriations lapse at fiscal year-end.

Contract/budget negotiations are scheduled by DSHS and DADS at which time contract performance measures and funding amounts are negotiated. The contract and/or budget are revised to incorporate any modifications agreed upon and resubmitted to DSHS and DADS. The final budget is approved by DSHS and DADS, generally before the beginning of the new fiscal year.

Budgetary control is maintained at the program level. The Center's management is authorized to transfer budgeted amounts within and among programs. Revisions that alter total revenue or total expenditures by more than \$10,000 must be approved by the Board of Trustees.

## **Note 2 – Summary of Significant Accounting Policies**

### **Cash and Cash Equivalents**

The Center's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Center's policy to secure deposits with banks by collateral provided by the institutions, for amounts in excess of the Federal Deposit Insurance Corporation insurance. The collateral is held in the Federal Reserve account of an independent third-party agent.

The Board of Trustees of the Center authorizes management to invest with certain stipulations in obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities; Prime Domestic Bankers Acceptances; obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment firm not less than A or its equivalent; fully collateralized direct repurchase agreements; certificates of deposit issued by a state bank, national bank or savings and loan association domiciled in this state; commercial paper; and SEC-registered, no-load money market mutual funds.

During the years ended August 31, 2015 and 2014, the Center did not own any types of securities other than those permitted by statute. Investments for the Center are reported at fair value.

### **Accounts Receivable**

Accounts receivable from patients and insurance carriers (including Medicare and Medicaid) for services rendered are reduced by the amount of such billings deemed by management to be ultimately uncollectible. The Center provides for an amount of uncollectible patient fees using the reserve method based on past collection history.

### **Inventory**

Inventory consists of expendable supplies and drugs held for consumption and are valued at the lower of cost (first-in, first-out) or market. Under the system of accounting for inventory, supplies and drugs are charged to budgetary expenditures when consumed.

### **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

## Capital Assets

Capital assets with useful lives of more than one year are stated at cost. Donated capital assets are valued at their estimated fair market value on the date received. The Center capitalizes assets with an initial, individual cost of \$5,000 or more. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. No depreciation is calculated on land. Depreciation expense on assets specifically identified with a function/program is included in its direct expenses, and the depreciation on shared capital assets are included ratably. The following lives are used:

Buildings	45 years
Building improvements	20 years
Furniture, Machinery, Vehicles and Other Equipment	5-20 years
Telecommunications and Peripheral Equipment	10 years

## Unearned Revenue

Unearned revenue arises when resources are received before there is a legal claim to them, such as when grant monies are received prior to the incurrence of qualifying expenditures/expenses. In subsequent periods when there is a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

## Compensated Absences

The Center provides paid time off (PTO) benefits to its employees. Employees are permitted to accumulate accrued PTO, subject to maximum limits based on length of service, and may redeem unused PTO hours for cash upon voluntary termination of employment. Involuntary terminations result in no PTO payout. Payment for unused PTO hours is subject to limits ranging from 0 to 234 hours based on length of service. Any accrued PTO hours in excess of the maximum allowed to be accrued are lost, if not currently used. The liability for such leave is recorded as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

## Risk Management

The Center is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; doctors' malpractice; and natural disasters.

The Center was covered by insurance for these various risks at a cost considered to be economically justifiable.

During fiscal year 2003, due to a lack of availability of insurance coverage and the costs of available coverage, the Center stopped purchasing excess insurance coverage for physicians' professional liabilities. The Center has purchased commercial insurance for claims for \$1,000,000 per incident and \$3,000,000 per annum and has increased the umbrella coverage to \$2,000,000 per incident. The Center retains all risk over and above these amounts. During fiscal year 2005, the Center established a Self-Insurance Risk Fund "SIRF" (an internal service fund) to account for and finance this uninsured risks (third level of professional liability coverage). Amounts payable to the SIRF and loss reserves are determined by management in consultation with an independent actuary based on historical claim information to pay prior and current-year claims and to establish a reserve for future catastrophic losses. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

### **Fund Balance**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The categories are as follows:

- *Nonspendable fund balance* – amounts that are not in a spendable form (such as inventory or prepaid items)
- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation
- *Committed fund balance* – amounts that can be used only for the specific purposes determined by a formal action of the Center's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the Center than can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.
- *Assigned fund balance* – amounts the Center intends to use for a specific purpose; intent can be expressed by the Board of Trustees, board committees or by the Executive Director.
- *Unassigned fund balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

It is the goal of the Center to achieve and maintain an unassigned fund balance in the General Fund equal to a minimum of 300% of monthly expenditures or the equivalent of 90 days operating expenditures. The Center considers a balance of less than 100% of monthly expenditures or the equivalent of 30 days of operating expenditures to be cause for concern, barring unusual or deliberate circumstance.

When multiple categories of fund balance are available for expenditure (for example, a construction project is being funded partly by a grant, funds set aside by the Board, and unassigned fund balance), the Center will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

**Note 3 – Reconciliation of Government-wide and Fund Financial Statements**

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation of Total Fund Balance of Governmental Fund and Net Positions of Governmental Activities as reported in the Statement of Net Position – Governmental Funds. One element of that reconciliation explains, “Long-term liabilities, current and long-term, are not due and payable with current financial resources and therefore, are not reported in the funds.” The details of this \$(12,595,694) difference are as follows:

Notes payable	\$ (6,330,951)
Compensated absences	<u>(6,264,743)</u>
Net adjustment to reduce Total Fund Balance of Governmental Funds to arrive at Net Position of Governmental Activities	<u>\$ (12,595,694)</u>

**Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

Another element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.” The details of the \$10,545,721 difference are as follows:

Capital outlay	\$ 12,002,583
Depreciation expense	<u>(1,456,862)</u>
Net adjustment to reduce Total Fund Balance of Governmental Funds to arrive at Net Position of Governmental Activities	<u>\$ 10,545,721</u>

## Note 4 – Deposits and Investments

**Custodial Credit Risk – Deposits:** Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. Deposits are exposed to custodial credit risk if they are not insured or collateralized. As of August 31, 2015 and 2014, the bank balances per various financial institutions were \$9,386,674 and \$4,545,887, respectively. The Center’s deposits are not exposed to custodial credit risk since all deposits are collateralized 102% of the depository balance less an amount insured by the FDIC.

As of August 31, 2015, the Center had the following investments:

Security	Maturity	Rating	Fair Value
<b>U.S. Government Agency Securities</b>			
Federal National Mortgage Assoc.	518 days	AA+	\$ 5,053,080
Federal Home Loan Mortgage Corp.	665 days	AA+	10,982,980
Federal Farm Credit Bank	288 days	AA+	20,737,769
<b>Certificates of Deposit</b>			
Certificates of Deposit (17)	118 days	N/A	4,219,282
<b>Local Governmental Investment Funds</b>			
TexPool Investment Fund	47 days	AAAm	10,736,434
			<u>\$ 51,729,545</u>

Quoted market prices are the basis of the fair value for the U.S. Government Agency securities. The amount of increase or decrease in the fair value of investments during the current year is included in the Center’s investment income as follows:

	Primary Government	Component Units
Interest Income - General Fund	\$ 147,084	\$ 3,360
Interest Income - Proprietary Fund	1,026	-
Unrealized gain (loss) on temporary investments	73,999	-
Investment Earnings	<u>\$ 222,109</u>	<u>\$ 3,360</u>

## Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Center securities are fully guaranteed by the government of the United States.

## Interest Rate Risk

The Center’s formal investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Financial assets are invested only in investments whose maturities do not exceed five years at the time of purchase. In addition, the average maturity of the overall portfolio shall not exceed five years.

## **Credit Risk**

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Center's investment policy further limits its investment choices by excluding (1) reverse repurchase agreements, (2) options or future contracts, (3) obligations whose payments represent the coupon payments on the outstanding principal balance for the underlying mortgage backed security collateral and pays no principal, (4) obligations whose payment represents the principle stream of cash flow from the underlying mortgage backed security and bears no interest, (5) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in the market index and (6) obligations whose interest payment is derived from changes in a market index. As of August 31, 2015, Moody's and Standard & Poor's Investment Services have assigned the above credit ratings which reflect the extremely strong protection that the Center's portfolio investments provide against losses from credit defaults or credit deterioration.

At August 31, 2015 and 2014, investments of \$10,736,437 and \$21,420,418 were held by the Texas Local Government Investment Pool (TexPool). The State Comptroller of Public Accounts exercises oversight responsibility over the Texas Local Government Investment Pool (TexPool). Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller of Public Accounts has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's. As a requirement to maintain the rating, weekly portfolio information is submitted to both Standard & Poor's and the Office of the State Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with the Securities and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same value as the value in TexPool shares.

Additional information on TexPool can be obtained by contacting Administrative Offices, TexPool Participant Service, c/o Federated Investors, Inc., 1001 Travis Avenue, Suite 1400, Houston, Texas 77002.

## Note 5 – Accounts Receivable

Accounts receivable are comprised of the following balances at August 31, 2015 and 2014 for the primary government:

	<u>2015</u>	<u>2014</u>
<b>Due from other governments</b>		
Harris County	\$ 2,139,596	\$ 15,549,084
State and Federal	12,662,466	8,829,194
3rd Party billings (net of allows for uncollectible amounts of \$3,849,604 and \$2,975,582, respectively)	1,830,533	1,491,907
Other receivables	<u>461,416</u>	<u>551,260</u>
<b>Total receivables</b>	<u>\$ 17,094,011</u>	<u>\$ 26,421,445</u>

## Note 6 – Capital Assets

A summary of changes in general capital asset balances for the year ended August 31, 2015, is as follows:

	<u>Primary Government</u>			
	Balance as of September 1, 2014	Additions	Retirements	Balance as of August 31, 2015
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 5,434,585	\$ 588,825	\$ -	\$ 6,023,410
Intangible Assets - Software in development	<u>6,142,885</u>	<u>41,312</u>	<u>-</u>	<u>6,184,197</u>
Total capital assets, not being depreciated	<u>11,577,470</u>	<u>630,137</u>	<u>-</u>	<u>12,207,607</u>
Capital assets being depreciated:				
Buildings and improvements	32,933,009	10,318,048	-	43,251,057
Furniture and Equipment	6,789,658	896,867	-	7,686,525
Vehicles	<u>1,629,005</u>	<u>157,531</u>	<u>54,379</u>	<u>1,732,157</u>
Total capital assets being depreciated	<u>41,351,672</u>	<u>11,372,446</u>	<u>54,379</u>	<u>52,669,739</u>
<b>Total capital assets at historical cost</b>	<u>52,929,142</u>	<u>12,002,583</u>	<u>54,379</u>	<u>64,877,346</u>
<b>Less accumulated depreciation for</b>				
Buildings and improvements	16,423,279	855,530	-	17,278,809
Furniture and Equipment	5,387,423	428,989	-	5,816,412
Vehicles	<u>1,108,283</u>	<u>172,343</u>	<u>54,379</u>	<u>1,226,247</u>
<b>Total accumulated depreciation</b>	<u>22,918,985</u>	<u>1,456,862</u>	<u>54,379</u>	<u>24,321,468</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 30,010,157</u>	<u>\$ 10,545,721</u>	<u>\$ -</u>	<u>\$ 40,555,878</u>

A summary of changes in general capital asset balances for the year ended August 31, 2014, is as follows:

	<b>Primary Government</b>			Balance as of August 31, 2015
	Balance as of September 1, 2014	Additions	Retirements	
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 3,421,489	\$ 2,013,096	\$ -	\$ 5,434,585
Intangible Assets - Software in development	5,928,585	214,300	-	6,142,885
Total capital assets, not being depreciated	<u>9,350,074</u>	<u>2,227,396</u>	<u>-</u>	<u>11,577,470</u>
Capital assets being depreciated:				
Buildings and improvements	25,343,822	7,589,187	-	32,933,009
Furniture and Equipment	6,331,495	505,163	47,000	6,789,658
Vehicles	1,456,497	229,483	56,975	1,629,005
Total capital assets being depreciated	<u>33,131,814</u>	<u>8,323,833</u>	<u>103,975</u>	<u>41,351,672</u>
<b>Total capital assets at historical cost</b>	<u>42,481,888</u>	<u>10,551,229</u>	<u>103,975</u>	<u>52,929,142</u>
<b>Less accumulated depreciation for</b>				
Buildings and improvements	14,845,612	1,577,667	-	16,423,279
Furniture and Equipment	5,095,176	339,247	47,000	5,387,423
Vehicles	1,010,004	155,254	56,975	1,108,283
<b>Total accumulated depreciation</b>	<u>20,950,792</u>	<u>2,072,168</u>	<u>103,975</u>	<u>22,918,985</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 21,531,096</u>	<u>\$ 8,479,061</u>	<u>\$ -</u>	<u>\$ 30,010,157</u>

Depreciation expense for the years ended August 31, 2015 and 2014 were \$1,456,862 and \$2,072,168, respectively, and were charged to the following functions and activities:

	<u>2015</u>	<u>2014</u>
<b>Primary government</b>		
<b>Governmental Activities:</b>		
General Administration	\$ 431,774	\$ 1,064,169
Adult Mental Health	421,127	421,127
Mental Retardation	227,788	227,788
Child and Adolescent	118,136	118,136
Crisis Center	258,037	240,948
<b>Total governmental activities</b>	<u>\$ 1,456,862</u>	<u>\$ 2,072,168</u>

In December 2013, The Harris Center for Mental Health and IDD purchased the 12-story building located at 9401 Southwest Freeway for \$9.5M. This purchase was needed to house the expansion dictated by the DSRIP projects, as well as that required by the new funds from the State to address the wait list. Our building at 7011 Southwest Freeway is planned to be sold as soon as it is fully vacated. A 7-year loan from J.P. Morgan Chase in the amount of \$7.64 M was initially secured to partially finance the said purchase.

The rest of FY 2014 up to the end of FY 2015 was devoted to remodeling the building to fit the clinics and offices of the Center. A total of \$13.9 M was planned to be additionally spent on this property as follows: infrastructure- \$5.6M, remodeling- \$4.9M, and planning, design and furniture- \$3.4M. The transfer of clinics and offices from 7011 Southwest Freeway to 9401 Southwest Freeway started on August 7, 2015 and continued until December of that year.

## Note 7 – Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2015 was as follows:

	Balance as of September 1, 2013	Additions	Reductions	Balance as of August 31, 2014	Amounts Due within One Year
<b>Governmental Activities</b>					
Notes payable:					
Bank notes payable	\$ 8,369,817	\$ -	\$ (2,038,866)	\$ 6,330,951	\$ 1,419,522
Other liabilities:					
Compensated absences	5,247,281	2,085,647	(1,068,185)	6,264,743	250,000
<b>Governmental activities long-term liabilities</b>	<b>\$ 13,617,098</b>	<b>\$ 2,085,647</b>	<b>\$ (3,107,051)</b>	<b>\$ 12,595,694</b>	<b>\$ 1,669,522</b>

Long-term liability activity for the year ended August 31, 2014 was as follows:

	Balance as of September 1, 2013	Additions	Reductions	Balance as of August 31, 2014	Amounts Due within One Year
<b>Governmental Activities</b>					
Notes payable:					
Bank notes payable	\$ 2,169,977	\$ 7,640,000	\$ (1,440,160)	\$ 8,369,817	\$ 2,038,866
Other liabilities:					
Compensated absences	3,435,430	1,850,244	(38,393)	5,247,281	250,000
<b>Governmental activities long-term liabilities</b>	<b>\$ 5,605,407</b>	<b>\$ 9,490,244</b>	<b>\$ (1,478,553)</b>	<b>\$ 13,617,098</b>	<b>\$ 2,288,866</b>

The Center has issued notes payable to provide funds for the acquisition of capital assets. In fiscal year 2000, the Center entered into a note payable with Bank of America that carries an interest rate of 5.8%, is payable in monthly payments of \$82,983, and is collateralized by a security and deed of trust on related property through December 2015. In fiscal year 2014, the Center entered into a note payable to JPMorgan Chase Bank that carries an interest rate of 1.99%, is payable in semi-annual payments of \$545,714 plus interest, and is secured by a security and deed of trust on related property through December 2021.

Debt service for notes payable as of August 31, 2015 are as follows:

Year ending August 31,	Principal	Interest	Total
2016	\$ 1,419,522	\$ 119,926	\$ 1,539,448
2017	1,091,429	93,605	1,185,033
2018	1,091,429	71,584	1,163,012
2019	1,091,429	49,562	1,140,991
2020	1,091,429	27,602	1,119,030
2021	545,713	5,490	551,204
	<b>\$ 6,330,951</b>	<b>\$ 367,769</b>	<b>\$ 6,698,718</b>

Provisions of the loan agreement relating to a note payable contain certain covenants requiring or restricting: (1) the Center’s cash and investments in the general fund equal, at a minimum, to six weeks of “current operating expenses”, (2) the Center to maintain a “Debt Service Coverage Ratio” of 1.0x for each consecutive two fiscal years, (3) the Center’s ability to pledge or mortgage assets without prior written consent and (4) the Center’s ability to enter into new lease obligations in excess of \$1,000,000. The “current operating expenses” and “Debt Service Coverage Ratio” are defined in the debt indenture. The Center was in compliance with these requirements at August 31, 2015.

**Note 8 – Operating Leases**

The Center leases certain administrative, residential and outpatient facilities under operating lease agreements. Rent expenditures/expense under operating leases, including annually renewable operating leases for equipment and vehicles, amounted to \$863,964 and \$816,416 in 2015 and 2014, respectively.

The future minimum rental payments required under non-cancelable operating leases having remaining terms in excess of one year as of August 31, 2015 are as follows:

<u>Year ending August 31,</u>	
2016	\$ 70,297
2017	24,315
2018	16,899
2019	16,849
2020	16,849
2021-2025	<u>84,244</u>
	<u>\$ 229,453</u>

**Note 9 – Related Party Transactions**

The Center, a component unit of the County, obtains certain community services from the County under contractual agreements. Expenses under such contracts amounted to \$129,408 and \$121,618 for the years ended August 31, 2015 and 2014, respectively.

**Note 10 – Pension Plan**

The defined contribution pension plan (the “Plan”) was established by the Center for substantially all of its employees, effective January 1, 1989. The plan document was updated and amended effective January 1, 2000.

The condensed cash basis financial statements for the Plan's fiscal years ended December 31, 2014 and 2013 are as follows:

**Statement of Fiduciary Net Assets  
December 31, 2014 and 2013**

	2014	2013
<b>Assets</b>		
Investments, at fair market value	\$ 64,217,007	\$ 58,239,880
Total assets	\$ 64,217,007	\$ 58,239,880
<b>Net Position</b>		
Held in trust for pension benefits and other purposes	\$ 64,217,007	\$ 58,239,880

**Statement of Fiduciary Net Assets  
For the Years Ended December 31, 2014 and 2013**

	2014	2013
<b>Additions</b>		
Contributions:		
Employer	\$ 6,370,921	\$ 5,171,546
Forfeitures	(1,215,441)	(129,223)
<b>Total contributions</b>	<b>5,155,480</b>	<b>5,042,323</b>
Investment earnings:		
Net increase/(decrease) in fair value of investments	4,152,053	2,511,486
Dividends/Interest	791,424	710,664
Other	114,350	98,128
<b>Total investment earnings</b>	<b>5,057,827</b>	<b>8,629,042</b>
<b>Total additions</b>	<b>10,213,307</b>	<b>13,671,365</b>
<b>Deductions</b>		
Benefits	4,122,137	2,511,486
Others	114,043	98,104
<b>Total deductions</b>	<b>4,236,180</b>	<b>2,609,590</b>
Change in net assets	5,977,127	11,061,775
<b>Net position - beginning of year</b>	<b>58,239,880</b>	<b>47,178,105</b>
Net position - end of year	<b>\$ 64,217,007</b>	<b>\$ 58,239,880</b>

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate at the next entry date as defined by the plan after working 1,560 hours and being employed on December 31 of the plan year. The plan requires that the Center contribute an amount equal to 5% of the eligible employee's annual base salary. Employee contributions are not permitted. If a participant in the plan terminates employment, the non-vested account balance is forfeited. Effective plan year 2008, the Center instituted an employee matching program. Eligible employees must open and participate in a 403(b) plan. The match is dollar for dollar up to 5% of the employee's annual base salary, with a minimum of 1%.

The plan allows forfeitures to be applied to reduce sponsor contributions for the plan year in which the forfeitures occurred. Forfeitures for the plan years 2014 and 2013 amounted to \$1,900,000 and \$204,691, respectively, of which \$1,215,441 and \$129,223, respectively, was used against the Center's contributions for the year ended August 31, 2014 and 2013, respectively.

Beginning Plan year 2004, contributions are made on an annual basis, and employees must also be actively employed with the Center on the last day of the Plan year to receive the matching contributions.

Effective Plan year 2005, the Center also will make a supplemental contribution each year if the amount in the forfeiture account after Plan expenses exceeds \$200,000. To receive this supplemental contribution the employees must have earned six years of service and be employed at the end of the plan year. The percentage of contribution varies from 1 to 3% depending on the number of years of service.

Employees who retire, die or become permanently disabled during the year are entitled to the full contribution for the year.

Center contributions made on account of the 2004 plan year or any subsequent plan year, as adjusted by earning and losses thereon, will vest 100% after 5 years of service with no vesting prior to 5 years.

A favorable determination letter of the defined contribution plan was received on October 10, 2000 from the Internal Revenue Service. Employer contributions for the fiscal years ended August 31, 2015 and 2014 amounted to \$6,904,272 and \$6,131,092 respectively.

The Plan's investments as of December 31, 2014 and 2013 are as follows:

	<b>Fair Value</b>	
	<b>2014</b>	<b>2013</b>
<b>Wells Fargo Bank Investment Funds for Employee Benefit Trust:</b>		
Advantage Assets Allocation Fund	\$ 13,320,125	\$ 11,670,616
Stable Return Fund	8,624,050	6,836,800
Advantage Index Fund	8,713,112	7,831,192
Bond Index Fund	2,145,410	2,010,159
Investment Partners Fund	1,371,530	1,426,073
Large Cap Value Fund	305,769	379,064
MFS Value	574,249	444,991
Growth Fund	1,356,024	1,132,586
Small Cap Fund	563,490	777,165
Research International	697,395	705,892
Advantage Dow Jones Target Today	438,583	485,064
Advantage Dow Jones Target 2010	1,973,295	1,626,229
Advantage Dow Jones Target 2020	5,110,252	4,786,461
Advantage Dow Jones Target 2030	6,836,803	6,212,405
Advantage Dow Jones Target 2040	12,186,920	11,915,183
Cash		
<b>Total</b>	<b>\$ 64,217,007</b>	<b>\$ 58,239,880</b>

The investments are valued at fair value by the Trustee based on published prices as of December 31, 2014 and 2013. These investments are held in trust in the name of the Plan by the bank's trust department.

#### **Note 11 – Voluntary Employee Contribution Tax Deferred Investment Plans**

The Center offers its employees a defined contribution tax deferred investment plan under Internal Revenue Code (IRC) Section 403(b). This plan was established by the Center for all of its employees effective May 1, 1996.

Additionally, the Center offers its employees a defined contribution tax deferred investment plan under Internal Revenue Code (IRC) Section 457. This plan was established by the Center effective July 1, 2006.

Under both plans, benefits depend solely on amounts contributed to the plan plus investment earnings. An employee shall become a member of a plan commencing as soon as practicable after the employee completes plan enrollment forms provided by the Center and the custodians. Participation in the plans is completely voluntary and all funding of the plans is by employee salary deferral. Each member may elect to defer a fixed percentage or a fixed amount of compensation not to exceed the maximum specified by the IRC, and for the 403 (b) plan, have the employer contribute such deferred amounts to the custodian(s) selected by the member in accordance with the provisions of the plan, and for the 457 plan, have the employer contribute such deferred amounts to the custodian, Institutional Securities Corporation, located in Dallas, Texas.

#### **Note 12 - Contingencies**

The Center is named defendant in several lawsuits. The Center believes these lawsuits to have meritorious defense and is defending them vigorously. The amount of liability, if any, from the claims cannot be determined with certainty; however, management is of the opinion that the outcome of the claims will not have a material adverse impact on the financial position. The financial statements do not include any adjustments for potential losses that may result from these matters.

The Center receives significant amounts of grants from state and federal agencies and participates in Medicare and Medicaid programs. These programs are subject to audit by the agents for granting agencies for compliance with grant provisions. The Center's management believes that any liability for reimbursement which may arise as the result of these audits will not be material to the financial position of the Center.

#### **Note 13 – Sample Drugs and Patient Assistance Programs**

The Harris Center for Mental Health and IDD assists its consumers in participating in a Patient Assistance Program (PAP) and Sample Drug Program where the Center, on behalf of its consumers, receives pharmaceuticals for free and dispenses these drugs to the consumers according to policy.

The amounts of free drugs dispensed by the Center for its consumers for the years ended August 31, 2015 and 2014 were \$24,301,595 and \$22,148,871, respectively. The PAP and sample drugs received and provided to the consumers reduce the total drug expense that the Center would normally incur without the PAP.

The Harris Center for Mental Health and IDD is deemed as the payor of last resort for the medications. The Center recognizes the benefits of the PAP program to its consumers and has dedicated staff to assist the consumers in applying for the PAP programs through the various pharmaceutical companies. Through internal policy, Center physicians are required to participate in the PAP program.

The pharmaceutical companies' PAP and Sample Drug Programs are intended to directly benefit the consumers. Therefore, the amounts listed above are not reflected in the Center's State of Revenues, Expenditures and Changes in Fund Balances or the Government-wide Statement of Activities.

#### **Note 14 – Topaz Software Development**

The Harris Center for Mental Health and IDD entered into an inter-local agreement with the Mental Health Mental Retardation of Tarrant County (“MHMRTC”) to jointly develop a computer software to improve and enhance the management and delivery of mental health, intellectual and developmental disability, early childhood intervention, and addiction services to their respective communities. They contracted with Co-centrix, a software development company, to pursue this end.

The Center and MHMRTC equally share the costs and any potential revenues associated with the development, implementation, integration, and marketing of software products and services that result from this project.

In FY 2009, Phase I (Discovery) of this joint project was started. It dealt with documentation of the “as is” processes, performing a “gap analysis” between the centers and documenting the same, describing the “to be” process which has been agreed upon by both centers and documented a delivery mechanism for each business process. At this phase, the “to be” processes were formulated and alternatives were evaluated, and the final selection of the alternatives for the development of the software was made.

At the start of FY 2010, Phase II (Implementation) was launched to review and make decisions related to programmatic and technical issues which impact how the software system will be configured and used. This process continued on in FY 2015 when another community center, Metrocare Services, after consulting with the Center and MHMRTC, decided to buy the source codes of the program from Co-centrix on February 20, 2015 with the intent of developing the software themselves, in collaboration with the two original centers.

The Centers deemed Phase I to be the “preliminary project stage” as described in GASB 51- Accounting and Financial Reporting for Intangible Assets, and Phase II as the “application development stage.” Accordingly, and having met the other requisites under GASB 51, the Center capitalized the costs related to this project in FY 2015. At the end of the fiscal year, the application development stage is still ongoing.

Metrocare Services, through its spin-offed software developer, Xenatix, indicated that the first phase of the software rollout will be in January, 2017.

## **Note 15 – Delivery System Reform Incentive Program (DSRIP)**

In December of 2011, the Centers for Medicare and Medicaid Services (CMS) approved the State of Texas' application called Medicaid Waiver 1115 which aims to redesign healthcare delivery in Texas consistent with CMS' aim to improve the experience of care, to improve the health of populations, and to reduce the cost of healthcare without compromising quality.

This Waiver called for local entities to propose Delivery System Reform Incentive Program (DSRIP) projects categorized either for Infrastructure Development (Category 1), Program Innovation and Redesign (Category 2), or Quality Improvement (Category 3). The entire State of Texas was divided into regions and Community Mental Health programs were allowed 10% of each region's DSRIP allocation. This allocation utilized valuation of the projects rather than cost as the basis for project reimbursement.

As of the end of FY2015, The Harris Center for Mental Health and IDD submitted and was approved a total of 27 DSRIP projects with a total valuation of \$266,194,679. These projects are in various phases of implementation but are scheduled to end by September, 2016. The Texas Health and Human Services Commission applied for an extension of this waiver but the decision of CMS is not expected until mid-2016. In the meantime, revenues from these projects continue to be received at least twice a year and are recognized as soon as these become ascertainable, i.e. the CMS and the Texas Health and Human Services Commission inform us of the approved valuation based on metrics submitted. Expenses are continuously incurred throughout the year.

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**OTHER SUPPLEMENTARY INFORMATION**

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**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY SOURCE  
For the Year Ended August 31, 2015**

	<b>Total</b>
<b>Governmental Capital Assets</b>	
Land	\$ 6,023,410
Buildings	19,653,020
Furniture and Equipment	7,686,525
Leasehold Improvements	23,598,037
Vehicles	1,732,157
Intangible Assets - Software	6,184,197
<b>Total Governmental Capital Assets</b>	<b>\$ 64,877,346</b>
 <b>Investment in Governmental Capital Assets by Source</b>	
General Fund	\$ 64,877,346
<b>Total Investment in Governmental Capital Assets</b>	<b>\$ 64,877,346</b>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION  
For the Year Ended August 31, 2015**

<b>Function</b>	<b>Land</b>	<b>Buildings</b>	<b>Equipment and Furniture</b>	<b>Leasehold Improvements</b>	<b>Vehicles</b>	<b>Intangible Assets - Software</b>	<b>Total</b>
Mental Health	\$ 1,895,148	\$ 5,901,717	\$ 1,855,258	\$ 5,164,083	\$ 220,527	\$ -	\$ 15,036,733
Intellectual and Developmental Disabilities	916,080	2,895,662	1,111,807	2,084,708	447,510	-	7,455,767
Child and Adolescent	174,011	1,274,669	534,677	1,375,659	-	-	3,359,016
Crisis Center	588,825	429,775	422,172	2,619,061	850,104	-	4,909,937
Administration	2,449,346	9,151,197	3,762,611	12,354,526	214,016	6,184,197	34,115,893
<b>Total Governmental Fund Capital Assets</b>	<b>\$ 6,023,410</b>	<b>\$ 19,653,020</b>	<b>\$ 7,686,525</b>	<b>\$ 23,598,037</b>	<b>\$ 1,732,157</b>	<b>\$ 6,184,197</b>	<b>\$ 64,877,346</b>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES BY FUNCTION  
For the Year Ended August 31, 2015**

<b>Function</b>	<b>Governmental Capital Assets August 31, 2014</b>	<b>Additions</b>	<b>Retirements</b>	<b>Governmental Capital Assets August 31, 2015</b>
Mental Health	\$ 15,036,733	\$ -	\$ -	\$ 15,036,733
Intellectual and Developmental Disabilities	7,455,767	-	-	7,455,767
Child and Adolescent	3,359,016	-	-	3,359,016
Crisis Center	3,788,185	1,176,131	54,379	4,909,937
Administration	23,289,441	10,826,452	-	34,115,893
<b>Total Governmental Fund Capital Assets</b>	<b>\$ 52,929,142</b>	<b>\$ 12,002,583</b>	<b>\$ 54,379</b>	<b>\$ 64,877,346</b>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**COMPARATIVE SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**For the Years Ended August 31, 2015 and 2014**

	<u>Balance</u> <u>September 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>August 31, 2015</u>
<b>Client Trust fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 21,886	\$ 77,293	\$ 80,285	\$ 18,894
<b>Liabilities</b>				
Due to clients	\$ 21,886	\$ 77,293	\$ 80,285	\$ 18,894

	<u>Balance</u> <u>September 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>August 31, 2014</u>
<b>Client Trust fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 11,758	\$ 77,149	\$ 67,021	\$ 21,886
<b>Liabilities</b>				
Due to clients	\$ 11,758	\$ 77,149	\$ 67,021	\$ 21,886

**MENTAL HEALTH AND MENTAL RETARDATION  
AUTHORITY OF HARRIS COUNTY**

**STATISTICAL SECTION**

This Statistical Section aims to provide information about the Agency's economic condition. It normally consists of information on financial trends, revenue capacity, debt capacity, demographic and economic environment, and operations.

Information on financial trends indicates how the financial portion of the Agency, in terms of net position and fund balances, and changes thereto, have changed over time. It will be noted from the schedules that both of these statistics generally increased during the past five years.

Information on revenue capacity centers mainly on the principal sources of revenues as the Agency is not a taxing authority. Principally, it generates its revenues from state and federal sources.

Demographic and economic information aims at describing the Agency's socio-economic environment. Included in this report therefore are: data on population and unemployment and principal employers in the catchment area. The Agency's catchment area has seen a steady increase in population. This is expected to continue for the next few years. Citizens of other states migrate to Texas in order to avail of better opportunities.

Operating information consists of number of employees by function/program, client and service related data, drilled-down expenditures for mental health and mental retardation, and finally capital assets utilized by the programs.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**NET POSITION BY COMPONENT (UNAUDITED)**

**Last Ten Fiscal Years  
(Accrual Basis of Accounting)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 13,545,214	\$ 13,038,662	\$ 12,839,801	\$ 12,106,397	\$ 14,192,234
Restricted for:					
Texas Implementation of Medication					
Algorithm Project	268,665	-	-	-	-
Delivery System Reform Incentive Projects	-	-	-	-	-
Unrestricted	<u>28,023,628</u>	<u>33,828,411</u>	<u>34,598,005</u>	<u>40,729,973</u>	<u>42,140,254</u>
Total governmental activities net position	<u>\$ 41,837,507</u>	<u>\$ 46,867,073</u>	<u>\$ 47,437,806</u>	<u>\$ 52,836,370</u>	<u>\$ 56,332,488</u>

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 13,105,363	\$ 18,340,667	\$ 19,361,119	\$ 21,640,340	\$ 34,224,927
-	-	-	-	-
-	-	2,451,869	16,760,603	10,231,836
<u>47,149,860</u>	<u>41,232,357</u>	<u>40,000,276</u>	<u>40,562,743</u>	<u>34,271,388</u>
<u><u>\$ 60,255,223</u></u>	<u><u>\$ 59,573,024</u></u>	<u><u>\$ 61,813,264</u></u>	<u><u>\$ 78,963,686</u></u>	<u><u>\$ 78,728,151</u></u>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**CHANGES IN NET POSITION (UNAUDITED)  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>EXPENSES</b>				
Governmental activities				
Adult Mental Health	\$ 45,750,962	\$ 49,543,794	\$ 48,668,914	\$ 46,597,293
Intellectual & Developmental Disabilities	28,887,707	31,535,408	33,116,707	37,666,929
Child and Adolescent	12,681,152	12,980,279	16,316,746	15,939,526
Crisis Center	17,578,366	19,067,856	20,028,746	27,250,245
Community Hospital Managed Care-BHO	19,806,281	19,806,273	23,306,273	23,274,922
Interest on long-term debt	542,928	414,825	380,687	326,553
Total governmental activities expenses	<u>125,247,396</u>	<u>133,348,435</u>	<u>141,818,073</u>	<u>151,055,468</u>
<b>PROGRAM REVENUES</b>				
Governmental activities				
Adult Mental Health	43,227,423	49,391,969	51,371,498	51,123,437
Intellectual & Developmental Disabilities	26,100,468	29,209,300	30,004,539	33,356,775
Child and Adolescent	13,805,504	12,383,783	13,502,038	13,983,388
Crisis Center	1,570,963	4,104,502	6,084,693	11,203,837
Community Hospital	19,806,281	19,806,273	23,306,273	23,274,922
Total governmental activities program revenue	<u>104,510,639</u>	<u>114,895,827</u>	<u>124,269,041</u>	<u>132,942,359</u>
<b>NET (EXPENSE) REVENUE</b>				
Governmental activities	(20,736,757)	(18,452,608)	(17,549,032)	(18,113,109)
<b>GENERAL REVENUES AND OTHER</b>				
<b>CHANGES IN NET ASSETS</b>				
Governmental activities				
Payment from Harris County	22,271,825	20,502,849	17,736,332	20,402,681
Grants and contributions not restricted to specific programs	-	-	-	686,713
Investment earnings	1,548,416	1,935,931	1,228,325	320,117
Other income	176,367	528,721	362,001	2,459,743
Special items				
Net gain on disposal of assets	25,971	544,077	26,370	73,818
Capital assets written off	(782,718)	(29,404)	(20,022)	-
Transfer				
Total	<u>23,239,861</u>	<u>23,482,174</u>	<u>19,333,006</u>	<u>23,943,072</u>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	<u>\$ 2,503,104</u>	<u>\$ 5,029,566</u>	<u>\$ 1,783,974</u>	<u>\$ 5,829,963</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 51,522,383	\$ 48,335,141	\$ 51,359,838	\$ 52,421,224	\$ 68,146,563	\$ 83,226,544
42,441,157	42,563,470	39,042,871	39,367,361	41,147,139	42,673,928
16,106,665	16,955,321	16,891,756	17,564,259	18,916,913	21,764,369
31,573,042	30,217,489	29,822,983	30,768,150	35,956,233	39,378,723
27,450,626	27,227,020	27,060,660	32,038,969	31,481,431	32,526,192
<u>287,043</u>	<u>244,779</u>	<u>200,251</u>	<u>152,415</u>	<u>179,191</u>	<u>186,749</u>
<u>169,380,916</u>	<u>165,543,220</u>	<u>164,378,359</u>	<u>172,312,378</u>	<u>195,827,470</u>	<u>219,756,505</u>
55,264,007	54,026,517	51,391,116	54,595,205	79,297,874	81,106,844
38,000,713	39,980,786	35,821,059	35,644,524	37,584,146	37,907,793
14,657,202	15,680,291	16,699,140	15,991,984	16,502,431	22,847,722
17,617,875	14,251,271	15,019,426	17,947,672	30,519,423	27,720,845
27,450,626	27,227,020	23,529,696	28,493,696	28,406,319	29,693,696
<u>152,990,423</u>	<u>151,165,885</u>	<u>142,460,437</u>	<u>152,673,081</u>	<u>192,310,193</u>	<u>199,276,900</u>
(16,390,493)	(14,377,335)	(21,917,922)	(19,639,297)	(3,517,277)	(20,479,605)
18,814,978	17,648,131	18,321,679	18,510,676	18,640,633	19,356,844
49,872	62,743	2,049,343	2,039,362	1,992,355	2,929
176,940	216,198	386,127	(17,127)	308,905	222,109
821,179	360,534	452,334	1,232,202	273,597	655,615
23,642	12,464	26,240	19,520	24,478	6,560
-	-	-	-	-	-
<u>19,886,611</u>	<u>18,300,070</u>	<u>21,235,723</u>	<u>21,784,633</u>	<u>21,239,968</u>	<u>20,244,057</u>
<u>\$ 3,496,118</u>	<u>\$ 3,922,735</u>	<u>\$ (682,199)</u>	<u>\$ 2,145,336</u>	<u>\$ 17,722,691</u>	<u>\$ (235,548)</u>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)**

**Last Ten Fiscal Years  
(Accrual Basis of Accounting)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund				
Reserved for:				
Inventories	\$ 230,625	\$ 199,771	\$ 272,749	\$ 198,810
Prepaid	382,369	301,291	259,879	200,023
Texas Implementation of Medication				
Algorithm Project	268,665	-	-	-
Unreserved:				
Designated funds:				
Infrastructure development	2,009,172	4,724,172	4,724,172	5,800,000
Self insurance	1,000,000	1,500,000	2,000,000	2,000,000
Debt repayment	-	-	-	5,269,922
Compensated Absences	-	-	-	2,720,129
Others	735,774	2,524,470	1,599,190	743,037
General fund - undesignated	24,833,976	25,303,465	26,099,337	24,370,717
Nonspendable:				
Inventories	-	-	-	-
Prepaid	-	-	-	-
Committed:				
Delivery System Reform Incentive projects	-	-	-	-
Assigned:				
Infrastructure development	-	-	-	-
Self insurance	-	-	-	-
Debt repayment	-	-	-	-
Compensated absences	-	-	-	-
Other purposes	-	-	-	-
Unassigned:	-	-	-	-
<b>Total general fund</b>	<b><u><u>\$ 29,460,581</u></u></b>	<b><u><u>\$ 34,553,169</u></u></b>	<b><u><u>\$ 34,955,327</u></u></b>	<b><u><u>\$ 41,302,638</u></u></b>

The Center implemented GASB 54 in FY 2010.

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
182,569	163,914	138,908	147,974	195,217	230,342
333,053	271,022	315,871	408,202	875,965	585,604
-	-	-	2,451,869	16,760,603	10,231,836
5,800,000	5,800,000	5,800,000	5,800,000	5,800,000	2,994,473
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
4,560,702	3,809,183	3,012,954	2,169,977	8,369,816	6,330,951
3,123,753	3,219,676	3,342,268	3,435,430	5,247,282	6,264,742
748,029	405,876	409,768	414,460	404,706	394,052
<u>26,364,127</u>	<u>29,123,629</u>	<u>27,397,775</u>	<u>26,328,057</u>	<u>20,756,976</u>	<u>19,574,866</u>
<u><u>\$ 43,112,233</u></u>	<u><u>\$ 44,793,300</u></u>	<u><u>\$ 42,417,544</u></u>	<u><u>\$ 43,155,969</u></u>	<u><u>\$ 60,410,565</u></u>	<u><u>\$ 48,606,866</u></u>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)**

**Last Ten Fiscal Years**

**(Modified Accrual Basis of Accounting)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Revenues</b>				
Local	\$ 53,649,455	\$ 52,180,624	\$ 53,333,683	\$ 57,888,002
State	64,255,040	71,348,608	76,936,456	83,161,961
Federal	11,314,939	14,275,329	13,270,045	15,740,531
<b>Total revenues</b>	<u>129,219,434</u>	<u>137,804,561</u>	<u>143,540,184</u>	<u>156,790,494</u>
<b>Expenditures</b>				
Salaries	60,762,975	66,637,986	71,521,224	78,101,016
Employee benefits	13,234,417	14,935,820	15,468,903	17,663,317
Professional and consultant services	7,030,810	7,460,872	7,207,549	7,714,718
Training and travel	1,700,441	1,767,429	2,002,900	2,493,567
Debt service				
Principal	3,335,587	717,573	1,020,471	670,315
Interest	542,927	414,825	380,687	326,553
Capital outlay	1,527,533	1,050,503	462,607	229,360
Non-capitalized equipment	641,950	585,059	767,841	2,388,284
Pharmaceutical expense	8,099,015	6,999,820	7,261,937	3,733,380
Other operating expense	31,190,315	33,180,776	36,212,343	37,031,315
<b>Total expenditures</b>	<u>128,065,970</u>	<u>133,750,663</u>	<u>142,306,462</u>	<u>150,351,825</u>
<b>Excess of revenues over/(under expenditures)</b>	1,153,464	4,053,898	1,233,722	6,438,669
<b>Other financing sources (uses)</b>				
Capital leases	37,111	259,435	167,227	-
Debt proceeds used to fund capital expenditures	-	-	-	-
Proceeds from sale of assets	25,971	779,255	26,370	340,041
<b>Total other financing sources (uses)</b>	<u>63,082</u>	<u>1,038,690</u>	<u>193,597</u>	<u>340,041</u>
<b>Net change in fund balances</b>	<u>\$ 1,216,546</u>	<u>\$ 5,092,588</u>	<u>\$ 1,427,319</u>	<u>\$ 6,778,710</u>
 Ratio of total debt service expenditures to total noncapital expenditures	 2.64%	 0.54%	 0.72%	 0.45%

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 59,426,076	\$ 62,937,932	\$ 64,363,140	\$ 67,052,301	\$ 66,236,188	\$ 70,714,740
95,527,987	94,597,104	89,622,892	94,319,225	104,833,857	102,911,444
17,895,020	11,915,483	9,681,399	13,159,316	42,454,903	45,887,191
<u>172,849,083</u>	<u>169,450,519</u>	<u>163,667,431</u>	<u>174,530,842</u>	<u>213,524,948</u>	<u>219,513,375</u>
87,604,734	88,266,962	86,527,045	89,048,998	101,194,770	118,697,865
21,182,041	21,811,119	22,239,368	22,691,270	25,433,141	29,254,007
10,233,262	9,226,159	7,384,814	7,713,373	10,351,530	10,240,517
2,635,039	2,759,524	2,979,031	2,927,971	2,969,507	3,278,161
709,220	751,518	796,229	842,977	1,440,160	2,038,866
287,043	244,779	200,251	152,415	179,191	186,749
2,691,961	2,857,896	2,375,254	1,560,933	10,551,229	12,002,583
1,517,604	418,692	1,037,372	1,152,194	1,805,330	3,589,925
1,732,486	1,683,525	1,471,468	1,133,818	1,274,994	1,377,772
42,469,740	39,761,742	41,058,750	46,015,718	48,734,987	50,657,189
<u>171,063,130</u>	<u>167,781,916</u>	<u>166,069,582</u>	<u>173,239,667</u>	<u>203,934,839</u>	<u>231,323,634</u>
1,785,953	1,668,603	(2,402,151)	1,291,175	9,590,109	(11,810,259)
-	-	-	-	-	-
-	-	-	-	7,640,000	-
23,642	12,464	26,240	19,520	24,478	6,560
<u>23,642</u>	<u>12,464</u>	<u>26,240</u>	<u>19,520</u>	<u>7,664,478</u>	<u>6,560</u>
<u>\$ 1,809,595</u>	<u>\$ 1,681,067</u>	<u>\$ (2,375,911)</u>	<u>\$ 1,310,695</u>	<u>\$ 17,254,587</u>	<u>\$ (11,803,699)</u>
0.42%	0.46%	0.49%	0.49%	0.74%	0.93%

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**PRINCIPAL SOURCES OF REVENUES (UNAUDITED)**

**Last Ten Fiscal Years**

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Local</b>				
County government	\$ 26,414,128	\$ 26,306,400	\$ 26,851,273	\$ 30,366,731
Medicaid/Medicare	14,536,914	12,460,818	12,496,212	12,503,786
Other	12,698,413	13,413,406	13,986,198	15,017,485
<b>Total local revenue</b>	<b>53,649,455</b>	<b>52,180,624</b>	<b>53,333,683</b>	<b>57,888,002</b>
<b>State</b>				
Texas Department of Mental Health and Mental Retardation				
Department of State Health Services - General Revenue	48,064,347	53,965,505	58,835,494	63,574,567
Department of Aging and Disability Services - General Revenue	11,207,304	11,942,518	11,898,169	12,150,341
Early Childhood Intervention	2,091,604	2,254,673	2,150,183	2,375,698
Texas Council on Offenders with Mental Impairments	2,406,650	2,739,912	3,385,933	3,598,828
Other state agencies	485,135	446,000	666,677	1,462,527
<b>Total state revenues</b>	<b>64,255,040</b>	<b>71,348,608</b>	<b>76,936,456</b>	<b>83,161,961</b>
<b>Federal</b>				
Mental Health Block Grant	3,049,016	3,081,806	3,081,806	3,081,806
Early Childhood Intervention	3,678,577	4,742,899	5,208,576	6,359,357
Delivery System Reform Incentive				
Other federal revenues	4,587,346	6,450,624	4,979,663	6,299,368
<b>Total federal revenues</b>	<b>11,314,939</b>	<b>14,275,329</b>	<b>13,270,045</b>	<b>15,740,531</b>
<b>Total revenues</b>	<b>\$ 129,219,434</b>	<b>\$ 137,804,561</b>	<b>\$ 143,540,184</b>	<b>\$ 156,790,494</b>

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$ 29,728,217	\$ 28,681,523	\$ 28,132,939	\$ 29,273,302	\$ 30,412,676	\$ 35,157,223
15,323,885	21,637,710	21,780,636	24,152,125	22,121,662	25,428,729
14,373,974	12,618,699	14,449,720	13,626,874	13,701,859	10,128,788
<u>59,426,076</u>	<u>62,937,932</u>	<u>64,363,295</u>	<u>67,052,301</u>	<u>66,236,197</u>	<u>70,714,740</u>
74,076,314	74,500,636	75,919,706	80,410,871	90,691,945	87,856,785
14,979,825	13,654,580	8,803,727	8,799,578	8,790,754	9,382,704
1,906,946	2,115,314	1,073,474	1,255,837	1,219,655	1,494,851
3,394,902	3,354,574	2,787,591	2,773,939	2,866,406	3,077,654
1,170,000	972,000	1,038,394	1,079,000	1,265,097	1,099,450
<u>95,527,987</u>	<u>94,597,104</u>	<u>89,622,892</u>	<u>94,319,225</u>	<u>104,833,857</u>	<u>102,911,444</u>
3,081,806	3,081,806	3,081,806	3,081,806	3,081,806	3,081,806
5,920,373	4,607,965	2,746,242	2,131,105	2,068,766	3,075,730
			2,837,339	30,532,366	31,166,380
8,892,841	4,225,712	3,853,351	7,946,405	6,771,965	8,563,275
<u>17,895,020</u>	<u>11,915,483</u>	<u>9,681,399</u>	<u>15,996,655</u>	<u>42,454,903</u>	<u>45,887,191</u>
<u>\$ 172,849,083</u>	<u>\$ 169,450,519</u>	<u>\$ 163,667,586</u>	<u>\$ 177,368,181</u>	<u>\$ 213,524,957</u>	<u>\$ 219,513,375</u>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**SCHEDULE OF INDIRECT COSTS (UNAUDITED)  
Year Ended August 31, 2015**

	<b>Total Costs</b>	<b>Non Allowable Costs</b>	<b>Depreciation</b>	<b>Total Adjusted Costs</b>	<b>Direct Costs</b>	<b>Indirect Costs</b>
Salaries	\$ 118,696,847	\$ -	\$ -	\$ 118,696,847	\$ 105,487,975	\$ 13,208,873
Employee Benefits	29,262,505	-	-	29,262,505	26,896,685	2,365,820
Debt Service	2,225,614	(2,038,865)	-	186,749	158,046	28,703
Capital Outlay	12,002,585	(12,002,585)	-	-	-	-
Pharmaceutical Expense	1,396,826	-	-	1,396,826	1,396,826	-
Depreciation	-	-	1,456,862	1,456,862	1,025,088	431,774
Other Operating Expenses	67,739,256	(330,938)	-	67,408,314	62,820,541	4,587,773
<b>Total Expenses</b>	<b>\$ 231,323,634</b>	<b>\$ (14,372,388)</b>	<b>\$ 1,456,862</b>	<b>\$ 218,408,103</b>	<b>\$ 197,785,160</b>	<b>\$ 20,622,943</b>
Indirect Costs						\$ 20,622,943
Direct Costs					\$ 197,785,160	
Indirect Cost Rate						<b>10.43%</b>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**SCHEDULE OF DIRECT AND INDIRECT COSTS (UNAUDITED)**

**Year Ended August 31, 2015**

	<u>Total Costs</u>	<u>Adjustments/ Exclusions</u>	<u>Indirect Cost</u>	<u>Direct Cost</u>
<b>EXPENDITURES:</b>				
Personal costs:				
Salaries and wages	\$ 118,696,847	\$ -	\$ 13,208,873	\$ 105,487,975
Fringe benefits	29,262,505	-	2,365,820	26,896,685
Client Living Cost	14,464	-	-	14,464
Consultation and professional fees	1,285,941	(2,663)	272,827	1,010,452
Travel - board and staff	3,278,158	(9,912)	96,686	3,171,559
<b>Consumable supplies:</b>				
Drugs	1,396,826	-	-	1,396,826
Food	276,819	(64,561)	639	211,618
Other	1,320,458	(493)	160,330	1,159,635
<b>Furniture and equipment:</b>				
Capital expenditures	938,181	(938,181)	-	-
Rental	226,465	-	42,404	184,061
Repair and maintenance	2,139,199	-	(866,440)	3,005,639
<b>Building:</b>				
Capital expenditures from general operation	10,906,874	(10,906,874)	-	-
Rental	629,402	-	13,886	615,516
Repair and maintenance	2,652,344	(6,019)	541,428	2,104,897
<b>Vehicles:</b>				
Capital expenditures	157,531	(157,531)	-	-
Rental	8,097	-	8,097	-
Repair and maintenance	363,248	-	55,473	307,775
<b>Contract with service agencies</b>	<b>44,644,379</b>	<b>-</b>	<b>155,480</b>	<b>44,488,898</b>
<b>Other:</b>				
Utilities, postage and telephone	2,566,261	-	355,781	2,210,480
Client transportation	51,758	-	188	51,571
Audit and legal fees	212,361	-	212,361	-
Insurance	736,606	-	712,632	23,974
Meetings	450	-	450	-
Transfer and storage	195,780	-	152,927	42,853
Dues and subscriptions	260,662	(179,552)	45,770	35,340
Payment on note principal	2,038,865	(2,038,865)	-	-
Interest charges	186,749	-	28,703	158,046
Laboratory expenses	248,587	-	205	248,382
Security expense	1,022,417	-	104,464	917,953
Miscellaneous	5,605,401.73	(67,737.54)	2,522,185.12	3,015,475.07
<b>Total expenditures</b>	<b>\$ 231,323,634</b>	<b>\$ (14,372,388)</b>	<b>\$ 20,191,169</b>	<b>\$ 196,760,072</b>
Equipment and vehicle depreciation	\$ 601,332	\$ -	\$ 286,099	\$ 315,233
Buildings and improvements depreciation	855,530	-	145,675	709,855
<b>Total</b>	<b>\$ 232,780,496</b>	<b>\$ (14,372,388)</b>	<b>\$ 20,622,943</b>	<b>\$ 197,785,160</b>
Indirect costs			\$ 20,622,943	
Direct costs			\$ 197,785,160	<b>10.43%</b>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**LOCAL SERVICE AREA POPULATION (UNAUDITED)  
August 31, 2015**

Population of local service areas for which the following centers are the local Mental Health and Mental Retardation Authority. (Source: Texas Department of State Health Services, Projected FY 2015)

<u>Center</u>	<u>Mental Health Population</u>	<u>Intellectual &amp; Developmental Disability Population</u>
ACCESS	115,524	115,524
Alamo Local Authority	-	1,917,932
Andrews Center	425,241	425,241
Austin-Travis County	1,170,977	1,170,977
Betty Hardwick (Abilene)	185,356	18,356
Bluebonnet Trails	948,931	948,931
Border Region	376,254	376,254
Brazos Valley	354,967	354,967
Burke Center	402,204	402,204
Camino Real	228,704	228,704
Center for Health Care Services	1,917,932	-
Center for Life Resources	102,842	102,842
Central Counties	499,573	499,573
Central Plains	97,500	97,500
Coastal Plains Center	234,129	234,129
Community Healthcore	476,909	476,909
Concho Valley	130,973	130,973
Dallas Metro Care Services	-	2,524,270
Denton County	817,359	817,359
El Paso	888,912	888,912
Gulf Bend	183,977	183,977
Gulf Coast Center	685,919	685,919
Harris County	4,551,437	4,551,437
Heart of Texas	368,873	368,873
Helen Farabee Center	319,128	319,128
Hill Country	677,277	677,277
Lakes Regional Center	168,442	889,689
LifePath Systems	-	986,904
Lubbock	339,397	339,397
NorthStar	4,065,421	-
Nueces County	361,555	361,555
Pecan Valley	449,089	449,089
Permian Basin	343,961	343,961
Spindletop	448,174	448,174
Tarrant County	1,991,639	1,991,639
Texana	942,624	942,624
Texas Panhandle	423,791	423,791
Texoma	204,951	204,951
Tri-County	724,433	724,433
Tropical Texas	1,390,077	1,390,077
West Texas	225,793	225,793
<b>Total</b>	<b>28,240,245</b>	<b>28,240,245</b>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**DEMOGRAPHIC STATISTICS (UNAUDITED)**

**LAST TEN CALENDAR YEARS**

<u>Calendar Year</u>	<u>Population (A)</u>	<u>Unemployment Rate (B)</u>	<u>Total Personal Income (C)</u>	<u>Per Capita Personal Income</u>
2005	3,693,050	5.4%	\$ 156,920,733,000	\$ 42,491
2006	3,886,207	4.0%	178,160,838,000	45,844
2007	3,935,855	4.2%	194,177,877,000	49,336
2008	3,984,349	5.5%	190,226,395,000	47,743
2009	4,070,989	8.1%	196,779,227,000	48,337
2010	4,092,459	8.3%	183,899,347,000	44,936
2011	4,178,574	7.2%	204,593,445,000	48,963
2012	4,253,700	6.0%	224,617,980,000	52,805
2013	4,336,853	5.5%	230,462,963,000	53,141
2014	4,441,370	4.0%	<b>(D)</b>	<b>(D)</b>

- (A) Source: Bureau of the Census
- (B) Source: Texas Workforce Commission
- (C) Source: Bureau of Economic Analysis
- (D) Unavailable

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**RATIO OF OUTSTANDING DEBT (UNAUDITED)  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Bonds Payable</b>	<b>Notes Payable</b>	<b>Capital Leases</b>	<b>Total Debt</b>	<b>Personal Income</b>	<b>Percentage of Personal Income</b>	<b>Debt per Capita</b>
2006	\$ -	\$ 7,167,231	\$ 84,388	\$ 7,251,619	\$ 160,710,955,000	0.0045%	1.94
2007	-	6,571,016	222,465	6,793,481	177,998,800,000	0.0038%	1.76
2008	-	5,940,236	-	5,940,236	194,177,877,000	0.0031%	1.52
2009	-	5,269,921	-	5,269,921	190,226,395,000	0.0028%	1.32
2010	-	4,560,701	-	4,560,701	196,779,227,000	0.0023%	1.12
2011	-	3,809,183	-	3,809,183	183,899,347,000	0.0021%	0.93
2012	-	3,012,954	-	3,012,954	204,593,445,000	0.0015%	0.72
2013	-	2,169,977	-	2,169,977	224,617,980,000	0.0010%	0.51
2014	-	8,369,816	-	8,369,816	230,462,963,000	0.0036%	1.93
2015	-	6,330,951	-	6,330,951	(A)	(A)	

Note: Details regarding the Agency's outstanding debt can be found in the notes to the financial statements. See Demographic Statistics schedule for personal income and population data. These ratios are calculated using the personal income and population for the prior year calendar year.

(A) Unavailable

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**PRINCIPAL CORPORATE EMPLOYERS IN THE CATCHMENT AREA (UNAUDITED)**

**CURRENT YEAR AND NINE YEARS AGO**

<b>Employer</b>	<b>2014</b>			<b>2005</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Memorial Hermann Health System	19,500	1	0.66%			
United Airlines	17,000	2	0.57%			0.00%
Exxon Mobil Corporation	13,191	3	0.44%			0.00%
Houston Methodist	13,000	4 (tie)	0.44%			
Shell Oil Company	13,000	4 (tie)	0.44%	11,674	2	0.48%
Kroger Company	12,000	5	0.40%			0.00%
National Oilwell Varco	10,000	6 (tie)	0.34%			
Schlumberger Limited	10,000	6 (tie)	0.34%			
BP America Inc.	9,537	7	0.32%			
Baylor College of Medicine	9,232	8	0.31%			0.00%
Chevron	9,000	9	0.30%			
ARAMARK Corporation	8,500	10	0.29%			
HalliburtonCompanies (former Brown & Root/Dresser)				11,965	1	0.50%
Continental Airlines				9,500	3	0.39%
HP (former Compaq)				8,500	4	0.35%
Pappas Restaurants, Inc.				8,000	5	0.33%
SBC (former Southwestern Bell Telephone)				6,343	6	0.26%
Centerpoint (former Houston Industries)				5,531	7	0.23%
HCA Gulf Coast (former Columbia HCA Gulf Coast)				5,008	8	0.21%
Conoco Phillips				4,521	9	0.19%
Baker Hughes				4,500	10	0.19%
	<u>143,960</u>			<u>75,542</u>		

\* Based on calendar year.

Source: Houston Business Journal, Business First Survey/Greater Houston Partnership/HBJ

Note: Total County employment for 2014 was an estimated 2,972,910 (based on prior year employment figures) and for 2005 was 2,412,284.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM (UNAUDITED)**

**LAST TEN FISCAL YEARS**

<b>Function/Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Adult Mental Health	554.22	515.05	474.61	534.16
IDD	417.83	422.90	441.08	471.16
Child and Adolescent	154.61	179.95	189.87	192.47
Crisis Center	198.74	201.90	240.93	277.05
Administration	174.35	185.75	194.36	202.86
<b>Total</b>	<b>1,499.75</b>	<b>1,505.55</b>	<b>1,540.85</b>	<b>1,677.70</b>

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
482.22	568.80	579.00	591.32	750.20	884.08
520.33	471.51	458.00	430.38	449.93	475.97
248.54	190.70	200.00	193.70	226.20	245.90
283.50	267.50	284.00	269.40	301.65	344.25
146.17	142.15	148.00	150.05	173.80	181.95
<b>1,680.76</b>	<b>1,640.66</b>	<b>1,669.00</b>	<b>1,634.85</b>	<b>1,901.78</b>	<b>2,132.15</b>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**OPERATING INDICATORS BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Admissions:</b>				
Mental Health	17,560	14,735	21,696	13,773
IDD	<u>5,308</u>	<u>5,956</u>	<u>6,626</u>	<u>9,777</u>
<b>Total admissions</b>	<u><u>22,868</u></u>	<u><u>20,691</u></u>	<u><u>28,322</u></u>	<u><u>23,550</u></u>
<b>Total clients served (unduplicated):</b>				
Mental Health	32,244	34,023	28,233	30,672
IDD	<u>9,341</u>	<u>9,870</u>	<u>11,973</u>	<u>14,348</u>
<b>Total clients served</b>	<u><u>41,585</u></u>	<u><u>43,893</u></u>	<u><u>40,206</u></u>	<u><u>45,020</u></u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
18,114	22,758	11,305	10,295	12,755	12,646
<u>14,116</u>	<u>9,551</u>	<u>2,241</u>	<u>1,951</u>	<u>2,329</u>	<u>2,272</u>
<u><u>32,230</u></u>	<u><u>32,309</u></u>	<u><u>13,546</u></u>	<u><u>12,246</u></u>	<u><u>15,084</u></u>	<u><u>14,918</u></u>
30,290	36,112	26,384	30,944	26,780	28,197
<u>17,836</u>	<u>16,631</u>	<u>17,185</u>	<u>15,019</u>	<u>17,715</u>	<u>18,222</u>
<u><u>48,126</u></u>	<u><u>52,743</u></u>	<u><u>43,569</u></u>	<u><u>45,963</u></u>	<u><u>44,495</u></u>	<u><u>46,419</u></u>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**GENERAL FUND REVENUE BY SOURCE OF FUNDS (UNAUDITED)  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Local Funds</b>	<b>State Funds</b>	<b>Federal Funds</b>	<b>Total</b>
2006	\$ 53,649,455	\$ 64,255,040	\$ 11,314,939	\$ 129,219,434
2007	52,180,624	71,348,608	14,275,329	137,804,561
2008	53,333,683	76,936,456	13,270,045	143,540,184
2009	57,888,002	83,161,961	15,740,531	156,790,494
2010	59,426,073	95,527,986	17,895,019	172,849,078
2011	62,937,932	94,597,104	11,915,483	169,450,519
2012	64,363,140	89,622,891	9,681,399	163,667,430
2013	67,052,301	94,319,225	13,159,316	174,530,842
2014	66,236,197	104,833,857	42,454,903	213,524,957
2015	70,714,740	102,911,444	45,887,191	219,513,375

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**GENERAL FUND EXPENDITURES BY CATEGORY( UNAUDITED)  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Mental Health</b>	<b>Intellectual &amp; Developmental Disabilities</b>	<b>Administration</b>	<b>Total</b>
2006	\$ 88,575,211	\$ 25,802,648	\$ 13,688,111	\$ 128,065,970
2007	92,448,978	27,600,507	13,701,178	133,750,663
2008	100,027,256	29,888,424	12,390,782	142,306,462
2009	100,759,324	32,486,993	17,105,508	150,351,825
2010	114,793,836	37,292,849	18,976,445	171,063,130
2011	111,906,905	37,819,392	18,055,619	167,781,916
2012	113,918,759	34,616,488	17,534,335	166,069,582
2013	120,985,289	34,821,433	17,432,945	173,239,667
2014	141,307,371	36,663,301	25,964,167	203,934,839
2015	160,659,800	37,534,988	33,128,846	231,323,634

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**CAPITAL ASSETS BY GOVERNMENTAL ACTIVITY (UNAUDITED)**

**Last Ten Fiscal Years**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Adult Mental Health</b>				
Land	\$ 1,874,313	\$ 1,774,221	\$ 1,774,221	\$ 1,774,221
Buildings and improvements	10,678,064	10,563,939	10,563,939	10,563,939
Equipment and furniture	2,006,922	1,990,410	1,996,762	1,995,971
Vehicles	397,904	272,914	152,654	152,654
<b>Total capital assets for Adult Mental Health</b>	<u>14,957,203</u>	<u>14,601,484</u>	<u>14,487,576</u>	<u>14,486,785</u>
<b>Intellectual &amp; Developmental Disabilities</b>				
Land	870,772	870,772	870,772	870,772
Buildings and improvements	4,781,827	4,781,827	4,781,827	4,781,827
Equipment and furniture	1,460,434	1,448,419	1,453,042	1,452,466
Vehicles	468,225	461,996	469,777	469,777
<b>Total capital assets for Mental Retardation</b>	<u>7,581,258</u>	<u>7,563,014</u>	<u>7,575,418</u>	<u>7,574,842</u>
<b>Child and Adolescent</b>				
Land	138,700	138,700	138,700	138,700
Buildings and improvements	2,496,099	2,496,099	2,496,099	2,496,099
Equipment and furniture	709,430	703,594	705,839	705,559
<b>Total capital assets for Child and Adolescent</b>	<u>3,344,229</u>	<u>3,338,393</u>	<u>3,340,638</u>	<u>3,340,358</u>
<b>Crisis Center</b>				
Land	-	-	-	-
Buildings and improvements	2,439,691	2,439,691	2,439,691	2,439,691
Equipment and furniture	525,703	521,378	548,908	573,344
Vehicles	186,867	258,863	395,747	468,553
<b>Total capital assets for Crisis Center</b>	<u>3,152,261</u>	<u>3,219,932</u>	<u>3,384,346</u>	<u>3,481,588</u>
<b>Administration</b>				
Land	531,068	531,068	531,068	436,250
Buildings and improvements	4,390,552	4,390,552	4,390,552	4,033,428
Equipment and furniture	2,002,900	1,986,422	1,992,763	1,991,973
Vehicles	54,395	54,395	175,819	171,925
Intangible Assets - Software	-	-	-	-
<b>Total capital assets for Administration</b>	<u>6,978,915</u>	<u>6,962,437</u>	<u>7,090,202</u>	<u>6,633,576</u>
<b>Total capital assets</b>	<u>\$ 36,013,866</u>	<u>\$ 35,685,260</u>	<u>\$ 35,878,180</u>	<u>\$ 35,517,149</u>

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$ 1,895,148	\$ 1,895,148	\$ 1,895,148	\$ 1,895,148	\$ 1,895,148	\$ 1,895,148
11,047,650	11,047,650	11,060,635	11,060,635	11,065,800	11,065,800
2,171,348	2,160,381	2,169,897	1,687,157	1,855,258	1,855,258
129,551	129,551	129,551	220,527	220,527	220,527
<u>15,243,697</u>	<u>15,232,730</u>	<u>15,255,231</u>	<u>14,863,467</u>	<u>15,036,733</u>	<u>15,036,733</u>
916,080	916,080	916,080	916,080	916,080	916,080
4,963,058	4,963,058	4,980,370	4,980,370	4,980,370	4,980,370
1,453,030	1,462,270	1,469,196	1,117,907	1,111,807	1,111,807
394,576	394,576	374,226	428,012	447,510	447,510
<u>7,726,744</u>	<u>7,735,984</u>	<u>7,739,872</u>	<u>7,442,369</u>	<u>7,455,767</u>	<u>7,455,767</u>
174,011	174,011	174,011	174,011	174,011	174,011
2,637,343	2,637,343	2,650,328	2,650,328	2,650,328	2,650,328
705,833	701,957	705,321	534,677	534,677	534,677
<u>3,517,187</u>	<u>3,513,311</u>	<u>3,529,660</u>	<u>3,359,016</u>	<u>3,359,016</u>	<u>3,359,016</u>
-	-	-	-	-	588,825
2,439,691	2,619,061	2,619,061	2,619,061	2,619,061	3,048,836
567,247	564,375	566,869	428,072	422,172	422,172
436,938	436,938	452,679	611,755	746,952	850,104
<u>3,443,876</u>	<u>3,620,374</u>	<u>3,638,609</u>	<u>3,658,888</u>	<u>3,788,185</u>	<u>4,909,937</u>
436,250	436,250	436,250	436,250	2,449,346	2,449,346
4,033,428	4,033,428	4,033,428	4,033,428	11,617,450	21,505,723
1,992,746	2,861,455	2,984,690	2,563,682	2,865,744	3,762,611
155,702	173,516	173,516	196,203	214,016	214,016
1,365,734	3,113,739	5,102,008	5,928,585	6,142,885	6,184,197
<u>7,983,860</u>	<u>10,618,388</u>	<u>12,729,892</u>	<u>13,158,148</u>	<u>23,289,441</u>	<u>34,115,893</u>
<u>\$ 37,915,364</u>	<u>\$ 40,720,787</u>	<u>\$ 42,893,264</u>	<u>\$ 42,481,888</u>	<u>\$ 52,929,142</u>	<u>\$ 64,877,346</u>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**RECONCILIATION OF TOTAL REVENUES TO FOURTH QUARTER FINANCIAL REPORT  
(UNAUDITED)  
FOR THE YEAR ENDED AUGUST 31, 2015**

	<b>Revenues</b>			
	<b>Per Center Report</b>	<b>Additions</b>	<b>Deletions</b>	<b>Per Audited Financial Statements</b>
<b>Local Revenues</b>				
Harris County	\$ 35,340,405	\$ -	\$ 183,182	(a) \$ 35,157,223
Patient Fees and Private Insurance	6,654,353	-	5,558,221	(b) 1,096,132
Medicare	974,697	-	-	974,697
Medicaid	19,781,989	5,558,221	(b) 886,178	(b) 24,454,032
ICF/ID, HCS, and Texas Home Living	5,581,555	-	-	5,581,555
Administrative Claiming	5,731,143	1,048	(a) 5,117,037	(b) 615,154
Investment Earnings	221,083	-	-	221,083
Miscellaneous	38,005,821	971,338	(a),(b) 36,362,295	(a),(b) 2,614,864
<b>Total Local Sources</b>	<b>112,291,046</b>	<b>6,530,607</b>	<b>48,106,913</b>	<b>70,714,740</b>
<b>State General Revenue</b>	97,430,595	581,952	773,058	(a) 97,239,489
<b>Other State Sources:</b>				
Early Childhood Intervention	4,177,690	-	2,682,839	(b) 1,494,851
Department of Assistive and Rehabilitative Services-Rehab	653,450	-	-	653,450
Texas Council on Offenders with Mental Impairments	3,077,654	-	-	3,077,654
Texas Department of Criminal Justice	446,000	-	-	446,000
<b>Total Other State Sources</b>	<b>8,354,794</b>	<b>-</b>	<b>2,682,839</b>	<b>5,671,955</b>
<b>Total State Revenue</b>	<b>105,785,389</b>	<b>581,952</b>	<b>3,455,897</b>	<b>102,911,444</b>
<b>Federal Sources:</b>				
Mental Health Block Grant	3,081,806	-	-	3,081,806
Mental Health Block Gran - Community Support Services	330,900	-	-	330,900
Social Services Block Grant - Title XX	641,614	-	-	641,614
TANF to Title XX Block Grant	1,499,691	-	-	1,499,691
MH Block PATH	-	1,101,021	(a) -	1,101,021
Early Childhood Intervention	-	3,075,730	(b) -	3,075,730
Delivery Service Reform Incentive	31,166,380	-	-	31,166,380
State Grants to Promote Health Information Technology	-	-	-	-
Administrative Claiming	-	4,724,146	(b) -	4,724,146
Leadership Education in Neurodevelopmental and Related Disorders	-	5,289	(b) -	5,289
SAMHSA - Partners at Independence Heights	2,929	-	-	2,929
Transitional Housing Program - Safe Havens	257,685	-	-	257,685
<b>Total Federal Sources</b>	<b>36,981,005</b>	<b>8,906,186</b>	<b>-</b>	<b>45,887,191</b>
<b>Total Revenue</b>	<b>\$ 255,057,440</b>	<b>\$ 16,018,745</b>	<b>\$ 51,562,810</b>	<b>\$ 219,513,375</b>

(a) Audit adjustment

(b) Revenue reclassification

(c) Rounding adjustment

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**RECONCILIATION OF TOTAL EXPENDITURES TO FOURTH QUARTER FINANCIAL REPORT  
(UNAUDITED)  
FOR THE YEAR ENDED AUGUST 31, 2015**

Object of Expenditure	Expenditures				Per Audited Financial Statements
	Per Center Report	Additions		Deletions	
Salaries	\$ 117,971,709	\$ 726,671	(a)	\$ 515	(b),(c) \$ 118,697,865
Employee Benefits	30,066,170	209,547	(a)	1,021,710	(a),(b) 29,254,007
Professional and Consultant Services	10,283,012	-		42,495	(b) 10,240,517
Training and Travel	3,273,194	5,210	(a),(b),(c)	243	(b) 3,278,161
Debt Service	2,225,614	1	(c)	-	2,225,615
Capital Outlay	8,941,629	3,149,404	(b)	88,450	(b) 12,002,583
Non-Capitalized Equipment	3,040,925	549,000	(a)	-	3,589,925
Pharmaceutical Expense					
(medication and script process)	1,370,866	6,906	(a)	-	1,377,772
Pharmaceutical Expense (PAP only)	23,457,286	574,309	(b)	24,031,595	(a) -
Other Operating Expense	53,859,930	224,975	(a),(b), (c)	3,427,716	(a),(b) 50,657,189
<b>Total Expenditures</b>	<b>\$ 254,490,335</b>	<b>\$ 5,446,023</b>		<b>\$ 28,612,724</b>	<b>\$ 231,323,634</b>

(a) Audit adjustment

(b) Expenditure reclassification

(c) Rounding adjustment

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**SUMMARY SCHEDULE OF MENTAL HEALTH ADULT, MENTAL HEALTH CHILDREN,  
AND INTELLECTUAL AND DEVELOPMENTAL DISABILITIES EXPENDITURES  
BY SERVICE CATEGORY AND SOURCE OF FUNDS (UNAUDITED)  
FOR THE YEAR ENDED AUGUST 31, 2015**

<b>Service Categories (by Funding Source)</b>	<b>Mental Health Adult</b>	<b>Mental Health Children</b>
General Revenue - Mental Health	\$ 42,674,021	\$ 8,245,299
General Revenue - Intellectual & Developmental Disabilities	-	-
General Revenue - Permanency Planning	-	-
New Generation Medications	6,512,151	731,619
Community Hospitals	29,693,696	-
HCS	-	-
ICF-MR	-	-
Texas Home Living Waiver	-	-
PATH	1,101,021	-
Title XX Social Services Block Grant	641,614	-
Mental Health Block Grant	2,265,141	816,665
Mental Health Block Grant - CSC	330,900	-
TANF to Title XX Block Grant	236,141	1,263,550
Medicaid	7,037,011	4,835,863
Medicaid Administrative Claiming	3,825,485	554,209
HUD - Supportive Housing - Safe Haven	257,685	-
Delivery System Reform Incentive	24,100,893	3,936,496
Leadership Education in Neurodevelopmental and Related Disorders	-	-
SAMHSA - Partners at Independence Heights	2,929	-
Texas Department of Criminal Justice	446,000	-
DARS-Autism	-	-
Early Childhood Intervention	-	-
Texas Council on Offenders with Mental Impairments	2,418,623	659,031
Required Local Match	5,267,956	925,180
Additional Local Funds	36,502,287	1,001,287
<b>Total Expended Sources</b>	<b>\$ 163,313,554</b>	<b>\$ 22,969,199</b>

<b>Intellectual &amp; Developmental Disabilities</b>	<b>Total</b>	<b>Approved Budget</b>	<b>Variance</b>
\$ -	\$ 50,919,320	\$ 51,987,961	\$ 1,068,641
9,277,200	9,277,200	9,277,208	8
105,504	105,504	105,504	-
-	7,243,770	7,206,188	(37,582)
-	29,693,696	29,693,696	-
2,127,674	2,127,674	2,859,171	731,497
1,773,511	1,773,511	1,682,034	(91,477)
1,680,370	1,680,370	2,199,017	518,647
-	1,101,021	1,134,817	33,796
-	641,614	389,374	(252,240)
-	3,081,806	3,081,806	-
-	330,900	467,764	136,864
-	1,499,691	1,499,692	1
12,581,158	24,454,032	23,355,542	(1,098,490)
1,352,498	5,732,192	5,870,205	138,013
	257,685	335,867	78,182
3,128,991	31,166,380	35,293,504	4,127,124
5,289	5,289	-	(5,289)
-	2,929	15,000	12,071
-	446,000	446,000	-
653,450	653,450	825,298	171,848
4,177,690	4,177,690	4,713,736	536,046
	3,077,654	2,948,172	(129,482)
1,076,543	7,269,679	7,269,678	(1)
7,101,003	44,604,577	84,850,170	40,245,593
<b>\$ 45,040,881</b>	<b>\$ 231,323,634</b>	<b>\$ 277,507,404</b>	<b>\$ 46,183,770</b>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**SCHEDULE OF REVENUES AND EXPENDITURES BY SOURCE OF FUNDS  
GENERAL FUND (UNAUDITED)  
FOR THE YEAR ENDED AUGUST 31, 2015**

<b>Fund Source</b>	<b>Total Revenue</b>	<b>Total Mental Health Adult Expenditures</b>
<b>Objects of Expense:</b>		
Salaries	\$ 118,697,865	\$ 78,274,508
Employee Benefits	29,254,007	18,633,239
Professional and Consultant Fees	10,240,517	5,897,764
Training and Travel	3,278,161	1,787,977
Debt Service	2,225,615	1,571,275
Capital Outlay	12,002,583	8,806,318
Non-capitalized Equipment	3,589,925	2,165,184
Pharmaceutical Expense (medication and script process)	1,377,772	1,357,031
Other Operating Expense	50,657,189	44,820,258
<b>Total Expenditures</b>	<b>\$ 231,323,634</b>	<b>\$ 163,313,554</b>
<b>Method of Finance:</b>		
General Revenue - Mental Health	\$ 51,069,520	\$ 42,674,021
General Revenue - Intellectual & Developmental Disabilities	9,277,200	-
General Revenue - Permanency Planning	105,504	-
New Generation Medications	7,243,770	6,512,151
Community Hospitals	29,693,696	29,693,696
HCS	2,127,674	-
ICF-MR	1,773,511	-
Texas Home Living Waiver	1,680,370	-
PATH	1,101,021	1,101,021
Title XX Social Services Block Grant	641,614	641,614
Mental Health Block Grant	3,081,806	2,265,141
Mental Health Block Grant - CSC	330,900	330,900
TANF to Title XX	1,499,691	236,141
Medicaid	24,454,032	7,037,011
Medicaid Administrative Claiming	5,732,192	3,825,485
HUD - Supportive Housing - Safe Haven	257,685	257,685
Delivery System Reform Incentive	31,166,380	24,100,893
Leadership Education in Neurodevelopmental and Related Disorders	5,289	-
SAMHSA - Partners at Independence Heights	2,929	2,929
Texas Department of Criminal Justice	446,000	446,000
DARS-Autism	653,450	-
Early Childhood Intervention	4,177,690	-
Texas Council on Offenders with Mental Impairments	3,077,654	2,418,623
Required Local Match	7,269,679	5,267,956
Additional Local Funds	32,794,318	36,502,287
<b>Total Expended Sources</b>	<b>\$ 219,663,575</b>	<b>\$ 163,313,554</b>

<b>Total Mental Health Children Expenditures</b>	<b>Total Intellectual &amp; Developmental Disabilities Expenditures</b>	<b>Total Center Expenditures</b>	<b>Excess Revenues Over Expenditures</b>
\$ 15,154,551	\$ 25,268,806	\$ 118,697,865	\$ -
3,695,736	6,925,032	29,254,007	-
69,092	4,273,661	10,240,517	-
422,716	1,067,468	3,278,161	-
220,992	433,348	2,225,615	-
1,088,254	2,108,011	12,002,583	-
502,842	921,899	3,589,925	-
1,151	19,590	1,377,772	-
1,813,865	4,023,066	50,657,189	-
<u>\$ 22,969,199</u>	<u>\$ 45,040,881</u>	<u>\$ 231,323,634</u>	<u>\$ -</u>
\$ 8,245,299	\$ -	\$ 50,919,320	\$ 150,200
-	9,277,200	9,277,200	-
-	105,504	105,504	-
731,619	-	7,243,770	-
-	-	29,693,696	-
-	2,127,674	2,127,674	-
-	1,773,511	1,773,511	-
-	1,680,370	1,680,370	-
-	-	1,101,021	-
-	-	641,614	-
816,665	-	3,081,806	-
-	-	330,900	-
1,263,550	-	1,499,691	-
4,835,863	12,581,158	24,454,032	-
554,209	1,352,498	5,732,192	-
-	-	257,685	-
3,936,496	3,128,991	31,166,380	-
-	5,289	5,289	-
-	-	2,929	-
-	-	446,000	-
-	653,450	653,450	-
-	4,177,690	4,177,690	-
659,031	-	3,077,654	-
925,180	1,076,543	7,269,679	-
1,001,287	7,101,003	44,604,577	(11,810,259)
<u>\$ 22,969,199</u>	<u>\$ 45,040,881</u>	<u>\$ 231,323,634</u>	<u>\$ (11,660,059)</u>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**SCHEDULE OF MENTAL HEALTH ADULT EXPENDITURES  
BY SERVICE CATEGORY AND SOURCE OF FUNDS (UNAUDITED)  
FOR THE YEAR ENDED AUGUST 31, 2015**

<b>Service Categories (by Funding Source)</b>	<b>New Generation Medications</b>	<b>Other Medications (Pills &amp; Injections)</b>	<b>Medication Related Services (EKG &amp; Labs)</b>	<b>Medicaid Type Services (Both Eligible and Ineligible)</b>	<b>Value Added Services</b>	<b>Screening &amp; Eligibility</b>
General Revenue - Mental Health	\$ -	\$ -	\$ 37,000	\$ 21,081,634	\$ -	\$ 2,071,453
New Generation Medications	173,400	1,014,767	-	5,323,984	-	-
Community Hospitals	-	-	-	-	-	-
PATH	-	-	-	-	-	-
Title XX Social Services Block Grant	-	-	-	389,364	-	-
Mental Health Block Grant	-	-	-	2,265,141	-	-
Mental Health Block Grant - CSC	-	-	-	330,900	-	-
TANF to Title XX Block Grant	-	-	-	236,141	-	-
Medicaid	-	-	-	5,724,308	-	-
Medicaid Administrative Claiming	-	-	-	2,421,336	-	-
HUD - Supportive Housing - Safe Haven	-	-	-	-	-	-
Delivery System Reform Incentive	-	-	-	15,410,160	-	-
SAMHSA - Partners at Independence Heights	-	-	-	-	-	-
Texas Department of Criminal Justice	-	-	4,460	423,700	8,920	8,920
Texas Council on Offenders with Mental Impairments	104,681	19,919	50,601	2,152,858	45,282	45,282
Required Local Match	-	-	1,448,497	-	-	17,760
Additional Local Funds	-	-	1,611,927	3,036,129	16,170	843,284
<b>Total Expended Sources</b>	<b>\$ 278,081</b>	<b>\$ 1,034,686</b>	<b>\$ 3,152,485</b>	<b>\$ 58,795,655</b>	<b>\$ 70,372</b>	<b>\$ 2,986,699</b>

<b>All Other Outpatient Services</b>	<b>Crisis Outpatient</b>	<b>Crisis, Transitional, and Intensive Ongoing Services - Residential Inpatient</b>	<b>Crisis, Transitional, and Intensive Ongoing Services - Outpatient</b>	<b>Crisis, Transitional, and Intensive Ongoing Services - Screening &amp; Eligibility</b>	<b>Crisis, Transitional, and Intensive Ongoing Services - Other</b>	<b>Community Hospital (Inpatient Only)</b>	<b>Other Services Non- Priority Population</b>	<b>Total</b>
\$ 1,128,086	\$ 1,044,300	\$ 1,284,975	\$ 8,913,834	\$ 3,292,765	\$ 419,974	\$ 3,400,000	\$ -	\$ 42,674,021
-	-	-	-	-	-	-	-	6,512,151
-	-	-	-	-	-	29,693,696	-	29,693,696
1,101,021	-	-	-	-	-	-	-	1,101,021
-	-	-	252,250	-	-	-	-	641,614
-	-	-	-	-	-	-	-	2,265,141
-	-	-	-	-	-	-	-	330,900
-	-	-	-	-	-	-	-	236,141
-	-	892,538	420,165	-	-	-	-	7,037,011
-	-	1,404,149	-	-	-	-	-	3,825,485
257,685	-	-	-	-	-	-	-	257,685
-	-	4,977,337	3,582,445	-	130,951	-	-	24,100,893
-	-	-	-	-	-	-	2,929	2,929
-	-	-	-	-	-	-	-	446,000
-	-	-	-	-	-	-	-	2,418,623
-	-	804,559	2,997,140	-	-	-	-	5,267,956
13,556,869	3,042,486	32,913	5,431,847	9,179	562,080	8,305,311	54,092	36,502,287
<b>\$ 16,043,661</b>	<b>\$ 4,086,786</b>	<b>\$ 9,396,471</b>	<b>\$ 21,597,681</b>	<b>\$ 3,301,944</b>	<b>\$ 1,113,005</b>	<b>\$ 41,399,007</b>	<b>\$ 57,021</b>	<b>\$ 163,313,554</b>

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**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**SCHEDULE OF MENTAL HEALTH CHILDREN EXPENDITURES  
BY SERVICE CATEGORY AND SOURCE OF FUNDS (UNAUDITED)  
FOR THE YEAR ENDED AUGUST 31, 2015**

<b>Service Categories (by Funding Source)</b>	<b>New Generation Medications</b>	<b>Other Medications (Pills &amp; Injections)</b>	<b>Medicaid Type Services (Both Eligible and Ineligible)</b>	<b>All Other Outpatient Services</b>	<b>Crisis Outpatient</b>	<b>Crisis Screening &amp; Eligibility</b>	<b>Other Services Non- Priority Population</b>	<b>Total</b>
General Revenue -								
Mental Health	\$ -	\$ -	\$ 5,314,044	\$2,654,444	\$ 274,881	\$ 1,930	\$ -	\$ 8,245,299
New Generation Medications	1,071	57,028	673,520	-	-	-	-	731,619
Mental Health Block Grant	-	-	816,665	-	-	-	-	816,665
TANF to Title XX Block Grant	-	-	1,263,550	-	-	-	-	1,263,550
Medicaid	-	-	4,835,863	-	-	-	-	4,835,863
Medicaid Administrative								
Claiming	-	-	554,209	-	-	-	-	554,209
Delivery System								
Reform Incentive	-	-	3,936,496	-	-	-	-	3,936,496
Texas Council on Offenders								
with Mental Impairments	-	-	659,031	-	-	-	-	659,031
Required Local Match	-	-	353,768	571,412	-	-	-	925,180
Additional Local Funds	-	-	735,265	49,873	212,854	1,319	1,976	1,001,287
<b>Total Expended Sources</b>	<b>\$ 1,071</b>	<b>\$ 57,028</b>	<b>\$ 19,142,411</b>	<b>\$3,275,729</b>	<b>\$ 487,735</b>	<b>\$ 3,249</b>	<b>\$ 1,976</b>	<b>\$ 22,969,199</b>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**SCHEDULE OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES  
EXPENDITURES BY SERVICE CATEGORY AND SOURCE OF FUNDS (UNAUDITED)  
FOR THE YEAR ENDED AUGUST 31, 2015**

<b>Service Categories (by Funding Source)</b>	<b>Assessment, Eligibility Determination</b>	<b>Service Coordination</b>	<b>Independent Living, Community Support</b>	<b>Respite</b>
General Revenue - Intellectual & Development Disabilities	\$ 1,579,277	\$ 4,668,299	\$ 347,138	\$ 1,749,082
General Revenue - Permanency Planning	105,504	-	-	-
HCS	-	-	68,086	-
ICF-MR	-	-	75,765	-
Texas Home Living Waiver	-	-	159,671	998,097
Medicaid	57,845	7,700,166	-	-
Medicaid Administrative Claiming	725,053	-	-	-
Delivery System Reform Incentive	50,166	855,672	887,496	150,240
Leadership Education in Neurodevelopmental/Related DARS-Autism	-	-	-	-
Early Childhood Intervention	-	-	-	-
Required Local Match	-	-	-	-
Additional Local Funds	228,991	1,559,671	410,581	81,188
<b>Total Expended Sources</b>	<b>\$ 2,746,836</b>	<b>\$ 14,783,808</b>	<b>\$ 1,948,737</b>	<b>\$ 2,978,607</b>

<b>Employment Assistance/ Supported Employment</b>	<b>Vocational Training</b>	<b>Day Habilitation</b>	<b>Specialized Therapies</b>	<b>ID Residential Services</b>	<b>Other Services Non-Priority Population</b>	<b>Total</b>
\$ 6,318	\$ -	\$ 235,666	\$ 691,420	\$ -	\$ -	\$ 9,277,200
-	-	-	-	-	-	105,504
-	-	202,299	138,856	1,718,433	-	2,127,674
-	-	96,721	153,479	1,447,546	-	1,773,511
22,033	-	319,263	181,306	-	-	1,680,370
-	-	-	245,034	-	4,578,113	12,581,158
-	-	-	-	-	627,445	1,352,498
315	260	29,895	1,154,947	-	-	3,128,991
-	-	-	-	-	5,289	5,289
-	-	-	-	-	653,450	653,450
-	-	-	-	-	4,177,690	4,177,690
-	-	-	1,076,543	-	-	1,076,543
758	19,519	586,101	299,396	1,362,929	2,551,869	7,101,003
<b>\$ 29,424</b>	<b>\$ 19,779</b>	<b>\$ 1,469,945</b>	<b>\$ 3,940,981</b>	<b>\$ 4,528,908</b>	<b>\$ 12,593,856</b>	<b>\$ 45,040,881</b>

# THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

## SCHEDULE OF LEASES IN EFFECT (UNAUDITED)

**FOR THE YEAR ENDED AUGUST 31, 2015**

Lessor	Address	Monthly Amount 2015	Beginning Date	Termination Date
City of Houston, Multiservice	4014 Market - Houston, TX	\$161	9/26/2014	4/26/2015
		\$161	5/27/2015	9/26/2015
City of Houston, Multiservice	7037 Capital, Suite 103	\$328	5/13/2014	5/13/2015
		\$298	5/13/2015	9/13/2015
City of Houston, Multiservice	170 Height Blvd.	\$372	10/26/2014	4/26/2015
		\$331	5/27/2015	9/26/2015
City of Houston, Multiservice	6719 West Montgomery	\$256	12/1/2014	8/31/2015
LAZ (MH Forensic, Jail-Platinum Parking)	800 N. San Jacinto - Houston, TX	\$3,938	9/1/2013	8/31/2015
Harris County Facilities & Property	5518 Jackson St. - Houston, TX	\$50/yr	5/1/2008	4/30/2018
Plazer Properties, Ltd.	3600 S. Gessner, Suite 110 - Houston, TX	\$19,197	9/1/2013	9/30/2015
Spring Branch District Plaza II	9610 Long Point, Suite 351 - Houston, TX	\$214	11/1/2011	10/31/2017
Ashford Houston Investments	1500 Dairy Ashford, Ste 448 - Houston, TX	\$873	2/1/2015	1/31/2017
Gillett Properties, Ltd.	7171 Hwy 6 N, Ste 206 - Houston, TX	\$876	6/1/2011	5/31/2017
Moana, LP (Oxley Leasing)	2550 North Loop West - Houston, TX	\$900	2/1/2012	8/31/2016
Golden Sharpstown, Inc. (parking)	7011 SW Frwy - Houston, TX	\$6,136	1/11/2011	12/31/2014
The Gathering Place	5310 South Willow - Houston, TX	\$650	9/1/2014	8/31/2015
Pasadena Cottages	2212 Wichita - Pasadena, TX	\$1,404	Month to month	Month to month
Southmore Management Group	817 Southmore - Pasadena, Tx	\$1,200	10/1/2013	9/30/2014
NPC	1502 Taub Loop	\$1/year	PP for 25 Year	2024
Harris County Jail	3540 West Dallas	Free	Month to month	Month to month

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**SCHEDULE OF LAND, BUILDINGS AND EQUIPMENT (UNAUDITED)**

**Year Ended August 31, 2015**

	<b>Assets</b>			
	<b>September 1, 2014</b>	<b>Additions</b>	<b>Retirements</b>	<b>August 31, 2015</b>
Land	\$ 5,434,585	\$ 588,825	\$ -	\$ 6,023,410
Buildings and improvements	32,933,009	10,318,048	-	43,251,057
Furniture and equipment	6,789,658	896,867	-	7,686,525
Vehicles	1,629,005	157,531	54,379	1,732,157
Intangible Assets - Software	6,142,885	41,312	-	6,184,197
	<u>\$ 52,929,142</u>	<u>\$ 12,002,583</u>	<u>\$ 54,379</u>	<u>\$ 64,877,346</u>

	<b>Accumulated Depreciation</b>			
	<b>September 1, 2014</b>	<b>Additions</b>	<b>Retirements</b>	<b>August 31, 2015</b>
Buildings and improvements	\$ 16,423,279	\$ 855,530	\$ -	\$ 17,278,809
Furniture and equipment	5,387,423	428,989	-	5,816,412
Vehicles	1,108,283	172,343	54,379	1,226,247
	<u>\$ 22,918,985</u>	<u>\$ 1,456,862</u>	<u>\$ 54,379</u>	<u>\$ 24,321,468</u>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**SCHEDULE OF INSURANCE COVERAGE (UNAUDITED)**

**August 31, 2015**

**Property Insurance**

Insurer: Texas Council Risk Management Fund

<b>Locations:</b>	<b>Policy Period</b>	<b>Insurance Amount</b>		
		<b>Building</b>	<b>Contents</b>	<b>Total</b>
2001 Cedar Bayou	9/1/2014-9/1/2015	\$ 1,079,001	\$ -	\$ 1,079,001
6125 Hillcroft	9/1/2014-9/1/2015	1,249,326	73,060	1,322,386
7200 N. Loop East	9/1/2014-9/1/2015	2,040,961	60,587	2,101,548
3737 Dacoma	9/1/2014-9/1/2015	4,290,315	550,770	4,841,085
11511 Bob White	9/1/2014-9/1/2015	224,102	141,538	365,640
526 Applewhite	9/1/2014-9/1/2015	194,938	21,324	216,262
2627 Caroline	9/1/2014-9/1/2015	3,301,843	390,806	3,692,649
1313 Dennis	9/1/2014-9/1/2015	149,158	6,060	155,218
3600/3630 West Dallas	9/1/2014-9/1/2015	4,890,474	260,350	5,150,824
1215 Dennis	9/1/2014-9/1/2015	1,035,390	11,197	1,046,587
1502 Ben Taub Loop	9/1/2014-9/1/2015	5,500	305,579	311,079
7011 Southwest Fwy.	9/1/2014-9/1/2015	15,832,281	2,471,763	18,304,044
7033 Southwest Fwy.	9/1/2014-9/1/2015	995,697	185,578	1,181,275
612A-E Branard	9/1/2014-9/1/2015	785,070	6,272	791,342
6607 Stonechase	9/1/2014-9/1/2015	174,240	-	174,240
6032 Airline Dr.	9/1/2014-9/1/2015	1,252,626	140,079	1,392,705
5518 Jackson	9/1/2014-9/1/2015	378,238	21,000	399,238
2800 S. McGregor	9/1/2014-9/1/2015	-	49,113	49,113
6603 Barbarella	9/1/2014-9/1/2015	236,596	23,660	260,256
5901 Long Dr.	9/1/2014-9/1/2015	4,608,128	689,374	5,297,502
5705 Warm Springs	9/1/2014-9/1/2015	266,989	15,858	282,847
6805 Oak Village Dr.	9/1/2014-9/1/2015	558,086	60,587	618,673
1200 Baker Street	9/1/2014-9/1/2015	-	70,138	70,138
9610 Long Point, Suite 351	9/1/2014-9/1/2015	-	2,812	2,812
1500 S. Dairy Ashford, Suite 448	9/1/2014-9/1/2015	-	5,250	5,250
817 Southmore Ave, Suite 150	9/1/2014-9/1/2015	-	10,000	10,000
9401 Southwest Fwy.	9/1/2014-9/1/2015	47,634,500	-	47,634,500

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**SCHEDULE OF INSURANCE COVERAGE (UNAUDITED) (Continued)**  
**August 31, 2015**

**Property**

Insurer:	Texas Council Risk Management Fund		
Policy Period:	09/01/14 - 09/01/15		
	Blanket Limit	\$	107,755,765
	Building Limit	\$	90,055,988
	BPP Limit	\$	5,572,755
	EDP Limit	\$	9,794,551
	Boiler/Machinery		Included
	Business Income	\$	1,000,000
	Sublimit	\$	1,000,000
	Fine Arts	\$	15,000
	Rented Mobile Equipment	\$	150,000
	Valuation		RCV
	Cause of Loss		Special
	Deductible except Named Storm Wind & Flood	\$	1,000
	Vacant Buildings		As scheduled
	Named Storm Wind Deductibles (TIV = Bldg + BPP + EDP )		
	Tier 1 Per Occurrence/Location T/V	\$	4,424,000
	Harris County Per Occurrence/Location T/V		3% TIV or \$100,000 minimum
	Tier 2 Per Occurrence/Location T/V	\$	1,000
	Flood - Aggregate Limit	\$	10,000,000
	High Risk Zone		No Coverage
	Other Locations other than 100 Year & other between 100 & 500 Year Flood Zones	\$	10,000,000
	Deductible	\$	1,000

**General Liability**

Insurer:	Texas Council Risk Management Fund		
Policy Period:	09/01/14 - 09/01/15		
	Combined Single Limit Per Occurrence	\$	1,000,000
	Deductible	\$	1,000

**Public Officials Errors and Omissions**

Insurer:	Texas Council Risk Management Fund		
Policy Period:	09/01/14 - 09/01/15		
	Claims Made		
	Limit per Claim	\$	1,000,000
	Annual Aggregate	\$	3,000,000
	Deductible	\$	10,000
	Retro Date 08/31/96		

**Employment Practices Liability**

Insurer:	Texas Council Risk Management Fund		
Policy Period:	09/01/14 - 09/01/15		
	Sublimit per Claim	\$	50,000
	Annual Aggregate	\$	100,000
	Deductible	\$	10,000
	Retro Date 08/28/89		
	Sublimit applicable to back wages, punitive damage, non-compliance		

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**SCHEDULE OF INSURANCE COVERAGE (UNAUDITED) (Continued)**  
**August 31, 2015**

**Professional Liability**

Insurer:	Texas Council Risk Management Fund		
Policy Period:	09/01/14 - 09/01/15		
	Claims Made		
	Limit per Claim	\$	1,000,000
	Annual Aggregate	\$	3,000,000
	Retro Date 08/28/89		

**Sexual Misconduct**

Insurer:	Texas Council Risk Management Fund		
Policy Period:	09/01/14 - 09/01/15		
	Sublimit per Claim	\$	100,000
	Annual Aggregate	\$	100,000
	Retro Date 08/28/89		

**Auto Liability**

Insurer:	Texas Council Risk Management Fund		
Policy Period:	09/01/14 - 09/01/15		
	Combined Single Limit	\$	1,000,000
	Scheduled and Hired Vehicles		
	PIP per Person Limit	\$	10,000
	Uninsured/Underinsured Motorists		
	Bodily Injury Per Person	\$	100,000
	Bodily Injury Per Occurrence	\$	300,000
	Property Damage	\$	100,000
	Liability Deductible	\$	1,000

**Auto Physical Damage**

			ACV
Insurer:	Texas Council Risk Management Fund		
Policy Period:	09/01/14 - 09/01/15		
	Scheduled and Hired Autos		On File
	Comprehensive Deductible	\$	500
	Collision Deductible	\$	1,000
	Hired Physical Dmg Maximum	\$	35,000
	Nonowned Physical Damage		Excess
	Comprehensive Deductible	\$	500
	Collision Deductible	\$	1,000
	Funeral Expenses	\$	5,000

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**SCHEDULE OF INSURANCE COVERAGE (UNAUDITED) (Continued)**  
**August 31, 2015**

**Excess Liability**

Insurer:	Texas Council Risk Management Fund		
Policy Period:	09/01/14 - 09/01/15		
	General Liability		
	Additional Limit of Liability		
	Retro: 08/31/03		1M xs 1M
	Retro: 11/24/08		1M xs 2M
	Retro: 11/24/08		1M xs 3M
	Retro: 11/24/08		1M xs 4M
	Public Officials E&O Liability		
	Additional Limit of Liability		
	Retro: 08/31/96		1M xs 1M
	Retro: 08/31/96		1M xs 2M
	Retro: 08/31/96		1M xs 3M
	Retro: 08/31/96		1M xs 4M
	Auto Liability		
	Additional Limit of Liability		
	Retro: 08/31/03		1M xs 1M
	Retro: 11/24/08		1M xs 2M
	Retro: 11/24/08		1M xs 3M
	Retro: 11/24/08		1M xs 4M
	Professional Liability		
	Additional Limit of Liability		
	Retro: 08/28/96		1M xs 1M
	Retro: 10/05/04		1M xs 2M
	Not included under Excess Liability		
	Sexual Misconduct		
	Employment Practices		

**Workers Compensation**

Insurer:	Texas Council Risk Management Fund		
Policy Period:	09/01/14 - 09/01/15		
	Workers Compensation		Statutory
	Named States		Texas
	Per Accident Deductible	\$	100,000
	Aggregate Limit	\$	300,000
	Volunteers		Yes
	Elected/Appointed Officials		Yes

**Flood Insurance**

Insurer:	Travelers Flood		
Policy Period:	11/01/14 - 11/01/15		
	1502 Taub Loop, Houston, TX		
	Contents	\$	Zone AE 181,200
	Cause of Loss	Flood	
	Valuation		ACV
	Deductible	\$	500

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**SCHEDULE OF INSURANCE COVERAGE (UNAUDITED) (Continued)**  
**August 31, 2015**

**Notary E&O**

Insurer:	Western Surety		
Policy Period:	11/18/14-11/18/15		
	Limit of Liability	\$	20,000
	95 Notaries (as of 02/12/14)		

**Fiduciary Liability**

Insurer:	Executive Risk Indemnity, Inc.		
Policy Period:	09/01/14 - 09/01/15		
	Claims Made - Prior Date 08/31/00		
	Limit of Liability Each Claim	\$	3,000,000
	Limit of Liability Each Policy Period	\$	3,000,000
	Retention	\$	25,000
	Defense within Limits of Liability		

**Crime**

			Per Locations Scheduled
Insurer:	Travelers Commercial		
Policy Period:	09/01/14 - 09/01/15		
	Public Employee Dishonesty Per Loss	\$	600,000
	5,000 Single Loss Retention		
	Forgery Alterations	\$	200,000
	Deductible	\$	2,500
	Money & Securities-On Premise	\$	25,000
	Deductible	\$	2,500
	Money & Securities-Messenger	\$	25,000
	Deductible	\$	2,500
	Computer Fraud	\$	3,000
	Deductible	\$	1,000
	Money Order & Counterfeit Currency	\$	3,000
	Deductible	\$	1,000
	Property of Clients (Theft by Employees)		Not Covered
	Deductible	\$	2,500
	Fund Transfer Fraud	\$	100,000
	Deductible	\$	5,000
	Claim Expense	\$	5,000

**Cybersecurity**

Insurer:	Chartis Insurance		
Policy Period:	04/24/15-04/24/16		
	Privacy Liability	\$	3,000,000
	Data Breach Fund	\$	250,000
	Network Security Liability	\$	3,000,000
	Internet Media Liability	\$	3,000,000
	Network Extortion	\$	3,000,000
	Retention	\$	25,000
	Retro Date		4/24/2012

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**SCHEDULE OF BOND COVERAGE (UNAUDITED)**

**August 31, 2015**

<u>Surety Company</u>	<u>Scope of Coverage</u>	<u>Amount</u>
Travelers Commercial 09/01/14 - 09/01/15	Commercial Crime Policy	
	Public Employee Dishonesty Per Loss 5,000 Single Loss Retention	\$ 600,000
	Forgery Alterations	\$ 200,000
	Deductible	\$ 2,500
	Money & Securities-On Premise	\$ 25,000
	Deductible	\$ 2,500
	Money & Securities-Messenger	\$ 25,000
	Deductible	\$ 2,500
	Computer Fraud	\$ 3,000
	Deductible	\$ 1,000
	Money Order & Counterfeit Currency	\$ 3,000
	Deductible	\$ 1,000
	Property of Clients (Theft by Employees)	Not Covered
	Deductible	\$ 2,500
	Funds Transfer Fraud	\$ 100,000
Deductible	\$ 5,000	
Claims Expense	\$ 5,000	
Western Surety 11/18/15- 11/18/16	Errors & Omissions - Notary	
	Limit of Liability (95 Notaries) as of 02/12/14	\$ 20,000

# THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

## SCHEDULE OF PROFESSIONAL AND CONSULTING FEES AND CONTRACTED PROVIDER SERVICES (UNAUDITED) FOR THE YEAR ENDED AUGUST 31, 2015

NAME	CITY	TYPE OF SERVICE	AMOUNT
Accountable Healthcare Staffing, Inc.	Boca Raton, FL	Speech Therapy Services	\$ 4,643
Agibi, Felicia	Houston, TX	Post-Doctoral Fellow	9,500
Akue, Cedric	Houston, TX	Respite Services	5,352
Alexander, Shelia	Houston, TX	Foster/Companion Care	5,669
Allday Dental Associates	Houston, TX	Dental Services	2,896
Anderson, Enedina	Houston, TX	Foster/Companion Care	10,687
Angelo, Charlotte	Houston, TX	Foster/Companion Care	10,015
ARC of Greater Houston	Houston, TX	Vocational and Employment Training	220,451
Aurora Grants & Consulting, LLC	Houston, TX	Grant Writing Services	13,785
Avondale House	Houston, TX	Day Habilitation and Behavioral Therapy Services	233,193
Baig, Mahera F.	Houston, TX	Foster/Companion Care	9,974
Bairfield, Doris	Houston, TX	Foster/Companion Care	10,789
Baldwin, Johnnie L.	Houston, TX	Foster/Companion Care	25,241
Bay Area Recovery Center	Dickinson, TX	Substance Abuse Treatment	182,313
Bay Area Rehabilitation Center	Baytown, TX	Day Habilitation and Vocational Services	9,627
Baylor College of Medicine	Houston, TX	Residency Program Training	8,535
Baylor College of Medicine/Family Community Medicine	Houston, TX	Medical Consultations/EKG Services	106,570
Baytown Opportunity Center	Baytown, TX	Day Habilitation	14,646
Bell, Sharon	Houston, TX	Foster/Companion Care	4,476
Bella Dental	Houston, TX	Dental Services	1,230
Bob, Brenda	Houston, TX	Foster/Companion Care	3,685
Bocard, Elvida	Houston, TX	Foster/Companion Care	9,354
Bolden, Sandra	Houston, TX	Foster/Companion Care	11,247
Bowers, Shangralara L.	Houston, TX	Foster/Companion Care	6,259
Boyd-Goudeau, Ellen	Houston, TX	Foster/Companion Care	10,789
Briggs & Veselka Co.	Houston, TX	Quality Assurance and Improvement Program	5,500
Broussard, Gwendolyn	Houston, TX	Foster/Companion Care	10,124
Brown, Andrea	Houston, TX	Foster/Companion Care	10,789
Brown, Glenda Lee	Houston, TX	Foster/Companion Care	10,473
Burns-Watts, Vanessa	Houston, TX	Foster/Companion Care	10,789
Busbee, Maria Alicia	LaPorte, TX	Foster/Companion Care	8,409
Button's Inventory Service, Inc.	Houston, TX	Pharmacy Inventory Service	32,806
Calhoun, Haley	Humble, TX	Social Work Student Intern	2,000
Cervantes, Hector	Humble, TX	Respite Services	3,168
Chen, George Cherng-Ren	Houston, TX	Foster/Companion Care	10,277
Cheyenne Center	Houston, TX	Housing/Transition Services	184,193
Coalfire Systems, Inc.	Dallas, TX	HITRUST Baseline Assessment	89,650
Coalition for the Homeless	Houston, TX	Advocacy Services	34,358
Coleman, Billie	Houston, TX	Foster/Companion Care	8,031
Communication Axxess Ability Group	Houston, TX	Interpreting Services	17,815
Cook, Karen	Baytown, TX	Foster/Companion Care	10,789
Cortez, Tywana	Houston, TX	Foster/Companion Care	9,779
CTRL Delivery & Transportation, Inc.	Houston, TX	Transportation Services	18,225
Cullison, Frederick B.	Houston, TX	Foster/Companion Care	10,178
Data Shredding Services of Texas	Houston, TX	Document Destruction	38,897
Davis, Freddie, D.D.S.	Houston, TX	Dental Services	1,050

# THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

## SCHEDULE OF PROFESSIONAL AND CONSULTING FEES AND CONTRACTED PROVIDER SERVICES (UNAUDITED) FOR THE YEAR ENDED AUGUST 31, 2015

NAME	CITY	TYPE OF SERVICE	AMOUNT
Davis, Patsy Ann	Houston, TX	Foster/Companion Care	7,133
Dean's Professional Services	Houston, TX	Temporary Staffing - Psychiatric Technicians	2,998
Denny, Janice	Humble, TX	Foster/Companion Care	4,063
Developmental Day Habilitation	Houston, TX	Day Habilitation	15,748
Directions of Recovery, Inc.	Houston, TX	Co-Occurring Disorders Services	262,313
Discovery Benefits, Inc.	Fargo, ND	Employee Benefits Administration	36,701
Easter Seals of Greater Houston, Inc.	Bellaire, TX	Respite Services	1,980,291
Elite Personnel Consultants	Houston, TX	Temporary Staffing	688,257
Elliot, Saddle	Houston, TX	Foster/Companion Care	10,789
Emotion Technology, LLC	Austin, TX	Social Media Consulting	5,000
Falcon, Nicholas	Houston, TX	Foster/Companion Care	20,804
Forward Edge, Inc.	Pasadena, TX	Pre-employment Testing	76,090
Garcia, Alicia A.	Houston, TX	Foster/Companion Care	10,789
Gearing, Robin, Ph.D.	Houston, TX	Consultative Services	22,341
Grant, Diana	Houston, TX	Foster/Companion Care	11,247
Haggerty, Sedalia	Baytown, TX	Foster/Companion Care	20,100
Haltmar, Warren, Sr.	Houston, TX	Foster/Companion Care	10,961
Harris County Department of Education	Houston, TX	Speech Therapy Services	72,795
Harris County Psychiatric Center	Houston, TX	Competency Evaluation and Restoration	5,198,416
Harris Health System	Houston, TX	Nutrition Services	47,727
Haygood, Brandi	Houston, TX	Foster/Companion Care	3,685
Healthcare for the Homeless	Houston, TX	Crisis/Peer Support Services	58,332
Healthcare for the Homeless	Houston, TX	Behavioral Health Services - Jail Diversion	921,324
Henderson, Cheryl Denise	Houston, TX	Foster/Companion Care	2,409
Henry, Carolyn D.	Houston, TX	Foster/Companion Care	20,100
Hillsman, Candace	Houston, TX	Foster/Companion Care	15,083
Hodson, Julie Kay	Houston, TX	Grant Writing Services	7,500
Hope Village	Houston, TX	Day Habilitation	3,044
Jackson & Coker Locum Tenens	Alpharetta, GA	Temporary Staffing - Psychiatrists	110,593
Joel Elijah Adult Care, Inc.	Houston, TX	Day Habilitation	15,505
Johnson, Rebecca	Highlands, TX	Foster/Companion Care	4,736
K & K Best Care EMS	Bellaire, Texas	EMS Transportation	5,688
Kantor, Michele	Houston, TX	Foster/Companion Care	9,415
Kathuria, Aruna	Spring, TX	Foster/Companion Care	10,015
Kent, Loretta	Katy, TX	Foster/Companion Care	13,146
KES Care Learning & Developmental Center	Houston, TX	Day Habilitation	5,315
Knight, Felecia	Houston, TX	Foster/Companion Care	10,015
Krum, Ella Mae	Crosby, TX	Foster/Companion Care	10,789
Lac Hong Adult Day Care Center	Houston, TX	Day Habilitation	1,908
Language Line Services	Monterrey, CA	Interpreting Services	268,291
Laureles, Eusebio, Jr.	Houston, TX	Foster/Companion Care	10,015
Laval, Ramon, Ph.D.	Houston, TX	Psychologist	78,650
Lewis, Joseph	Houston, TX	Foster/Companion Care	10,789
Livingmind Project, Inc.	Houston, TX	Day Habilitation	6,578
Locum Tenens.Com, LLC	Alpharett, GA	Temporary Staffing - Psychiatrists	40,129
Lone Star Veterans Association	Houston, TX	Peer to Peer Counseling	103,574

# THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

## SCHEDULE OF PROFESSIONAL AND CONSULTING FEES AND CONTRACTED PROVIDER SERVICES (UNAUDITED) FOR THE YEAR ENDED AUGUST 31, 2015

NAME	CITY	TYPE OF SERVICE	AMOUNT
Longoria, Jose	Houston, TX	Foster/Companion Care	10,789
Longoria, Jose	Houston, TX	Foster/Companion Care	1,000
Lynch, Laura	Houston, TX	Respite Services	4,580
Malbrough, Lela	Houston, TX	Foster/Companion Care	10,015
Mann, Thomas H., Ph.D.	Richmond, TX	Psychologist	10,744
Marion Montgomery, Inc.	Houston, TX	Branding Project Management	55,800
Martinez, Rosibel	Houston, TX	Foster/Companion Care	10,251
Masterword Services, Inc.	Houston, TX	Interpreting Services	428,781
Mayberry, Mable Austin	Houston, TX	Foster/Companion Care	8,976
Mayer, Margaret	Houston, TX	Social Work Student Intern	2,000
McCaleb, Shirley	Houston, TX	Foster/Companion Care	10,015
McDonald, Bobbie	Houston, TX	Foster/Companion Care	10,298
Meeks, Michele	Houston, TX	Social Work Student Intern	1,000
Mental Health America of Greater Houston	Houston, TX	Oversight of Peer-to-Peer Counseling	96,000
Meyerland Family Dentistry PC	Houston, TX	Dental Services	1,922
MHMR Brazos Valley	Bryan, TX	Mental Health First Aid Training	102,400
Mitchell, Christelene M.	Houston, TX	Foster/Companion Care	10,789
Montemayor, Noemi	Crosby, TX	Foster/Companion Care	10,015
Moore, Betty	Houston, TX	Foster/Companion Care	9,259
Moore, Esther M.	Houston, TX	Foster/Companion Care & Respite Services	4,580
Morales, Laura	Houston, TX	Speech/Language Pathologist	44,699
Morgan & Associates Dental	Houston, TX	Dental Services	18,673
Muhammad, Sherriel Ann	Missouri City, TX	Foster/Companion Care	10,015
Naftis, Mathew, D.D.S.	Houston, TX	Dental Services	1,160
National Council for Community Behavioral Healthcare	Washington D.C.	Mental Health First Aid Training	31,500
Nguyen, Beson	Houston, TX	Foster/Companion Care	9,262
Nightingale Adult Day Center	Houston, TX	Interpreting Services	40,728
Nixon Adult Day Center	Houston, TX	Day Habilitation	170,741
Odyssey Adult Day Care, Inc.	Houston, TX	Day Habilitation	4,717
Pace Opportunity Center, Inc.	Houston, TX	Day Habilitation	9,255
Parker Place Property Owners Association	Houston, TX	Respite Services	19,260
Passages, Inc.	Houston, TX	Co-Occurring Disorders Services	100,436
Pathway to Serenity	Houston, TX	Housing/Transition Services	241,253
Pattillo Brown & Hill, LLP	Waco, TX	Audit Services	134,000
PDG Architects	Houston, TX	Architectural Services	365,175
Phantastic Dental Place	Pasadena, TX	Dental Services	1,820
Phantastic Family Dental Center	Pasadena, TX	Dental Services	1,900
Piney Point OMFS, PA	Houston, TX	Dental Services	1,000
Polk, Cynthia	Houston, TX	Respite Services	4,300
Pre-Check, Inc.	Houston, TX	Pre-employment Testing	48,846
Pringle, Sherry, D.D.S.	Houston, TX	Dental Services	1,591
Prosumers International	San Antonio, TX	Peer Support Training Services	15,629
Reach Unlimited, Inc.	Houston, TX	Supported Home Living	24,522
Rhodes, Vickie	Houston, TX	Foster/Companion Care	3,416
Richardson, Harry	Houston, TX	Foster/Companion Care	10,789
Ridgway, Alma Garza	Houston, TX	Foster/Companion Care	10,789

# THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

## SCHEDULE OF PROFESSIONAL AND CONSULTING FEES AND CONTRACTED PROVIDER SERVICES (UNAUDITED) FOR THE YEAR ENDED AUGUST 31, 2015

NAME	CITY	TYPE OF SERVICE	AMOUNT
Rivera, Stella	Houston, TX	Foster/Companion Care	10,015
Rivers, Sherry	Houston, TX	Foster/Companion Care	10,789
Rives, Patty	Baton Rouge, LA	Safe Talk Trainer	2,400
Rosette, Jessie	Houston, TX	Foster/Companion Care	11,247
Ross, Sandra	Houston, TX	Foster/Companion Care	9,771
Royal Dental	Houston, TX	Dental Services	1,000
Santa Maria Hostel, Inc.	Houston, TX	Substance Abuse Treatment	43,376
Sanzone, Lisa	Houston, TX	Foster/Companion Care	6,209
Scott, Saralyn	Houston, TX	Speech Therapy Services	15,041
Shepherd, Lisa Gayle	Houston, TX	Foster/Companion Care	10,015
Sherman, Sharon	Houston, TX	Foster/Companion Care	9,401
Singleton, Shelia	Houston, TX	Foster/Companion Care	9,401
Solorzano, Maria	Houston, TX	Foster/Companion Care	8,244
Special Texas Homes, Inc.	Houston, TX	Day Habilitation and Respite Services	1,581
Spitler, Nancy	Houston, TX	Foster/Companion Care	8,361
Stericycle, Inc.	Lake Forest, IL	Hazardous Waste Disposal	3,354
Sue Davis Communications	Houston, TX	Public Relations Consulting	2,663
Summit Dental Center	Houston, TX	Dental Services	1,320
Sunnyside Dental	Houston, TX	Dental Services	2,420
Taylor, Valor	Houston, TX	Foster/Companion Care	14,668
Texas Medical Center Hospital Laundry Co-op	Houston, TX	Linen Service	59,532
The Center	Houston, TX	Services	85,745
The Council on Alcohol and Drugs	Houston, TX	Services	2,638,188
The Healthy Lunch Box	Houston, TX	Consumer Food Service	49,821
Thompson, Barbara	Houston, TX	Foster/Companion Care	8,361
Thompson, Steve, D.D.S.	Spring, TX	Dental Services	5,000
Thornton, Jackie	Houston, TX	Foster/Companion Care	10,789
Tri-County MHMR	Conroe, TX	Day Habilitation	1,294
Triwest Group, LLC	Boulder, CO	Review of Records System	4,000
Turning Point Center	Houston, TX	Housing/Transition Services	15,055
U. S. Healthworks	Houston, TX	Employee Drug Screening	4,545
Ultra Staff	Houston, TX	Temporary Staffing - Nursing	47,648
United States Veterans Initiative	Houston, TX	Peer to Peer Counseling	97,900
University of Houston-Clear Lake	Houston, TX	Behavioral Therapy Services	218,924
University of Texas Health Science Center	Houston, TX	Contract Psychiatrists	263,469
University of Texas Health Science Center	Houston, TX	Psychiatric Residents	47,369
Villarreal, Hilda	Houston, TX	Foster/Companion Care	8,503
Visionality	Richardson, TX	Audio Visual Design Services	13,000
Volunteers of America TX, Inc.	Eules, TX	Substance Abuse Treatment	124,326
Walker, Credjun	Stafford, TX	Respite Services	4,323
Walker, Isreal L.	Houston, TX	Respite Services	2,775
Walker, Tres	Houston, TX	Respite Services	6,669
Westchase Dental	Houston, TX	Dental Services	14,215
White, Leasia Shunta	Tomball, TX	Foster/Companion Care	20,100
Williams, June	Cypress, TX	Foster/Companion Care	10,015
Williams, Regina	Houston, TX	Foster/Companion Care	2,901

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**SCHEDULE OF PROFESSIONAL AND CONSULTING FEES  
AND CONTRACTED PROVIDER SERVICES (UNAUDITED)  
FOR THE YEAR ENDED AUGUST 31, 2015**

<b>NAME</b>	<b>CITY</b>	<b>TYPE OF SERVICE</b>	<b>AMOUNT</b>
Williams-Potts, Marcia	Houston, TX	Foster/Companion Care	3,969
Wolridge, Paula	Houston, TX	Foster/Companion Care	20,100
X-Ray X-Press	Houston, TX	X-Ray Services	15,573
Zimac Care Center	Houston, TX	Day Habilitation and Respite Services	3,806

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**SCHEDULE OF LEGAL SERVICES (UNAUDITED)  
Year Ended August 31, 2015**

<b>Name</b>	<b>City</b>	<b>Type of Service</b>	<b>Amount</b>
Fulbright & Jaworski, L.L.P	Houston, TX	Employee benefits and general representation	\$ 19,424
Richard Hightower, P.C.	Houston, TX	Board training	3,575
Rogers, Morris & Grover, L.L.P.	Houston, TX	Employment and general representation	38,747
The Feldman Firm, P.C.	Houston, TX	Employment and general representation	57,457
Charles B. Wolfe	Houston, TX	Real estate representation	7,158

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**SINGLE AUDIT SECTION**

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PATILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
The Harris Center for Mental  
Health and IDD

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The Harris Center for Mental Health and IDD (the "Center"), as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated January 26, 2016. Our report includes a reference to other auditors who audited the financial statements of Pasadena Cottages, Inc., Pecan Village, Inc., Villas at Bayou Park, Inc., Pear Grove, Inc., and Acres Homes Gardens, Inc., as described in our report on the Center's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all the deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas  
January 26, 2016



P A T T I L L O , B R O W N & H I L L , L . L . P .  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR**

To the Board of Trustees  
The Harris Center for Mental  
Health and IDD

**Report on Compliance for Each Major Federal and State Program**

We have audited the compliance of The Harris Center for Mental Health and IDD (the "Center") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers (21<sup>st</sup> Revision)* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the Center's major federal and state programs for the year ended August 31, 2015. The Center's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

## ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Center's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers (21<sup>st</sup> Revision)* and the *State of Texas Single Audit Circular*. Those standards, OMB Circular A-133, the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers (21<sup>st</sup> Revision)* and the *State of Texas Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Center's compliance.

## ***Opinion on Each Major Federal and State Program***

In our opinion, Mental Health and Mental Retardation Authority of Harris County complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2015.

## **Report on Internal Control over Compliance**

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers (21<sup>st</sup> Revision)* and the *State of Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that

there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers (21<sup>st</sup> Revision)* and the *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas  
January 26, 2016

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**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended August 31, 2015**

Program Title	Federal CFDA #	Contract #	Federal Expenditures
Federal Awards:			
U.S. Department of Housing and Urban Development:			
Transitional Housing Program-Safe Havens	14.235	TX0191L6E001306 and TX0191L6E001407	\$ 257,685
Total U.S. Dept. of Housing and Urban Development			<u>257,685</u>
U.S. Department of Education:			
Passed-through Texas Department of Assistive and Rehabilitative Services (DARS):			
Special Education Grants for Infants and Families with Disabilities (IDEA, Part C)	84.181	5382001541	1,630,573
Special Education Grants to States (IDEA, Part B)	84.027	5382001541	<u>229,347</u>
Total Passed-through Texas Department of Assistive and Rehabilitative Services (DARS)			<u>1,859,920</u>
Total U.S. Department of Education			<u>1,859,920</u>
U.S. Dept. of Health and Human Services:			
Passed-through Texas Department of State Health Services:			
Mental Health Block Grant	93.958	--	3,081,806
Mental Health Block Grant (CSC)	93.958	2015-047388	<u>330,900</u>
Subtotal			<u>3,412,706</u>
Social Services Block Grant (Title XX)	93.667	--	641,614
TANF Transfer to Title XX Block Grant	93.667	--	<u>1,499,691</u>
Subtotal			<u>2,141,305</u>
MH Block Homeless PATH Grant	93.150	2015-046541	<u>1,101,021</u>
Total Passed-through Texas Department of State Health Services			<u>6,655,032</u>
Passed -through Service of Emergency Aid Resource Center:			
SAMHSA-Partners at Independence Heights	93.243	1H795SM059193-01	2,929
Passed-through Health and Human Services Commission:			
Delivery System Reform Incentive Payments (DSRIP)	93.778		31,166,380
Medicaid Administrative Claiming Program	93.778		<u>4,724,146</u>
Total Passed-through Health and Human Services Commission			<u>35,890,526</u>
Passed-through the University of Texas Health Science Center at Houston:			
Leadership Education in Neurodevelopmental and Related Disorders Training Program	93.110	1T73MC22236-04	5,289
Passed-through Texas Department of Assistive and Rehabilitative Services (DARS):			
Temporary Assistance for Needy Families (TANF)	93.558	5382001541	822,919
Medicaid Administrative Claiming Program	93.778	5382001541	<u>392,891</u>
Total Passed-through Texas Department of Assistive and Rehabilitative Services (DARS)			<u>1,215,810</u>
Total U.S. Department of Health and Human Services			<u>43,769,586</u>
Total Expenditures of Federal Awards			<u>\$ 45,887,191</u>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)**  
**Year Ended August 31, 2015**

Program Title	Contract #	State Expenditures
State Awards:		
Texas Department of State Health Services:		
General Revenue--Mental Health	2015-046605	\$ 50,919,320
General Revenue--Psychiatric Hospitals	2015-046605	29,693,696
General Revenue--Atypical Antipsychotic Drugs	2015-046605	<u>7,243,769</u>
Total Texas Department of State Health Services		<u>87,856,785</u>
Texas Department of Aging and Disability Services:		
General Revenue--Mental Retardation	539-12-0143-00001	9,277,200
General Revenue--Permanency Planning	539-12-0143-00001	<u>105,504</u>
Total Texas Department of Aging and Disability Services		<u>9,382,704</u>
Texas Department of Assistive and Rehabilitative Services (DARS):		
Early Childhood Intervention (State only)	5382001541	1,494,851
Services to Children with Autism	5382001408	<u>653,450</u>
Total Texas Department of Assistive and Rehabilitative Services (DARS)		<u>2,148,301</u>
Texas Council on Offenders with Mental Impairments:		
Juvenile Offenders	696-TC-14-15-LO12	659,031
Adult Offenders	696-TC-14-15-LO12	<u>2,418,623</u>
Total Texas Council on Offenders with Mental Impairments		<u>3,077,654</u>
Texas Department of Criminal Justice:		
Parole--MH Offenders Program	696-TC-14-15-LO12	246,000
Substance Abuse-- MH Offenders Program	696-TC-14-15-LO12	<u>200,000</u>
Total Texas Department of Criminal Justice		<u>446,000</u>
Total Expenditures of State Awards		<u>102,911,444</u>
Total Expenditures of Federal and State Awards		<u><u>\$ 148,798,635</u></u>

**The accompanying notes are an integral part of this schedule.**

# THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

AUGUST 31, 2015

### **Note 1 – General**

The Schedule of Expenditures of Federal and State Awards presents the activity of all applicable state and federal awards of The Harris Center for Mental Health and IDD (the “Center”) for the year ended August 31, 2015. The Center's reporting entity is defined in Note 1 of the basic financial statements. Federal and state financial awards received directly from federal and state agencies, as well as federal financial awards passed through other governmental agencies, are included on the Schedule of Expenditures of Federal and State Awards.

### **Note 2 – Basis of Accounting**

The Schedule of Expenditures of Federal and State Awards is prepared on the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and the *State of Texas Single Audit Circular*. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

### **Note 3 – State Financial Assistance Guidelines**

State financial assistance is subject to the Texas Health and Human Services Commission’s *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers (21st Revision)*. Such guidelines are consistent with those required under the Single Audit Act, OMB Circular A-133 and *Government Auditing Standards*, issued by the Comptroller General of the United States.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

**Summary of Auditors' Results**

**Financial Statements:**

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

**Federal and State Awards:**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) 2-7 of OMB Circular A-133 or the <i>State of Texas Single Audit Circular</i> ?	No

Identification of major programs:

Federal:

U.S. Department of Education:  
    Special Education Grants to State (IDEA, Part B), CFDA # 84.027  
    Special Education Grants for Infants and Families with Disabilities (IDEA, Part C), CFDA # 84.181

U.S. Department of Health and Human Services:  
    Medical Assistance Program, CFDA # 93.778:  
        Delivery System Reform Incentive Payments (DSRIP)  
        Medicaid Administrative Claiming

State:

Texas Department of Assistive and Rehabilitative Services:  
    Early Childhood Intervention

Texas Department of State Health Services:  
    General Revenue:  
        Mental Health  
        Psychiatric Hospitals  
        Atypical Antipsychotic Drugs

Texas Department of Aging and Disability Services:  
    General Revenue:  
        Mental Retardation  
        Permanency Planning

Dollar threshold used to distinguish between type A and type B federal programs	\$1,376,616
Dollar threshold used to distinguish between type A and type B state programs	\$3,000,000
Auditee qualified as low risk auditee?	Yes

**Financial Statement Findings**

None

**Federal and State Award Findings and Questioned Costs**

None