



Transforming Lives

(A COMPONENT UNIT OF HARRIS COUNTY, TEXAS)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For Fiscal Years Ended
August 31, 2019 and 2018**

Wayne Young, MBA, LPC, FACHE
Chief Executive Officer

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THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

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THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

Listing of Officials

August 31, 2019

Board of Trustees

Jon R. Keeney	Chairperson
Lois J. Moore, BSN, MED, LHD, FACHE	Vice Chairperson
George Santos, MD	Vice Chairperson
Shaukat Zakaria	Secretary
Bonnie C. Hellums, MED, LMFT, LCDC, AAC, JD	Member
Wesley P. Hunt	Member
James Lykes	Member
Gerald W. Womack	Member

Executive Staff

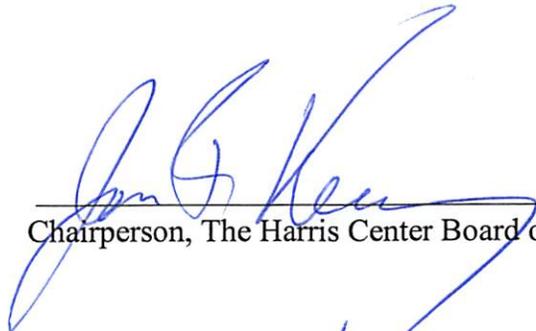
Wayne Young, MBA, LPC, FACHE Chief Executive Officer	Deborah Sweat, RN Chief Nursing Officer
Sean Kim, MBA, CPA Chief Administrative Officer/ Chief Financial Officer	Daryl K. Knox, MD, DLFAPA Chief Medical Officer
Keena Pace, LCSW Chief Operating Officer	Mustafa Cochinwala Chief Information Officer
Kendra Thomas, JD, LPC-S Chief General Counsel	Scott Rule, MBA, JD Chief Business Officer

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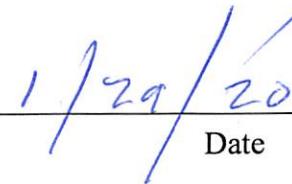
**THE HARRIS CENTER
FOR MENTAL HEALTH AND IDD**

CERTIFICATE OF BOARD APPROVAL

I, Jon R. Keeney, Chairperson of the Board of Trustees of The Harris Center for Mental Health and IDD, do hereby certify that this accompanying audit report for the Fiscal Year 2019 from Pattillo, Brown & Hill, L.L.P., was reviewed and approved at a meeting of the Board of Trustees held on the 29th day of January, 2020.



Chairperson, The Harris Center Board of Trustees



Date

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Transforming Lives

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

January 29, 2020

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, 2019. 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: Texas Health and Human Services Commission, Harris County, 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 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the *State of Texas Single Audit Circular*. Information related to this single audit includes the Schedule of Expenditures of Federal and State Awards, Schedule of Findings and Questioned Costs, and the auditor's reports on the internal control structure and compliance with applicable laws and regulations and the auditor's report on the internal control structure and compliance of major programs.

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, 2019 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, 2019 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 an agency of the State government 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), now consolidated with the Texas Health and Human Services Commission, 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, 2019, 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 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 Statement. For financial reporting purposes, and in conformance with generally accepted accounting principles, The Harris Center for Mental Health and IDD is included as a component unit under the general purpose financial statements 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 Chief Executive Officer and Chief Financial and Administrative Officer prepare a proposed budget for the fiscal year after consultation with division deputies and department heads and according to instructions of Texas Health and Human Services Commission (formerly DSHS and 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 the Texas HHSC for approval. After reviewing the budget, Texas HHSC either approves or directs 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 was completed in FY 2018.

For Fiscal Year 2019, The Harris Center for Mental Health and IDD had a contract with each of these two state agencies, HHSC/DSHS, a state Agency created pursuant to Texas Health and Safety Code (THSC), Chapter 1001, and HHSC/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 34 service location throughout Harris County and the surrounding area, 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 is 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 nearly of \$22 million in Fiscal Year 2019. The Agency 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

Fiscal Year 2020, being the first year of the State legislative biennium, allocation from the Texas HHSC has increased by \$1.6 M.

In 2019, Harris County added \$1 M to their allocation to the Center. This addition took effect during the start of the County's fiscal year which is March 1, 2019.

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). Medicaid Waiver 1115 is slated to end on September 30, 2021. During the interim, funding will be reduced each Fiscal Year. For the Center's Fiscal Year 2020, Medicaid Waiver 1115 funding will be reduced by 6% or \$3 M and in Fiscal Year 2021 an additional 20% or \$5.5 M.

As stated earlier, the Center is very reliant on the pharmaceutical companies' Patient Assistance Program for the delivery of required medications to its clients. Regrettably, the patents of many of these drugs are expiring soon and these medications will turn generic. It is therefore possible that when this happens, the pharmaceutical companies will discontinue the availability of these drugs under the program and the Center will have to purchase drugs for the use of its clients, as required under its performance contract with HHSC/DSHS. The Center is utilizing other sources for donated medications, but the majority still comes from the manufacturers. Again, PAP and sample drugs account for nearly \$22 M of cost per year.

Long-term Financial Planning

The Center has a number of projected major capital outlays in the foreseeable future. However, its funding agencies do not allocate funds for capital expenditures, and the Center has to eke out funds from operations or reserves to finance these much needed expenses. To this end therefore, each year, after the excess of revenues 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.

Acknowledgements

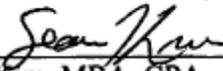
This report could not have been prepared without the exceptional dedication and professional competence of the Center's Financial Services Department. We express our appreciation to the staff of said department for their invaluable contribution to this effort.

We also recognize our Vice Presidents and their management teams and the 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, as well as the quality and effectiveness of the services and assistance provided to and for our consumers and their families. These reflect their deep commitment to this community, especially to those who are mentally and developmentally impaired.

Respectfully submitted,


Wayne Young, MBA, LPC, FACHE
Chief Executive Officer


Sean Kim, MBA, CPA
Chief Financial and Administrative
Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**The Harris Center
for Mental Health and IDD
Texas**

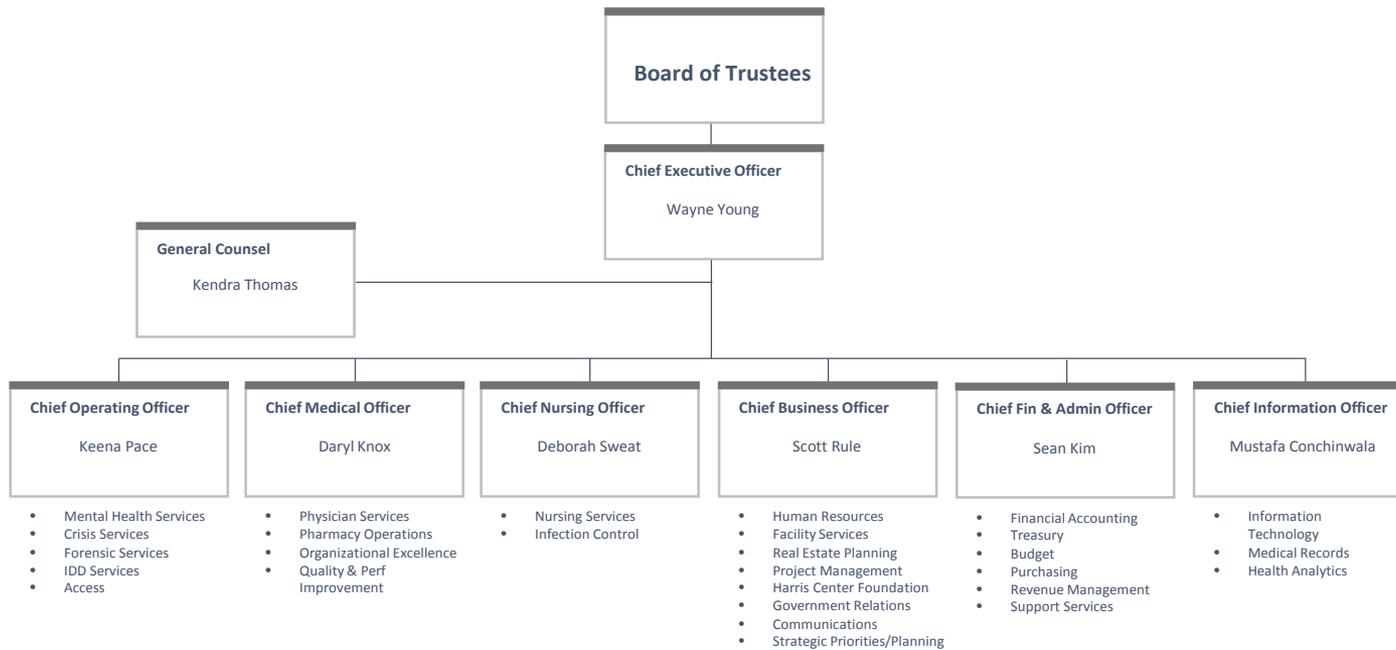
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2018

Christopher P. Morrill

Executive Director/CEO

Organizational Chart



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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, 2019 (May 31, 2019 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 87 percent, 85 percent, and 93 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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, 2019, 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, 2018, 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 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* 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 28, 2020, 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.

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

Waco, Texas
January 28, 2020

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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, 2019. 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 2019 by \$115,799,365 (net position). Of this amount, \$90,318,395 (unrestricted net position) may be used to meet the Center's ongoing obligations.
- The Center's total net position (government-wide) increased by \$19,878,766 during the year.
- The Center's governmental funds increased by \$24,049,543 resulting in an ending fund balance of \$96,004,977 after a prior period adjustment of \$4,055,546.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$57,684,629 or 23% 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 14-20.

Proprietary Fund. The Center maintained an internal service fund (proprietary fund) to account for certain self-insurance activities. That fund was closed in 2019 and the assets were transferred to the General Fund. The internal service fund financial statements can be found on pages 21-23.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of consumers or employees. 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 24 of this report.

Discretely Presented Component Units. The accompanying financial statements present the Center and its component units, entities for which the Center is considered to be financially accountable. The Center's six discretely presented component units are reported in one combined column in the Center's Statement of Net Position on page 11 to emphasize that they are legally separate from the Center. Combining government-wide financial statements are presented for the Center's six discretely presented component units on pages 25-28 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 29 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’s Uniform Guidance 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 \$115,799,365 at the close of the fiscal year.

The largest portion of the Center’s net position (78%) represents the unrestricted financial resources available for future operations. This compares to last fiscal year’s unrestricted financial resources at 73%.

Another 22% reflects its investment in capital assets such as land, buildings, vehicles and electronic equipment, 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, 2019, with comparative figures for FY 2018:

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

	Governmental Activities	
	2019	2018
Current and other assets	\$ 122,032,555	\$ 105,252,807
Non-current assets	27,118,112	30,201,808
Total assets	<u>149,150,667</u>	<u>135,454,615</u>
Current liabilities	27,369,007	28,371,478
Long-term liabilities outstanding	5,982,295	7,106,992
Total liabilities	<u>33,351,302</u>	<u>35,478,470</u>
Net position:		
Net investment in capital assets	25,480,970	27,473,237
Unrestricted	90,318,395	72,502,908
Total net position	<u>\$ 115,799,365</u>	<u>\$ 99,976,145</u>

The increase in net position was primarily due to revenues from Waiver 1115 DSRIP projects exceeding related expenses and a gain on the sale of capital assets.

Governmental Activities

Revenues for the Center's governmental activities were \$267,576,306 while total expenses were \$247,697,540. The change in net position of governmental activities was \$19,878,766. The following table reflects a comparison of the governmental activities between FY 2019 and FY 2018:

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

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
REVENUES		
Program revenues:		
Charges for services:		
Intellectual and Developmental Disabilities	\$ 20,004,135	\$ 20,397,087
Mental Health Adult	21,370,559	24,727,385
Mental Health Child and Adolescents	10,641,505	10,620,437
Crisis Center	4,064,573	3,737,440
Total charges for services	<u>56,080,772</u>	<u>59,482,349</u>
Operating grants and contributions:		
Intellectual and Developmental Disabilities	20,348,294	22,255,150
Mental Health Adult	75,745,827	73,946,212
Mental Health Child and Adolescents	13,395,375	9,763,025
Crisis Center	37,715,590	38,252,241
Community Hospital	30,800,495	30,800,496
Total operating grants and contributions	<u>178,005,581</u>	<u>175,017,124</u>
General revenues:		
Payment from Harris County	20,500,000	18,874,878
Investment earnings	2,084,663	936,214
Other income	154,083	277,879
Gain from sale of capital assets	10,751,207	3,604,408
Total general revenues	<u>33,489,953</u>	<u>23,693,379</u>
Total revenues	<u>267,576,306</u>	<u>258,192,852</u>
EXPENSES		
General administration	25,346,733	22,320,076
Intellectual and Developmental Disabilities	35,685,945	34,078,769
Mental Health Adult	82,351,413	86,228,564
Mental Health Child and Adolescents	22,637,285	21,912,641
Crisis Center	47,068,991	38,288,043
Community Hospital	34,546,935	34,215,576
Interest on long-term debt	60,238	78,698
Total expenses	<u>247,697,540</u>	<u>237,122,367</u>
CHANGE IN NET POSITION	19,878,766	21,070,484
NET POSITION BEGINNING	99,976,145	78,905,661
Prior period adjustment	(4,055,546)	-
NET POSITION ENDING	<u>\$ 115,799,365</u>	<u>\$ 99,976,145</u>

CHANGES IN NET POSITION

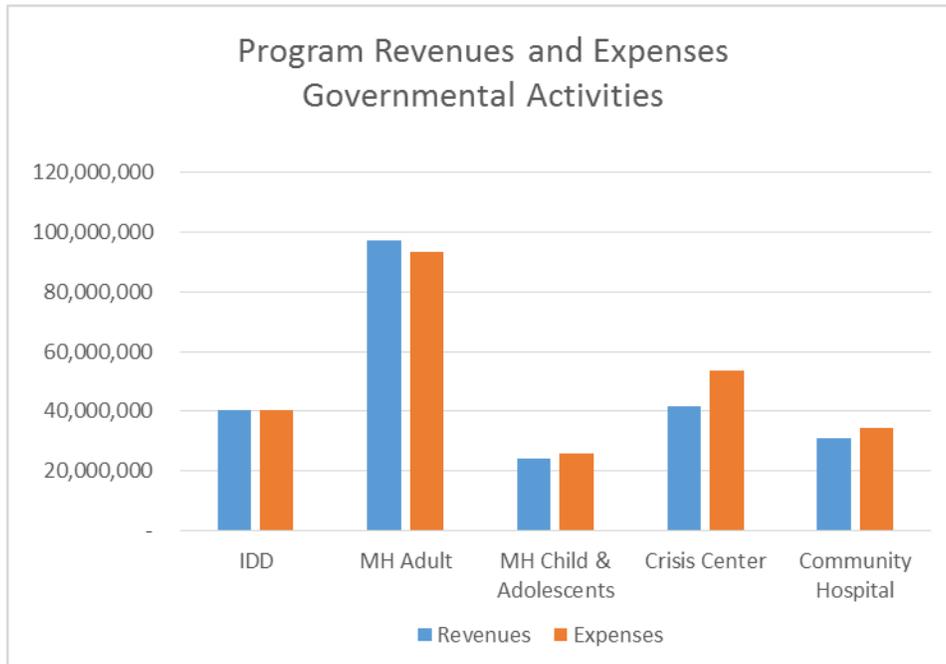
Total revenues increased between FY 2018 and FY 2019 mainly due to the increase in funding from HHSC/DSHS for the Mental Health Adult and Crisis programs, as well as additional funding from HHSC/DARS for the ECI program. Funding from Harris County also added about \$1.2M to revenues.

Expenses slightly increased due to expanded services provided in the Mental Health Adult program.

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 unrestricted grants and contributions and unrestricted investment earnings.

	Net Cost of Services
Intellectual and Developmental Disabilities	\$ (151,374)
Mental Health Adult	3,646,943
Mental Health Child and Adolescents	(1,656,600)
Crisis Center	(11,643,478)
Community Hospital	(3,746,440)
Interest on long-term debt	(60,238)
Total	\$ (13,611,187)

The following chart depicts the major sources of revenues and expenses by function:



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 primary 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 \$96,004,977. A large portion of this, or 60%, 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. Assigned and unassigned fund balance totals \$95,149,511 and represents 39% of total General Fund expenditures or the equivalent of 142 days.

An analysis of significant balances follows:

- Compared to the previous year, State grants and programs for FY 2019 increased by \$3,838,719, primarily as a result of an increase in funding from HHSC/DSHS of \$3,208,541.
- Federal funds decreased by \$3,282,602 compared to the prior year as a result of the wrap up of the Hurricane Harvey Disaster Assistance program.
- The Harris County allocation increased by \$3,690,271.
- In FY 2019, local billings decreased by \$3,849,944 and investment earnings also increased by \$1,180,375.

GENERAL FUND BUDGETARY HIGHLIGHTS

A number of amendments were made to the original budget during the year. The major amendments include the decrease in projected State General revenues of \$2,635,868, an increase in County revenues of \$3,373,946, and an increase in Local Billings of \$856,867. Ultimately, the revenue from the State general revenue and grants came in lower than the revised budget resulting in a negative variance of \$722,336. Delivery System Reform Incentive Payments exceeded budget by \$15,345,051; County funds and grants came in at \$40,065,808 or \$1,858,043 unfavorable to budget. Local Billings totaled \$31,459,424 or \$2,304,561 below budget. Patient Assistance Program revenues were \$21,924,343 or under budget by \$2,773,101 as a result of lower cost medications being donated to the Center.

On expenditures, personnel costs were slightly below budget at \$177,298,666, or \$73,352 under budget. The budget for contracts with service agencies and professional fees were increased by \$6,612,338 in anticipation of the new Electronic Health Record software system implementation, but actual figures totaled \$48,403,623, or \$5,733,091 below budget, as this project was delayed. The repairs and maintenance budget was increased by \$3,882,959, but actual costs were only slightly above the original budget at \$6,533,329 as projects were deferred.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Center's investment in capital assets as of August 2019, amounts to \$27,118,112 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and vehicles.

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 2019	Fiscal Year 2018	Increase (Decrease)
Land	\$ 5,028,114	\$ 5,229,661	\$ (201,547)
Buildings & improvement	20,600,611	23,122,062	(2,521,451)
Furniture & equipment	1,247,438	1,495,064	(247,626)
Vehicles	241,949	355,021	(113,072)
Total capital assets	<u>\$ 27,118,112</u>	<u>\$ 30,201,808</u>	<u>\$ (3,083,696)</u>

Additional information on the Center's capital assets can be found in Note 5 of the basic financial statements.

Long-term debt. At the end of the fiscal year, the Center had total outstanding long-term debt of \$7,323,724. A more extensive discussion about long-term debt is provided in the Notes to the Basic Financial Statements: Note 6 - 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 and Administrative Officer, The Harris Center for Mental Health and IDD, Texas, P.O. Box 25381, Houston, Texas 77265-5381.

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THE HARRIS CENTER FOR MENTAL HEALTH AND IDD
STATEMENT OF NET POSITION
August 31, 2019 and 2018

	<u>2019</u>		<u>2018</u>	
	<u>Primary Government- Governmental Activities</u>	<u>Component Units</u>	<u>Primary Government- Governmental Activities</u>	<u>Component Units</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 5,498,872	\$ 892,074	\$ 2,922,577	\$ 945,805
Investments	70,685,641	-	82,238,695	-
Investments - restricted	2,263,196	-	-	-
Accounts receivable, net	42,729,380	34,969	19,203,709	23,626
Inventories	257,786	-	235,526	-
Deposits	3,290	-	3,290	-
Prepaid expenses	594,390	10,301	649,010	17,512
Other assets	-	12,472	-	16,768
Total current assets	<u>122,032,555</u>	<u>949,816</u>	<u>105,252,807</u>	<u>1,003,711</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	361,959	-	353,127
Land	5,028,114	-	5,229,661	-
All other capital assets, net	22,089,998	5,168,027	24,972,147	5,308,291
Total noncurrent assets	<u>27,118,112</u>	<u>5,529,986</u>	<u>30,201,808</u>	<u>5,661,418</u>
Total assets	<u>\$ 149,150,667</u>	<u>\$ 6,479,802</u>	<u>\$ 135,454,615</u>	<u>\$ 6,665,129</u>
Liabilities				
Current liabilities:				
Accounts payable	\$ 3,773,582	\$ 657,272	\$ 6,026,367	\$ 613,631
Accrued liabilities	9,188,638	15,780	6,461,358	14,280
Unearned revenue	13,065,358	-	14,542,324	-
Current portion of long-term obligations	1,341,429	60,394	1,341,429	58,965
Total current liabilities	<u>27,369,007</u>	<u>733,446</u>	<u>28,371,478</u>	<u>686,876</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	5,982,295	378,953	7,106,992	395,615
Total liabilities	<u>33,351,302</u>	<u>1,112,399</u>	<u>35,478,470</u>	<u>1,082,491</u>
Net Position:				
Net investment in capital assets	25,480,970	4,728,680	27,473,237	4,853,711
Unrestricted	90,318,395	638,723	72,502,908	728,927
Total net position	<u>115,799,365</u>	<u>5,367,403</u>	<u>99,976,145</u>	<u>5,582,638</u>
Total liabilities and net position	<u>\$ 149,150,667</u>	<u>\$ 6,479,802</u>	<u>\$ 135,454,615</u>	<u>\$ 6,665,129</u>

The accompanying notes are an integral part of this statement.

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THE HARRIS CENTER FOR MENTAL HEALTH AND IDD
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2019

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
Primary government:						
Governmental activities:						
General administration	\$ 25,346,733	\$ (25,346,733)	\$ -	\$ -	\$ -	\$ -
Adult Mental Health	82,351,413	11,118,030	21,370,559	75,745,827	3,646,943	-
Intellectual & Developmental Disabilities	35,685,945	4,817,858	20,004,135	20,348,294	(151,374)	-
Child and Adolescent	22,637,285	3,056,195	10,641,505	13,395,375	(1,656,600)	-
Crisis Center	47,068,991	6,354,650	4,064,573	37,715,590	(11,643,478)	-
Community Hospital (payment to HCPC)	34,546,935	-	-	30,800,495	(3,746,440)	-
Interest on long-term debt	60,238	-	-	-	(60,238)	-
Total governmental activities	\$ 247,697,540	\$ -	\$ 56,080,772	\$ 178,005,581	\$ (13,611,187)	\$ -
Component units:						
HUD Programs	\$ 686,845		\$ 459,913	\$ -		\$ (226,932)
Fund raising activities	22,824		-	14,954		(7,870)
Total component units	\$ 709,669		\$ 459,913	\$ 14,954		\$ (234,802)
General revenues:						
Payment from Harris County					\$ 20,500,000	\$ -
Investment earnings					2,084,663	19,959
Other					154,083	-
Gain on disposal of capital assets					10,751,207	-
Total general revenues					33,489,953	19,959
Change in net position					19,878,766	(214,843)
Net position - beginning					99,976,145	5,582,638
Prior period adjustment					(4,055,546)	(392)
Net position - ending					\$ 115,799,365	\$ 5,367,403

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, 2018

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
Primary government:						
Governmental activities:						
General Administration	\$ 22,320,076	\$ (22,320,076)	\$ -	\$ -	\$ -	\$ -
Adult Mental Health	86,228,564	10,662,285	24,727,385	73,946,212	1,782,749	-
Intellectual & Developmental Disabilities	34,078,769	4,213,889	20,397,087	22,255,150	4,359,578	-
Child and Adolescent	21,912,641	2,709,530	10,620,437	9,763,025	(4,238,709)	-
Crisis Center	38,288,043	4,734,372	3,737,440	38,252,241	(1,032,735)	-
Community Hospital (payment to HCPC)	34,215,576	-	-	30,800,496	(3,415,080)	-
Interest on long-term debt	78,698	-	-	-	(78,698)	-
Total governmental activities	\$ 237,122,367	\$ -	\$ 59,482,349	\$ 175,017,124	\$ (2,622,895)	\$ -
Component units:						
HUD Programs	\$ 706,614		\$ 449,842	\$ -		\$ (256,772)
Fund raising activities	471,899		-	461,260		(10,639)
Total component units	\$ 1,178,513		\$ 449,842	\$ 461,260		\$ (267,411)
General revenues:						
Payment from Harris County					\$ 18,874,878	\$ -
Investment earnings					936,214	7,002
Other					277,879	-
Gain on disposal of capital assets					3,604,408	-
Total general revenues					23,693,379	7,002
Change in net position					21,070,484	(260,409)
Net position - beginning					78,905,661	5,843,047
Net position - ending					\$ 99,976,145	\$ 5,582,638

The accompanying notes are an integral part of this statement.

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD
BALANCE SHEET
GOVERNMENTAL FUND
August 31, 2019 and 2018

	General Fund	
	2019	2018
Assets		
Cash and cash equivalents	\$ 5,498,872	\$ 2,922,577
Investments	72,948,837	80,026,917
Accounts receivable (net of allowance for uncollectible)	2,117,218	2,288,886
Receivables from other governments	34,490,551	11,061,050
Other receivables	6,121,611	5,853,773
Inventories	257,786	235,526
Deposits	3,290	3,290
Prepaid items	594,390	649,010
Total assets	\$ 122,032,555	\$ 103,041,029
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 3,773,582	\$ 6,026,367
Accrued liabilities	9,188,638	6,461,358
Unearned revenue	13,065,358	14,542,324
Total liabilities	26,027,578	27,030,049
Fund balances:		
Nonspendable:		
Inventories	257,786	235,526
Prepaid items	594,390	649,010
Deposits	3,290	3,290
Assigned:		
Delivery System Reform Incentive Projects	27,420,497	14,226,265
Infrastructure development	121,846	121,846
Self-insurance	2,263,196	2,000,000
Debt repayment	1,637,140	2,728,571
Compensated absences	5,686,582	5,719,850
Other purposes	335,621	374,890
Unassigned	57,684,629	49,951,732
Total fund balances	96,004,977	76,010,980
Total liabilities and fund balances	\$ 122,032,555	\$ 103,041,029

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 FUND
TO THE STATEMENT OF NET POSITION - GOVERNMENTAL FUND
August 31, 2019 and 2018**

	2019	2018
Total Fund Balance	\$ 96,004,977	\$ 76,010,980
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>An internal service fund is used by management to charge the costs of certain self-insurance activities to the general fund.</p>	-	2,211,778
<p>Capital assets used in governmental activities are not financial resources and therefore not reported in the fund.</p>	27,118,112	30,201,808
<p>Long-term liabilities, current and long-term, are not due and payable with current financial resources and therefore, are not reported in the fund.</p>	(7,323,724)	(8,448,421)
Net position of governmental activities	\$ 115,799,365	\$ 99,976,145

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 FUND

For the Years Ended August 31, 2019 and 2018

	General Fund	
	2019	2018
Revenues		
State grants & programs	\$ 113,228,586	\$ 109,389,867
Federal grants	66,212,036	69,494,638
Harris County allocation	40,065,808	36,375,537
Local billings	31,459,424	35,309,368
Investment earnings	2,033,244	904,288
Miscellaneous	3,774,583	3,082,818
Total revenues	256,773,681	254,556,516
Expenditures		
Current:		
Adult mental health	82,351,413	85,614,151
Intellectual & Developmental Disabilities	35,685,945	33,710,989
Child and adolescent	22,637,285	21,732,601
Crisis center	47,068,991	37,897,881
Community hospital (payment to HCPC)	34,546,935	34,215,576
General administration	23,322,527	23,926,772
Debt service:		
Principal	1,091,429	1,091,429
Interest and other charges	60,238	78,698
Total expenditures	246,764,763	238,268,097
Excess of revenues over expenditures	10,008,918	16,288,419
Other Financing Sources		
Transfers in	2,263,196	-
Sale of capital assets	11,777,429	5,761,945
Total other financing sources	14,040,625	5,761,945
Net change in fund balance	24,049,543	22,050,364
Fund balances - beginning	76,010,980	53,960,616
Prior period adjustment	(4,055,546)	-
Fund balances - ending	\$ 96,004,977	\$ 76,010,980

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, 2019 and 2018

	2019	2018
Net change in fund balance - total governmental fund	\$ 24,049,543	\$ 22,050,364
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.	(2,057,474)	(917,991)
In the statement of activities, net book value of equipment and vehicles written off is recorded as expenses, whereas this is not reported in the governmental fund. Thus, the change in net position differs from the change in fund balance by the net book value of the equipment and vehicles written off.	(1,026,222)	(2,157,537)
Income generated from the internal service fund is reported in governmental activities.	(2,211,778)	31,927
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.	1,091,429	1,091,429
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 change in accrued compensated absences in the government-wide financial statements during the current fiscal year.	33,268	972,292
Change in net position of governmental activities	\$ 19,878,766	\$ 21,070,484

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, 2019

	<u>Budget</u>		<u>Actual</u> <u>(Budgetary basis)</u>	<u>Variance</u> <u>Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
State Program Revenues				
General revenue	\$ 110,501,111	\$ 107,865,243	\$ 107,785,258	\$ (79,985)
Early Childhood Intervention	1,671,748	1,671,748	1,679,158	7,410
Services to Children with Autism	544,500	544,500	408,084	(136,416)
Texas Council on Offenders with Mental Impairments	3,387,111	3,423,431	2,910,086	(513,345)
Texas Department of Criminal Justice- Parole and Substance Abuse	446,000	446,000	446,000	-
Total state program revenues	<u>116,550,470</u>	<u>113,950,922</u>	<u>113,228,586</u>	<u>(722,336)</u>
Federal Program Revenues				
Mental Health Block Grant	3,081,806	3,081,806	3,181,377	99,571
Mental Health Block Grant - Suicide Care	-	559,398	295,193	(264,205)
Mental Health Block Grant - CSC	800,250	800,250	721,900	(78,350)
Social Services Block Grant (Title XX)	610,680	580,417	580,417	-
Disaster Assistance	1,100,497	1,100,497	640,677	(459,820)
TANF to Title XX Block Grant	1,004,790	1,386,984	1,386,984	-
MH Block Homeless PATH Grant	1,130,299	1,130,299	950,674	(179,625)
Substance Abuse Prevention & Treatment Block Grant	834,655	834,655	768,089	(66,566)
Delivery System Reform Incentive Payments	32,512,345	32,512,346	47,857,397	15,345,051
Administrative Claiming	6,520,577	6,434,904	6,865,744	430,840
Early Childhood Intervention	2,606,643	2,606,643	2,618,198	11,555
Enhanced Community Coordination	346,958	346,958	345,386	(1,572)
Total federal program revenues	<u>50,549,501</u>	<u>51,375,158</u>	<u>66,212,036</u>	<u>14,836,878</u>
Local Revenues				
County funds	38,549,905	41,923,851	40,065,808	(1,858,043)
Local Billings				
Patient fees and private insurance	1,226,544	1,202,544	980,164	(222,380)
Medicare	1,131,413	1,131,413	1,229,066	97,653
Medicaid	26,372,566	26,464,487	24,312,128	(2,152,359)
ICF/MR, HCS and THL waiver	3,715,826	4,510,826	4,619,629	108,803
Administrative claiming	460,769	454,715	318,437	(136,278)
Total local billings	<u>32,907,118</u>	<u>33,763,985</u>	<u>31,459,424</u>	<u>(2,304,561)</u>
Investment Earnings	526,000	526,000	2,033,244	1,507,244
Miscellaneous	3,081,278	3,271,945	3,774,583	502,638
Total Revenues before Patient Assistance Program				
Assistance Program	242,164,271	244,811,860	256,773,681	11,961,821
Patient Assistance Program	24,957,614	24,697,444	21,924,343	(2,773,101)
Total Revenues	<u>\$ 267,121,885</u>	<u>\$ 269,509,304</u>	<u>\$ 278,698,024</u>	<u>\$ 9,188,720</u>

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, 2019

	<u>Budget</u>		<u>Actual</u> <u>(Budgetary basis)</u>	<u>Variance</u> <u>Positive/</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current:				
Personnel costs	\$ 177,327,670	\$ 177,372,018	\$ 177,298,666	\$ 73,352
Contracts with service agencies and professional fees	47,524,376	54,136,714	48,403,623	5,733,091
Drug cost and other supplies	3,386,639	4,196,400	3,797,301	399,099
Rental	1,224,656	921,996	822,483	99,513
Repairs and maintenance	6,380,309	10,263,268	6,533,329	3,729,939
Travel	2,641,618	2,899,216	2,916,317	(17,101)
Security services	781,673	869,123	792,879	76,244
Utilities	2,211,123	2,854,158	2,686,478	167,680
Other	2,822,377	3,397,241	1,599,788	1,797,453
Debt service:				
Principal	1,356,591	1,091,430	1,091,429	1
Interest and other charges	77,286	84,351	60,238	24,113
Capital outlay	506,320	763,238	762,232	1,006
Total expenditures before Patient Assistance Program	246,240,638	258,849,153	246,764,763	12,084,390
Patient Assistance Program	24,957,614	24,697,444	21,924,343	2,773,101
Total expenditures	271,198,252	283,546,597	268,689,106	14,857,491
Excess of revenues over expenditures	(4,076,367)	(14,037,293)	10,008,918	24,046,211
Other Financing Sources				
Transfers in	-	-	2,263,196	2,263,196
Sale of capital assets	-	-	11,777,429	11,777,429
Total other financing sources	-	-	14,040,625	14,040,625
Excess of revenues and other financing sources over expenditures	<u>\$ (4,076,367)</u>	<u>\$ (14,037,293)</u>	<u>\$ 24,049,543</u>	<u>\$ 38,086,836</u>

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, 2019**

Sources / Inflows of Resources

Total revenue as per Budgetary Comparison Schedule	\$	278,698,024
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.		(21,924,343)
Total revenue as per Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$	256,773,681

Uses / Outflows of Resources

Total expenditures as per Budgetary Comparison Schedule	\$	268,689,106
Differences - budget-to-GAAP:		
Value of drugs provided under Patient Assistance Program (PAP) are outflows of budgetary resources, but are not recorded as expenditure under GAAP.		(21,924,343)
Total expenditures as per Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$	246,764,763

The accompanying notes are an integral part of this statement.

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THE HARRIS CENTER FOR MENTAL HEALTH AND IDD
COMPARATIVE STATEMENT OF NET POSITION
PROPRIETARY FUND
August 31, 2019 and 2018

	Governmental Activities - Internal Service Fund	
	Self- Insurance Reserve Fund (SIRF)	
	2019	2018
Assets		
Current Assets:		
Investments	\$ -	\$ 2,211,778
Total assets	-	2,211,778
Net Position		
Unrestricted	\$ -	\$ 2,211,778

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, 2019 and 2018

	Governmental Activities - Internal Service Fund	
	Self- Insurance Reserve Fund (SIRF)	
	2019	2018
Operating revenue		
Charges	\$ -	\$ -
Total operating revenue	-	-
Non-operating revenue		
Interest	51,418	31,927
Total non-operating revenue	51,418	31,927
Operating income before transfers	51,418	31,927
Transfers out	(2,263,196)	-
Change in net position	(2,211,778)	-
Net position - beginning of the year	2,211,778	2,179,851
Net position- end of the year	\$ -	\$ 2,211,778

The accompanying notes are an integral part of this statement.

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD
COMPARATIVE STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the Years Ended August 31, 2019 and 2018

	Governmental Activities - Internal Service Fund	
	Self- Insurance Reserve Fund (SIRF)	
	2019	2018
Cash flows from operating activities	\$ -	\$ -
Net cash provided by operating activities	-	-
Cash flows from noncapital financing activities:		
Transfers to other funds	(2,263,196)	-
Net cash used by noncapital financing activities	(2,263,196)	-
Cash flows from investing activities:		
Interest income	51,418	31,927
Net cash provided by investing activities	51,418	31,927
Net decrease in cash and cash equivalents	(2,211,778)	31,927
Total cash and cash equivalents, beginning of year	2,211,778	2,179,851
Total cash and cash equivalents, end of year	\$ -	\$ 2,211,778

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, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 59,886	\$ 22,178
Receivables from other governments	35,000	-
	\$ 94,886	\$ 22,178
Liabilities		
Due to clients	\$ 94,886	\$ 22,178

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, 2019

	Pasadena Cottages, Inc. May 31, 2019	Pecan Village, Inc. August 31, 2019	Villas at Bayou Park, August 31, 2019	Pear Grove, Inc. August 31, 2019	Acres Homes Garden, Inc. August 31, 2019	Friends of MHMRA August 31, 2019	Total
Assets							
Current assets:							
Cash and cash equivalents	\$ 22,414	\$ 8,339	\$ 1,898	\$ 35,529	\$ 211	\$ 823,683	\$ 892,074
Accounts receivable	-	3,472	1,619	-	-	29,878	34,969
Prepaid expenses	6,538	2,294	1,469	-	-	-	10,301
Other assets	151	5,072	3,423	3,826	-	-	12,472
Total current assets	29,103	19,177	8,409	39,355	211	853,561	949,816
Noncurrent assets:							
Restricted cash and cash equivalents	29,915	117,144	79,785	87,535	47,580	-	361,959
Capital assets, net	164,288	693,340	1,484,352	1,254,622	1,571,425	-	5,168,027
Total noncurrent assets	194,203	810,484	1,564,137	1,342,157	1,619,005	-	5,529,986
Total assets	\$ 223,306	\$ 829,661	\$ 1,572,546	\$ 1,381,512	\$ 1,619,216	\$ 853,561	\$ 6,479,802
Liabilities							
Current liabilities:							
Accounts payable	\$ 42,673	\$ 98,509	\$ 169,234	\$ 208,276	\$ 99,412	\$ 39,168	\$ 657,272
Accrued interest payable	1,767	-	-	-	-	-	1,767
Deposits payable	125	3,718	3,656	3,213	3,301	-	14,013
Current portion of long-term obligations	16,663	-	-	43,731	-	-	60,394
Total current liabilities	61,228	102,227	172,890	255,220	102,713	39,168	733,446
Noncurrent liabilities:							
Noncurrent portion of long-term obligations	218,953	-	90,000	70,000	-	-	378,953
Total liabilities	280,181	102,227	262,890	325,220	102,713	39,168	1,112,399
Net Position							
Net investment (deficit) in capital assets	(71,328)	693,340	1,394,352	1,140,891	1,571,425	-	4,728,680
Unrestricted net position	14,453	34,094	(84,696)	(84,599)	(54,922)	814,393	638,723
Total net position	(56,875)	727,434	1,309,656	1,056,292	1,516,503	814,393	5,367,403
Total liabilities and net position	\$ 223,306	\$ 829,661	\$ 1,572,546	\$ 1,381,512	\$ 1,619,216	\$ 853,561	\$ 6,479,802

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, 2018

	Pasadena Cottages, Inc. May 31, 2018	Pecan Village, Inc. August 31, 2018	Villas at Bayou Park, August 31, 2018	Pear Grove, Inc. August 31, 2018	Acres Homes Garden, Inc. August 31, 2018	Friends of MHMRA August 31, 2018	Total
Assets							
Current assets:							
Cash and cash equivalents	\$ 25,950	\$ 35,948	\$ 16,504	\$ 40,909	\$ 3,038	\$ 823,456	\$ 945,805
Accounts receivable	-	2,638	-	12,341	-	8,647	23,626
Prepaid expenses	3,502	6,306	2,806	4,276	622	-	17,512
Other assets	26	9,568	3,459	3,715	-	-	16,768
Total current assets	29,478	54,460	22,769	61,241	3,660	832,103	1,003,711
Noncurrent assets:							
Restricted cash and cash equivalents	26,983	119,943	75,151	85,583	45,467	-	353,127
Capital assets, net	176,430	682,242	1,529,726	1,300,327	1,619,566	-	5,308,291
Total noncurrent assets	203,413	802,185	1,604,877	1,385,910	1,665,033	-	5,661,418
Total assets	\$ 232,891	\$ 856,645	\$ 1,627,646	\$ 1,447,151	\$ 1,668,693	\$ 832,103	\$ 6,665,129
Liabilities							
Current liabilities:							
Accounts payable	\$ 40,086	\$ 94,700	\$ 154,206	\$ 208,621	\$ 86,705	\$ 29,313	\$ 613,631
Accrued interest payable	1,881	-	-	-	-	-	1,881
Deposits payable	-	4,271	3,445	1,947	2,736	-	12,399
Current portion of long-term obligations	15,234	-	-	43,731	-	-	58,965
Total current liabilities	57,201	98,971	157,651	254,299	89,441	29,313	686,876
Noncurrent liabilities:							
Noncurrent portion of long-term obligations	235,615	-	90,000	70,000	-	-	395,615
Total liabilities	292,816	98,971	247,651	324,299	89,441	29,313	1,082,491
Net Position							
Net investment (deficit) in capital assets	(74,419)	682,242	1,439,726	1,186,596	1,619,566	-	4,853,711
Unrestricted net position	14,494	75,432	(59,731)	(63,744)	(40,314)	802,790	728,927
Total net position	(59,925)	757,674	1,379,995	1,122,852	1,579,252	802,790	5,582,638
Total liabilities and net position	\$ 232,891	\$ 856,645	\$ 1,627,646	\$ 1,447,151	\$ 1,668,693	\$ 832,103	\$ 6,665,129

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, 2019 *

	Program Revenues			Net (Expense) Revenue and Changes in Net Position						Totals
	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	
Pasadena Cottages, Inc.										
HUD Section 811 program	\$ 119,882	\$ 145,080	\$ -	\$ 25,198	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,198
Interest on long-term debt	21,844		-	(21,844)						(21,844)
Total -Pasadena Cottage, Inc	<u>141,726</u>	<u>145,080</u>	<u>-</u>	<u>3,354</u>						<u>3,354</u>
Pecan Village, Inc.										
HUD Section 811 program	135,256	104,949			(30,307)					(30,307)
Villas at Bayou Park, Inc.										
HUD Section 811 program	143,383	72,926				(70,457)				(70,457)
Pear Grove, Inc.										
HUD Section 811 program	132,443	65,724					(66,719)			(66,719)
Acres Homes Garden, Inc.										
HUD Section 811 program	134,037	71,234						(62,803)		(62,803)
Friends of MHMRA										
Fund raising activities	22,824		14,954						(7,870)	(7,870)
Total component units	<u>\$ 709,669</u>	<u>\$ 459,913</u>	<u>\$ 14,954</u>							<u>(234,802)</u>
General revenues:										
Investment earnings				88	67	118	159	54	19,473	19,959
Total general revenues and transfer				<u>88</u>	<u>67</u>	<u>118</u>	<u>159</u>	<u>54</u>	<u>19,473</u>	<u>19,959</u>
Change in net position				3,442	(30,240)	(70,339)	(66,560)	(62,749)	11,603	(214,843)
Net position - beginning of year as previou				<u>(59,925)</u>	<u>757,674</u>	<u>1,379,995</u>	<u>1,122,852</u>	<u>1,579,252</u>	<u>802,790</u>	<u>5,582,638</u>
Prior period adjustment				(392)	-	-	-	-	-	(392)
Net position - ending				<u>\$ (56,875)</u>	<u>\$ 727,434</u>	<u>\$ 1,309,656</u>	<u>\$ 1,056,292</u>	<u>\$ 1,516,503</u>	<u>\$ 814,393</u>	<u>\$ 5,367,403</u>

* Pasadena Cottages, Inc. is reported for the year ended May 31, 2019.

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, 2018 *

	Program Revenues			Net (Expense) Revenue and Changes in Net Position						Totals
	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	
Pasadena Cottages, Inc.										
HUD Section 811 program	\$ 113,073	\$ 149,340	\$ -	\$ 36,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,267
Interest on long-term debt	23,160		-	(23,160)						(23,160)
Total -Pasadena Cottage, Inc.	136,233	149,340	-	13,107						13,107
Pecan Village, Inc.										
HUD Section 811 program	129,901	98,608			(31,293)					(31,293)
Villas at Bayou Park, Inc.										
HUD Section 811 program	129,242	73,916				(55,326)				(55,326)
Pear Grove, Inc.										
HUD Section 811 program	172,901	67,838					(105,063)			(105,063)
Acres Homes Garden, Inc.										
HUD Section 811 program	138,337	60,140						(78,197)		(78,197)
Friends of MHMRA										
Fund raising activities	471,899	-	461,260						(10,639)	(10,639)
Total component units	<u>\$1,178,513</u>	<u>\$ 449,842</u>	<u>\$ 461,260</u>							<u>(267,411)</u>
General revenues:										
Investment earnings				28	78	86	208	103	6,499	7,002
Other income										
Total general revenues and transfer				28	78	86	208	103	6,499	7,002
Change in net position				13,135	(31,215)	(55,240)	(104,855)	(78,094)	(4,140)	(260,409)
Net position - beginning of year as previous				(73,060)	788,889	1,435,235	1,227,707	1,657,346	806,930	5,843,047
Net position - ending				<u>\$ (59,925)</u>	<u>\$ 757,674</u>	<u>\$1,379,995</u>	<u>\$1,122,852</u>	<u>\$1,579,252</u>	<u>\$ 802,790</u>	<u>\$5,582,638</u>

* Pasadena Cottages, Inc. is reported for the year ended May 31, 2018.

The accompanying notes are an integral part of this statement.

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

Notes to the Basic Financial Statements

August 31, 2019

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 Acres Homes 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 and its clients. 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 and Administrative 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 (21st 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 statement 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 regard 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. 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 unit, or to other governments, on a cost-reimbursement basis when the reporting government is the predominant participant in the activity. The entity's lone internal service fund is the *Self-Insurance Reserve Fund*, which is used to account for certain self-insurance activities for professional liabilities. The fund was closed in fiscal year 2019 and the assets were transferred to the General Fund.

Fiduciary Funds

Agency Fund – 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.

Agency 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. This fund also contains non-vested, compensation amounts earned by employees.

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 Health and Human Services Commission ("HHSC"). All annual appropriations lapse at fiscal year-end.

Contract and budget terms are determined by the HHSC 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 HHSC. The final budget is approved by HHSC, 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.

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, 2019 and 2018, the Center did not own any types of securities other than those permitted by statute. Investments for the Center are reported at fair value, except for the position in investment pools that measure for financial reporting purposes all of their investments at amortized cost. The Center's investment pools are reported at net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

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 cost (first-in, first-out). 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 recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. 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 Revenues

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-side 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 most of 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 risk (third level of professional liability coverage). Amounts payable to the SIRF and loss reserves were 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. In 2019, the SIRF was closed and assets transferred to the General Fund.

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.

Hurricane Harvey

On August 29, 2017, Hurricane Harvey caused catastrophic damage and flooding across the Harris County area. One of the Center's major clinics located at 7200 N. Loop E., Houston, Texas 77028, was damaged by approximately two and a half feet of flood water throughout the first floor of the building. The closure and mitigation efforts that followed this precipitating event seriously impacted service provision. This damage occurred despite The Center's attempted mitigation of such losses as guided by the Board of Trustees policy and procedures, through employing the expertise of an Agent of Record for Property and Casualty Insurance ("Agent"), and by way of the Agent's implementation of coverage strategies to protect The Center's assets. The Center's intent has been and remains that of insuring its properties against catastrophic damage through the use of property and flood coverage. At each of its annual coverage renewal cycles, the Center reviewed and approved coverage presented to fully ensure against such losses with the assurance of its Agent's substantive knowledge of the subject matter.

It was not until after the loss occurred and a flood claim was filed with its insurer, that the Center's insurer issued notice that 7200 N. Loop E. was located in flood zone AE and, thereby, ineligible for payment of damages resulting from rising water. Internal discovery revealed that a formal Letter of Map Revision ("LMOR") was submitted to the Federal Emergency Management Agency ("FEMA"), resulting in a change to the flood zone designation for the area encompassing 7200 N. Loop E. More specifically, on August 26, 2016, FEMA determined that a revision to the flood hazards depicted in the Flood Insurance Study ("FIS") report of June 18, 2007 and/or National Flood Insurance Program ("NFIP") map was warranted. The revised NFIP map with a designation of AE became effective on January 1, 2017.

The Center subsequently filed a claim of approximately \$4.1 M with FEMA for its losses incurred as a result of Hurricane Harvey. Approximately \$378,916 of this claim was authorized for payment during the fiscal ended August 31, 2019. As of the date of this report, the remainder of the claim is still being reviewed by FEMA.

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 that 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.

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

The governmental fund balance sheet includes the “Reconciliation of the Fund Balance of Governmental Funds to the Statement of Net Positions - Governmental Activities”. One element of that reconciliation explains, “Long-term liabilities are not due and payable with current financial resources and therefore, are not reported in the fund.” The details of this \$7,323,724 difference are as follows:

Notes payable	\$ 1,637,142
Compensated absences	<u>5,686,582</u>
Net adjustment to reduce Total Fund Balance of Governmental Fund to arrive at Net Position of Governmental Activities	<u>\$ 7,323,724</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

The governmental fund “Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Fund” includes the “Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities.” An element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the state of activities, the costs of those assets are allocated over their useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.” The details of the \$(2,057,474) difference are as follows:

Capital outlay	\$ 917,868
Depreciation expense	<u>(2,975,342)</u>
Net adjustment to reduce Total Fund Balance of Governmental Fund to arrive at Net Position of Governmental Activities	<u>\$ (2,057,474)</u>

Note 3 – 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, 2019 and 2018, the balances per various financial institutions were \$6,656,568 and \$2,944,572, respectively. The Center’s deposits are not exposed to custodial credit risk since all deposits are fully collateralized as of yearend.

As of August 31, 2019, the Center had the following investments:

Security	Weighted Average Maturity	Rating	Fair Value
U.S. Government Agency Securities			
Federal Farm Credit Bank	22 days	AA+	\$ 5,025,415
Federal Home Loan Bank	11 days	AA+	4,982,000
Federal Home Loan Bank	37 days	AA+	10,484,936
Federal Home Loan Bank	11 days	AA+	7,585,460
			<u>28,077,811</u>
Local Government Investment Funds			
TexPool Investment Fund	36	AAAm	12,928,602
Texas CLASS	52	AAAm	31,942,424
			<u>44,871,026</u>
			<u>\$ 72,948,837</u>

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	\$ 1,909,341	\$ 19,959
Interest Income – Proprietary Fund	51,418	-
Unrealized gain (loss) on temporary investments	123,904	-
Investment Earnings	<u>\$ 2,084,663</u>	<u>\$ 19,959</u>

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Of the investments reported at fair value, \$5,028,310 is reported using the present value of expected future cash flow model. The remaining fair value investments of \$23,049,501 are reported using documented trade history in exact security. As of August 31, 2019, the Center held the following fair value measurements:

Investments by fair value level	Balance at August 31, 2019	Level 1	Level 2	Level 3
U.S. Agency Debt Securities				
U.S. Government Agency Securities	\$ 28,077,811	\$5,000,295	\$ 23,077,516	\$ -
Total U.S. Agency debt securities	28,077,811	5,000,295	28,077,811	-
Total investments measured by fair value level	28,077,811	5,000,295	28,077,811	-
Investments measured at net asset value (NAV):				
Local Government Investment Pools				
TexPool	12,928,602			
Texas CLASS	31,942,424			
Total investment pools measured by net asset value	44,871,026			
Total investments measured at fair value	\$ 72,948,837			

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 principle balance for the underlying mortgage backed security collateral and pays no principle, (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 adjust 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, 2019, 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, 2019 and 2018, investments of \$12,928,602 and \$6,902,207 were held in the Texas Local Government Investment Pools ("TexPool"), and \$31,942,423 and \$14,512,789 were held in other local government funds for a total of \$44,871,025 and \$21,414,996 held in Local Government Investment Funds, respectively.

The State Comptroller of Public Accounts exercises oversight responsibility over 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 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 4 – Accounts Receivable

Accounts receivable are comprised of the following balances at August 31, 2019 and 2018 for the primary government:

	<u>2019</u>	<u>2018</u>
Due from other governments		
Harris County	\$ 4,501,150	\$ 6,711,920
State and Federal	35,589,208	4,349,130
3 rd Party billings (net of allowance for uncollectible amounts of \$3,574,834 and \$4,407,238,	2,117,218	2,288,886
Other receivables	<u>521,804</u>	<u>5,853,773</u>
Total receivables	<u>\$ 42,729,380</u>	<u>\$ 19,203,709</u>

Note 5 – Capital Assets

A summary of changes in general capital asset balances for the year ended August 31, 2019, is as follows:

	<u>Primary Government</u>			
	Balance as of September 1, 2018	Additions	Retirements	Balance as of August 31, 2019
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 5,229,660	\$ -	\$ 201,546	\$ 5,028,114
Total capital assets, not being depreciated	<u>5,229,660</u>	<u>-</u>	<u>201,546</u>	<u>5,028,114</u>
Capital assets being depreciated:				
Buildings and improvements	40,569,520	318,951	1,611,510	39,276,961
Furniture and Equipment	8,977,953	580,472	7,616	9,550,809
Vehicles	<u>1,585,738</u>	<u>18,445</u>	<u>93,079</u>	<u>1,511,104</u>
Total capital assets being depreciated	<u>51,133,211</u>	<u>917,868</u>	<u>1,712,205</u>	<u>50,338,874</u>
Total capital assets at historical cost	<u>56,362,871</u>	<u>917,868</u>	<u>1,913,751</u>	<u>55,366,988</u>
Less accumulated depreciation for				
Buildings and improvements	17,447,458	2,015,726	786,834	18,676,350
Furniture and Equipment	7,482,888	828,099	7,616	8,303,371
Vehicles	<u>1,230,717</u>	<u>131,517</u>	<u>93,079</u>	<u>1,269,155</u>
Total accumulated depreciation	<u>26,161,063</u>	<u>2,975,342</u>	<u>887,529</u>	<u>28,248,876</u>
Governmental activities capital assets, net	<u>\$ 30,201,808</u>	<u>\$ (2,057,474)</u>	<u>\$ 1,026,222</u>	<u>\$ 27,118,112</u>

A summary of changes in general capital asset balances for the year ended August 31, 2018, is as follows:

	Primary Government			
	Balance as of September 1, 2017	Additions	Retirements	
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 6,023,410	\$ -	\$ 793,750	\$ 5,229,660
Total capital assets, not being depreciated	6,023,410	-	793,750	5,229,660
Capital assets being depreciated:				
Buildings and improvements	46,889,545	1,753,693	8,073,718	40,569,520
Furniture and Equipment	8,856,156	310,296	188,499	8,977,953
Vehicles	1,548,848	36,890	-	1,585,738
Total capital assets being depreciated	57,294,549	2,100,879	8,281,831	51,133,211
Total capital assets at historical cost	63,317,959	2,100,879	9,075,581	56,362,871
Less accumulated depreciation for				
Buildings and improvements	22,260,008	1,981,133	6,793,683	17,447,458
Furniture and Equipment	6,733,841	853,793	104,746	7,482,888
Vehicles	1,046,773	183,944		1,230,717
Total accumulated depreciation	30,040,622	3,018,870	6,898,429	26,161,063
Governmental activities capital assets, net	\$ 33,277,337	\$ (917,991)	\$ 1,383,402	\$ 30,201,808

Depreciation expense for the years ended August 31, 2019 and 2018 were \$2,975,342 and \$3,018,870, respectively, and were charged to the following functions and activities:

	<u>2019</u>	<u>2018</u>
Primary government		
Governmental Activities:		
General Administration	\$ 1,241,361	\$ 1,262,458
Adult Mental Health	808,863	817,951
Mental Retardation	364,152	368,037
Child and Adolescent	181,579	180,164
Crisis Center	<u>379,387</u>	<u>390,260</u>
Total governmental activities	<u>\$ 2,975,342</u>	<u>\$ 3,018,870</u>

Note 6 – Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2019 was as follows:

	Balance as of September 1, 2018	Additions	Retirements	Balance as of August 31, 2019	Amounts due within One Year
Governmental activities					
Notes Payable:					
Bank notes payable	\$ 2,728,571	\$ -	\$ 1,091,429	\$ 1,637,142	\$ 1,091,429
Other liabilities:					
Compensated Absences	<u>5,719,850</u>	<u>794,721</u>	<u>827,989</u>	<u>5,686,582</u>	<u>250,000</u>
Governmental activities long-term liabilities	<u>\$ 8,448,421</u>	<u>\$ 794,721</u>	<u>\$ 1,919,418</u>	<u>\$ 7,323,724</u>	<u>\$ 1,341,429</u>

Long-term liability activity for the year ended August 31, 2018 was as follows:

	Balance as of September 1, 2017	Additions	Retirements	Balance as of August 31, 2018	Amounts due within One Year
Governmental activities					
Notes Payable:					
Bank notes payable	\$ 3,820,000	\$ -	\$ 1,091,429	\$ 2,728,571	\$ 1,091,429
Other liabilities:					
Compensated Absences	<u>6,692,142</u>	<u>169,142</u>	<u>1,141,434</u>	<u>5,719,850</u>	<u>250,000</u>
Governmental activities long-term liabilities	<u>\$ 10,512,142</u>	<u>\$ 169,142</u>	<u>\$ 2,232,863</u>	<u>\$ 8,448,421</u>	<u>\$ 1,341,429</u>

The Center has issued notes payable to provide funds for the acquisition of capital assets. 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, 2019 are as follows:

Year ending August 31,	Principal	Interest	Total
2020	1,091,429	27,602	1,119,030
2021	545,713	5,490	551,204
	\$ 1,637,142	\$ 33,092	\$ 1,670,235

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, 2019.

Note 7 – 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 \$822,483 and \$853,614 in for the years ended August 31, 2019 and 2018, respectively.

The future minimum rental payments required under non-cancelable operating leases having remaining terms in excess of one year as of August 31, 2019 are as follows:

Year ending August 31,	
2020	343,685
2021	258,164
2022	76,863
2023	16,849
2024	16,849
2025-2029	67,392
	\$ 779,802

Note 8 – 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 \$59,508 and \$64,133 for the years ended August 31, 2019 and 2018, respectively.

The Center recorded revenue of \$20,500,000 in financial support from the County in fiscal year 2019 and \$18,874,878 in fiscal year 2018.

Note 9 – Pension Plan

The defined contribution retirement 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, 2004.

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. 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 2018 and 2017 amounted to \$900,000 and \$1,522,180, respectively, of which \$900,000 and \$1,522,180, respectively, was used against the Center’s contributions for the year ended August 31, 2019 and 2018, 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, 2019 and 2018 amounted to \$8,617,104 and \$8,224,865 respectively.

Note 10 – 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 11 – 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 12 – Sample Drugs and Patient Assistance Programs

The Center 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, 2019 and 2018 were \$21,924,343 and \$23,753,638, 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 Center 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 Statement of Revenue, Expenditures and Changes in Fund Balances or the Government-wide Statement of Activities.

Note 14 – Delivery System Reform Incentive Payments

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.

Beginning October 1, 2017, a Measure Bundle Protocol (MBP) was implemented to move the reporting from project-based to outcome-based. The MBP implemented four new reporting categories: progress on core activities, alternative payment model arrangements, and costs and savings and collaborative activities (Category A), various measures of system performance to maintain or increase the number of Medicaid and Low-Income or Uninsured individuals served (Category B), information on certain targeted measures provided by to Community Mental Health Center, as selected by the Center (Category C), and reporting on effective crisis response, crisis follow-up, percentage of individuals avoiding inpatient psychiatric care, reduction in juvenile justice involvement, and improvement in indicators of adult criminal justice involvement (Category D).

For the year ended August 31, 2019, \$47,857,397 was recorded as revenue from DSRIP.

Note 16 – Prior Period Adjustment

The Center's treatment of accrued expenses in the previous years was determined to have been misclassified and a prior period adjustment has been made in correction. The net effect of this change was a decrease of \$4,055,546 to the beginning fund balance of the general fund.

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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, 2019

	Total
Governmental Funds Capital Assets	
Land	\$ 5,028,114
Buildings	18,522,641
Furniture and Equipment	9,550,809
Leasehold Improvements	20,754,320
Vehicles	1,511,104
Total Governmental Fund Capital Assets	\$ 55,366,988
Investment in Governmental Funds Capital Assets by Source	
General Fund	\$ 55,366,988
Total Investment in Governmental Funds Capital Assets	\$ 55,366,988

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, 2019

<u>Function</u>	<u>Land</u>	<u>Buildings</u>	<u>Equipment and Furniture</u>	<u>Leasehold Improvements</u>	<u>Vehicles</u>	<u>Total</u>
Mental Health	\$ 1,895,148	\$ 5,901,717	\$ 2,365,744	\$ 5,164,083	\$ 470,669	\$ 15,797,361
Intellectual and Developmental Disabilities	916,080	2,895,662	1,111,807	2,084,708	177,939	7,186,196
Child and Adolescent	174,011	1,274,669	534,677	1,375,659		3,359,016
Crisis Center	588,825	2,761,748	427,882	2,619,061	775,207	7,172,723
Administration	<u>1,454,050</u>	<u>5,688,845</u>	<u>5,110,699</u>	<u>9,510,809</u>	<u>87,289</u>	<u>21,851,692</u>
Total Governmental Fund Capital Assets	<u>\$ 5,028,114</u>	<u>\$ 18,522,641</u>	<u>\$ 9,550,809</u>	<u>\$ 20,754,320</u>	<u>\$ 1,511,104</u>	<u>\$ 55,366,988</u>

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, 2019

Function	Governmental Fund Capital Assets August 31, 2018	Additions	Retirements	Governmental Fund Capital Assets August 31, 2019
Mental Health	\$ 15,797,361	\$ -	\$ -	\$ 15,797,361
Intellectual and Developmental Disabilities	7,186,196	-	-	7,186,196
Child and Adolescent	3,359,016	-	-	3,359,016
Crisis Center	7,148,568	24,155	-	7,172,723
Administration	<u>22,871,730</u>	<u>893,713</u>	<u>1,913,751</u>	<u>21,851,692</u>
Total Governmental Fund Capital Assets	<u><u>\$ 56,362,871</u></u>	<u><u>\$ 917,868</u></u>	<u><u>\$ 1,913,751</u></u>	<u><u>\$ 55,366,988</u></u>

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD
COMPARATIVE SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
AGENCY FUND

For the Years Ended August 31, 2019 and 2018

	Balance				Balance
	September 1, 2018	Additions	Deductions		August 31, 2019
Agency Fund					
Assets					
Cash and cash equivalents	\$ 22,178	\$ 37,708	\$ -		\$ 59,886
Due from government	-	35,000	-		35,000
Total Assets	\$ 22,178	\$ 72,708	\$ -		\$ 94,886
Liabilities					
Due to clients	\$ 22,178	\$ 72,708	\$ -		\$ 94,886

	Balance				Balance
	September 1, 2017	Additions	Deductions		August 31, 2018
Agency Fund					
Assets					
Cash and cash equivalents	\$ 21,109	\$ 90,994	\$ 89,925		\$ 22,178
Liabilities					
Due to clients	\$ 21,109	\$ 90,994	\$ 89,925		\$ 22,178

The accompanying notes are an integral part of this statement.

STATISTICAL SECTION

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THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

NET POSITION BY COMPONENT (UNAUDITED)

**LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities:				
Net investment in capital assets	\$ 14,192,234	\$ 13,105,363	\$ 18,340,667	\$ 19,361,119
Unrestricted	<u>42,140,254</u>	<u>47,149,860</u>	<u>41,232,357</u>	<u>42,452,145</u>
Total governmental activities net position	<u>\$ 56,332,488</u>	<u>\$ 60,255,223</u>	<u>\$ 59,573,024</u>	<u>\$ 61,813,264</u>

2014	2015	2016	2017	2018	2019
\$ 21,640,340	\$ 34,224,927	\$ 36,369,915	\$ 29,457,337	\$ 27,473,237	\$ 25,480,970
<u>57,323,346</u>	<u>44,503,224</u>	<u>44,756,241</u>	<u>49,448,324</u>	<u>72,502,908</u>	<u>90,318,395</u>
<u><u>\$ 78,963,686</u></u>	<u><u>\$ 78,728,151</u></u>	<u><u>\$ 81,126,156</u></u>	<u><u>\$ 78,905,661</u></u>	<u><u>\$ 99,976,145</u></u>	<u><u>\$ 115,799,365</u></u>

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

CHANGES IN NET POSITION (UNAUDITED)

LAST TEN FISCAL YEARS (Accrual Basis of Accounting)

	2010	2011	2012	2013
EXPENSES				
Governmental activities:				
Adult Mental Health	\$ 51,522,383	\$ 48,335,141	\$ 51,359,838	\$ 52,421,224
Intellectual & Developmental Disabilities	42,441,157	42,563,470	39,042,871	39,367,361
Child and Adolescent	16,106,665	16,955,321	16,891,756	17,564,259
Crisis Center	31,573,042	30,217,489	29,822,983	30,768,150
Community Hospital	27,450,626	27,227,020	27,060,660	32,038,969
Interest on long-term debt	<u>287,043</u>	<u>244,779</u>	<u>200,251</u>	<u>152,415</u>
Total governmental activities expenses	<u>151,055,468</u>	<u>169,380,916</u>	<u>165,543,220</u>	<u>164,378,359</u>
PROGRAM REVENUES				
Governmental activities:				
Adult Mental Health	55,264,007	54,026,517	51,391,116	54,595,205
Intellectual & Developmental Disabilities	38,000,713	39,980,786	35,821,059	35,644,524
Child and Adolescent	14,657,202	15,680,291	16,699,140	15,991,984
Crisis Center	17,617,875	14,251,271	15,019,426	17,947,672
Community Hospital	<u>27,450,626</u>	<u>27,227,020</u>	<u>23,529,696</u>	<u>28,493,696</u>
Total governmental activities program revenues	<u>132,942,359</u>	<u>152,990,423</u>	<u>151,165,885</u>	<u>142,460,437</u>
NET (EXPENSE) REVENUE				
Governmental activities	(18,113,109)	(16,390,493)	(14,377,335)	(21,917,922)
GENERAL REVENUES AND OTHER				
CHANGES IN NET POSITION				
Governmental activities:				
Grants and contributions not restricted to specific programs	18,864,850	17,710,874	20,371,022	20,550,038
Unrestricted investment earnings	176,940	216,198	386,127	(17,127)
Miscellaneous	821,179	360,534	452,334	1,232,202
Gain on sale of capital assets	23,642	12,464	26,240	19,520
Special items -				
Impairment of intangible asset	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>23,943,072</u>	<u>19,886,611</u>	<u>18,300,070</u>	<u>21,235,723</u>
CHANGE IN NET POSITION				
Governmental activities	<u>\$ 5,829,963</u>	<u>\$ 3,496,118</u>	<u>\$ 3,922,735</u>	<u>\$ (682,199)</u>

	2014	2015	2016	2017	2018	2019
\$	68,146,563	\$ 83,226,544	\$ 91,091,630	\$ 94,427,166	\$ 96,890,848	\$ 93,469,443
	41,147,139	42,673,928	38,577,809	38,175,764	38,292,658	40,503,803
	18,916,913	21,764,369	21,301,580	23,608,324	24,622,171	25,693,480
	35,956,233	39,378,723	41,615,210	45,643,089	43,022,415	53,423,641
	31,481,431	32,526,192	34,458,349	34,900,020	34,215,576	34,546,935
	<u>179,191</u>	<u>186,749</u>	<u>119,925</u>	<u>93,605</u>	<u>78,698</u>	<u>60,238</u>
	<u>172,312,378</u>	<u>195,827,470</u>	<u>219,756,505</u>	<u>236,847,968</u>	<u>237,122,366</u>	<u>247,697,540</u>
	79,297,874	81,106,844	88,451,372	94,709,224	98,673,597	97,116,386
	37,584,146	37,907,793	36,024,333	39,072,798	42,652,236	40,352,429
	16,502,431	22,847,722	21,461,922	22,047,046	20,383,462	24,036,880
	30,519,423	27,720,845	33,418,720	35,709,458	41,989,680	41,780,163
	<u>28,406,319</u>	<u>29,693,696</u>	<u>30,800,496</u>	<u>30,800,496</u>	<u>30,800,496</u>	<u>30,800,495</u>
	<u>152,673,081</u>	<u>192,310,193</u>	<u>199,276,900</u>	<u>222,339,022</u>	<u>234,499,471</u>	<u>234,086,353</u>
(19,639,297)	(3,517,277)	(20,479,605)	(14,508,946)	(2,622,895)	(13,611,187)
	20,632,988	19,359,773	18,456,922	17,660,928	18,874,878	20,500,000
	308,905	222,109	295,372	446,138	936,214	2,084,663
	273,597	655,615	602,361	334,602	277,879	154,083
	24,478	6,560	51,010	44,862	3,604,408	10,751,207
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,198,078)</u>	<u>-</u>	<u>-</u>
	<u>21,784,633</u>	<u>21,239,968</u>	<u>20,244,057</u>	<u>12,288,452</u>	<u>23,693,379</u>	<u>33,489,953</u>
\$	<u>2,145,336</u>	\$ <u>17,722,691</u>	\$ <u>(235,548)</u>	\$ <u>(2,220,494)</u>	\$ <u>21,070,484</u>	\$ <u>19,878,766</u>

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)

**LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General fund				
Nonspendable:				
Inventories	\$ 182,569	\$ 163,914	\$ 138,908	\$ 147,974
Prepays	333,053	271,022	315,871	408,202
Committed:				
Delivery System Reform Incentive Projects	-	-	-	2,451,869
Assigned:				
Infrastructure development	5,800,000	5,800,000	5,800,000	5,800,000
Self-insurance	2,000,000	2,000,000	2,000,000	2,000,000
Debt repayment	4,560,702	3,809,183	3,012,954	2,169,977
Compensated absences	3,123,753	3,219,676	3,342,268	3,435,430
Other purposes	748,029	405,876	409,768	414,460
Unassigned:	<u>26,364,127</u>	<u>29,123,629</u>	<u>27,397,775</u>	<u>26,328,057</u>
Total general fund	\$ <u>41,302,638</u>	\$ <u>43,112,233</u>	\$ <u>44,793,300</u>	\$ <u>42,417,544</u>

2014	2015	2016	2017	2018	2019
\$ 195,217	\$ 230,342	\$ 244,856	\$ 233,710	\$ 235,526	\$ 257,786
875,965	585,604	785,019	832,283	652,300	597,680
16,760,603	10,231,836	3,895,406	3,895,406	14,226,265	27,420,497
5,800,000	2,994,473	799,744	204,866	121,846	121,846
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,263,196
8,369,816	6,330,951	4,911,428	3,820,000	2,728,571	1,637,140
5,247,282	6,264,742	6,573,523	6,692,142	5,719,850	5,686,582
404,706	394,052	410,498	426,944	374,890	335,621
<u>20,756,976</u>	<u>19,574,866</u>	<u>29,542,446</u>	<u>35,855,265</u>	<u>49,951,732</u>	<u>57,684,629</u>
<u>\$ 43,155,969</u>	<u>\$ 60,410,565</u>	<u>\$ 48,606,866</u>	<u>\$ 53,960,616</u>	<u>\$ 76,010,980</u>	<u>\$ 96,004,977</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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues				
Local	\$ 59,426,076	\$ 62,937,932	\$ 64,363,140	\$ 67,052,301
State	95,527,987	94,597,104	89,622,892	94,319,225
Federal	<u>17,895,020</u>	<u>11,915,483</u>	<u>9,681,399</u>	<u>13,159,316</u>
Total revenues	<u>156,790,494</u>	<u>172,849,083</u>	<u>169,450,519</u>	<u>163,667,431</u>
Expenditures				
Salaries	87,604,734	88,266,962	86,527,045	89,048,998
Employee benefits	21,182,041	21,811,119	22,239,368	22,691,270
Professional and consultant services	10,233,262	9,226,159	7,384,814	7,713,373
Training and travel	2,635,039	2,759,524	2,979,031	2,927,971
Debt service:				
Principal	709,220	751,518	796,229	842,977
Interest	287,043	244,779	200,251	152,415
Capital outlay	2,691,961	2,857,896	2,375,254	1,560,933
Non-capitalized equipment	1,517,604	418,692	1,037,372	1,152,194
Pharmaceutical	1,732,486	1,683,525	1,471,468	1,133,818
Other	<u>42,469,740</u>	<u>39,761,742</u>	<u>41,058,750</u>	<u>46,015,718</u>
Total expenditures	<u>150,351,825</u>	<u>171,063,130</u>	<u>167,781,916</u>	<u>166,069,582</u>
Excess of revenues over (under) expenditures	6,438,669	1,785,953	1,668,603	(2,402,151)
Other financing sources (uses)				
Debt issuance	-	-	-	-
Transfers in	-	-	-	-
Sale of capital assets	<u>23,642</u>	<u>12,464</u>	<u>26,240</u>	<u>19,520</u>
Total other financing sources (uses)	<u>340,041</u>	<u>23,642</u>	<u>12,464</u>	<u>26,240</u>
Net change in fund balances	<u>\$ 6,778,710</u>	<u>\$ 1,809,595</u>	<u>\$ 1,681,067</u>	<u>\$ (2,375,911)</u>
 Ratio of total debt service expenditures to total noncapital expenditures	 0.67%	 0.59%	 0.60%	 0.61%

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 66,236,188	\$ 70,714,740	\$ 69,599,303	\$ 75,768,153	\$ 75,672,011	\$ 77,333,059
104,833,857	102,911,444	110,851,190	105,272,006	109,389,867	113,228,586
<u>42,454,903</u>	<u>45,887,191</u>	<u>49,055,292</u>	<u>59,727,494</u>	<u>69,494,638</u>	<u>66,212,036</u>
<u>174,530,842</u>	<u>213,524,948</u>	<u>219,513,375</u>	<u>240,767,653</u>	<u>254,556,516</u>	<u>256,773,681</u>
101,194,770	118,697,865	124,691,712	127,899,575	131,243,432	135,732,939
25,433,141	29,254,007	28,011,451	33,125,125	33,557,908	37,961,468
10,351,530	10,240,517	10,575,182	11,043,922	10,673,437	12,222,560
2,969,507	3,278,161	3,337,267	3,175,896	3,056,125	2,916,317
1,440,160	2,038,866	1,419,522	1,091,429	1,091,429	1,091,429
179,191	186,749	119,925	93,605	78,698	60,238
10,551,229	12,002,583	4,168,307	1,525,735	2,100,879	917,868
1,805,330	3,589,925	2,128,168	2,890,221	1,552,041	1,827,915
1,274,994	1,377,772	1,886,395	1,887,370	1,855,120	2,030,053
<u>48,734,987</u>	<u>50,657,189</u>	<u>52,662,782</u>	<u>53,281,971</u>	<u>53,059,028</u>	<u>52,003,976</u>
<u>173,239,667</u>	<u>203,934,839</u>	<u>231,323,634</u>	<u>236,014,849</u>	<u>238,268,097</u>	<u>246,764,763</u>
1,291,175	9,590,109	(11,810,259)	4,752,804	16,288,419	10,008,918
7,640,000	-	-	-	-	-
-	-	-	-	-	2,263,196
<u>24,478</u>	<u>6,560</u>	<u>51,010</u>	<u>44,862</u>	<u>5,761,945</u>	<u>11,777,429</u>
<u>19,520</u>	<u>7,664,478</u>	<u>6,560</u>	<u>44,862</u>	<u>5,761,945</u>	<u>14,040,625</u>
<u>\$ 1,310,695</u>	<u>\$ 17,254,587</u>	<u>\$(11,803,699)</u>	<u>\$ 4,797,666</u>	<u>\$ 22,050,364</u>	<u>\$ 24,049,543</u>
1.00%	1.16%	0.68%	0.51%	0.50%	0.47%

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

PRINCIPAL SOURCES OF REVENUES (UNAUDITED)

LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Local				
County government	\$ 29,728,217	\$ 28,681,523	\$ 28,132,939	\$ 29,273,302
Medicaid/Medicare	15,323,885	21,637,710	21,780,636	24,152,125
Other	<u>14,373,974</u>	<u>12,618,699</u>	<u>14,449,720</u>	<u>13,626,874</u>
Total local revenue	<u>59,426,076</u>	<u>62,937,932</u>	<u>64,363,295</u>	<u>67,052,301</u>
State				
Texas Department of Health and Human Services				
Texas Department of State Health Services				
General Revenue	74,076,314	74,500,636	75,919,706	80,410,871
Department of Aging and Disability Services -				
General Revenue	14,979,825	13,654,580	8,803,727	8,799,578
Early Childhood Intervention	1,906,946	2,115,314	1,073,474	1,255,837
Texas Council on Offenders with				
Mental Impairments	3,394,902	3,354,574	2,787,591	2,773,939
Other state agencies	<u>1,170,000</u>	<u>972,000</u>	<u>1,038,394</u>	<u>1,079,000</u>
Total state revenues	<u>95,527,987</u>	<u>94,597,104</u>	<u>89,622,892</u>	<u>94,319,225</u>
Federal				
Mental Health Block Grant	3,081,806	3,081,806	3,081,806	3,081,806
Early Childhood Intervention	5,920,373	4,607,965	2,746,242	2,131,105
Delivery System Reform Incentive	-	-	-	2,837,339
Other federal revenues	<u>8,892,841</u>	<u>4,225,712</u>	<u>3,853,351</u>	<u>7,946,405</u>
Total federal revenues	<u>17,895,020</u>	<u>11,915,483</u>	<u>9,681,399</u>	<u>15,996,655</u>
Total revenues	<u>\$ 172,849,083</u>	<u>\$ 169,450,519</u>	<u>\$ 163,667,586</u>	<u>\$ 177,368,181</u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 30,412,676	\$ 35,157,223	\$ 34,692,528	\$ 34,924,970	\$ 36,375,537	\$ 40,065,808
22,121,662	25,428,729	26,193,236	31,322,850	26,893,423	25,541,194
<u>13,701,859</u>	<u>10,128,788</u>	<u>8,713,539</u>	<u>9,520,333</u>	<u>12,403,051</u>	<u>11,726,057</u>
<u>66,236,197</u>	<u>70,714,740</u>	<u>69,599,303</u>	<u>75,768,153</u>	<u>75,672,011</u>	<u>77,333,059</u>
90,691,945	87,856,785	94,957,960	90,760,137	94,201,283	99,985,355
8,790,754	9,382,704	8,917,182	9,306,535	10,220,288	9,479,061
1,219,655	1,494,851	2,994,853	1,097,691	888,044	408,084
2,866,406	3,077,654	3,116,905	3,303,917	3,193,586	2,910,086
<u>1,265,097</u>	<u>1,099,450</u>	<u>864,290</u>	<u>803,726</u>	<u>886,666</u>	<u>446,000</u>
<u>104,833,857</u>	<u>102,911,444</u>	<u>110,851,190</u>	<u>105,272,006</u>	<u>109,389,867</u>	<u>113,228,586</u>
3,081,806	3,081,806	3,081,806	3,081,806	3,081,806	3,181,377
2,068,766	3,075,730	1,264,006	3,407,557	3,407,557	2,962,647
30,532,366	31,166,380	32,782,283	41,080,250	41,080,250	47,857,397
<u>6,771,965</u>	<u>8,563,275</u>	<u>11,927,197</u>	<u>21,925,025</u>	<u>21,925,025</u>	<u>12,210,615</u>
<u>42,454,903</u>	<u>45,887,191</u>	<u>49,055,292</u>	<u>69,494,638</u>	<u>69,494,638</u>	<u>66,212,036</u>
<u>\$ 213,524,957</u>	<u>\$ 219,513,375</u>	<u>\$ 229,505,785</u>	<u>\$ 250,534,797</u>	<u>\$ 254,556,516</u>	<u>\$ 256,773,681</u>

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

SCHEDULE OF INDIRECT COSTS (UNAUDITED)

FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Total Costs</u>	<u>Non-Allowable Costs</u>	<u>Depreciation</u>	<u>Total Adjusted Costs</u>	<u>Indirect Costs</u>	<u>Direct Costs</u>
Salaries	\$ 134,000,573	\$ -	\$ -	\$ 134,000,573	\$ 15,885,448	\$ 118,115,125
Employee benefits	37,513,081	-	-	37,513,081	4,584,181	32,928,900
Debt service	1,151,667	(1,091,429)	-	60,238	60,238	-
Capital outlay	181,571	(163,126)	-	18,445	-	18,445
Pharmaceutical	1,727,130	-	-	1,727,130	-	1,727,130
Depreciation	-	-	2,975,342	2,975,342	1,732,954	1,242,388
Other operating expenditures	<u>72,190,741</u>	<u>-</u>	<u>-</u>	<u>72,190,741</u>	<u>3,969,876</u>	<u>68,220,865</u>
Total	<u>\$ 246,764,763</u>	<u>\$(1,254,555)</u>	<u>\$ 2,975,342</u>	<u>\$ 248,485,550</u>	<u>\$ 26,232,697</u>	<u>\$ 222,252,853</u>

Indirect Costs	\$ 26,232,697
Direct Costs	\$ 222,252,853

Indirect Cost Rate **11.80%**

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

SCHEDULE OF DIRECT AND INDIRECT COSTS (UNAUDITED)

FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Total Costs</u>	<u>Adjustments/ Exclusions</u>	<u>Indirect Cost</u>	<u>Direct Cost</u>
EXPENDITURES:				
Personnel costs:				
Salaries and wages	\$ 134,000,573	\$ -	\$ 15,885,448	\$ 118,115,125
Fringe benefits	37,513,081	-	4,584,181	32,928,900
Consultation and professional fees	3,666,616	-	525,517	3,141,099
Travel - board and staff	2,916,317	-	140,338	2,775,979
Consumable supplies:				
Drugs	1,727,130	-	-	1,727,130
Food	466,577	-	47,531	419,046
Other	1,603,594	-	326,366	1,277,228
Furniture and equipment:				
Capital expenditures	118,114	(118,114)	-	-
Rental	195,702	-	54,865	140,837
Repair and maintenance	3,927,001	-	1,120,147	2,806,854
Building:				
Capital expenditures from general operations	45,012	(45,012)	-	-
Rental	626,781	-	22,596	604,185
Repair and maintenance	2,340,097	-	-	2,340,097
Vehicles:				
Capital expenditures	18,445	-	-	18,445
Repair and maintenance	266,231	-	61,254	204,977
Contracts with service agencies	46,173,442	-	119,362	46,054,080
Other:				
Utilities, postage and telephone	2,096,864	-	427,298	1,669,566
Client transportation	60,238	-	500	59,738
Audit and legal fees	472,298	-	472,298	-
Insurance	754,100	-	358,243	395,857
Meetings	6,607	-	5,653	954
Transfer and storage	73,020	-	44,041	28,979
Dues and subscriptions	230,095	-	205,331	24,764
Payment on note principal	1,091,429	(1,091,429)	-	-
Interest charges	60,238	-	60,238	-
Laboratory	339,740	-	-	339,740
Security	792,879	-	38,536	754,343
Miscellaneous	5,182,542	-	-	5,182,542
Total expenditures	<u>\$ 246,764,763</u>	<u>\$(1,254,555)</u>	<u>\$ 24,499,743</u>	<u>\$ 221,010,465</u>
Equipment and vehicle depreciation	\$ -	\$ 959,616	\$ 502,280	\$ 457,336
Buildings and improvements depreciation	-	2,015,726	1,230,674	785,052
Total	<u>\$ 246,764,763</u>	<u>\$ 1,720,787</u>	<u>\$ 26,232,697</u>	<u>\$ 222,252,853</u>
Indirect costs			\$ 26,232,697	
Direct costs			\$ 222,252,853	
				<u>11.80%</u>

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

LOCAL SERVICE AREA POPULATION (UNAUDITED)

FOR THE YEAR ENDED AUGUST 31, 2019

Population of local service areas for which the following centers are the local Mental Health and IDD Authority.

<u>Center</u>	<u>Mental Health Population</u>	<u>Intellectual & Developmental</u>
ACCESS	118,792	118,792
Andrews Center	441,641	441,641
Austin-Travis County	1,250,508	1,250,508
Betty Hardwick (Abilene)	188,441	188,441
Bluebonnet Trails	1,052,007	1,052,007
Border Region	400,972	400,972
Brazos Valley	375,451	375,451
Burke Center	414,129	414,129
Camino Real	241,508	241,508
Center for Health Care Services	2,025,211	2,025,211
Center for Life Resources	104,762	104,762
Central Counties	529,923	529,923
Central Plains	99,746	99,746
Coastal Plains Center	238,861	238,861
Concho Valley	132,715	132,715
Denton County	909,501	909,501
El Paso	936,055	936,055
Gulf Bend	187,907	187,907
Gulf Coast Center	730,185	730,185
Harris County	4,800,558	4,800,558
HEALTHCORE	490,665	490,665
Heart of Texas	379,142	379,142
Helen Farabee Center	326,956	326,956
Hill Country	735,766	735,766
Lakes Regional Center	173,626	173,626
LifePath Systems	1,107,017	1,107,017
NorthStar	3,214,995	3,214,995
Nueces County	372,883	372,883
PANHANDLE	440,099	440,099
Pecan Valley	480,139	480,139
Permian Basin	358,866	358,866
Spindletop	461,359	461,359
Tarrant County	2,092,419	2,092,419
Texana	1,050,585	1,050,585
Texoma	211,077	211,077
Tri-County	797,850	797,850

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>
2010	4,070,989	8.1%	196,779,227,000	48,337
2011	4,092,459	8.3%	183,899,347,000	44,936
2012	4,178,574	7.2%	204,593,445,000	48,963
2013	4,253,700	6.0%	224,617,980,000	52,805
2014	4,336,853	5.5%	230,462,963,000	53,141
2015	4,441,370	4.0%	252,694,912,000	56,896
2016	4,538,028	4.6%	249,989,494,000	55,088
2017	4,589,928	5.3%	247,482,118,000	53,188
2018	4,652,980	5.0%	265,351,328,000	60,241
2019	4,698,619	5.6%	(D)	(D)

(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

Fiscal Year	Notes Payable	Total Debt	Personal Income	Percentage of Personal Income	Debt per Capita
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	252,694,912,000	0.0025%	1.43
2016	4,911,429	4,911,429	249,989,494,000	0.0020%	1.08
2017	3,820,000	3,820,000	247,482,118,000	0.0015%	0.82
2018	2,728,571	2,728,571	265,351,328,000	0.0010%	0.58
2019	1,637,142	1,637,142	(A)	(A)	(A)

Note: Details regarding the Center'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

Employer	2019			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Memorial Hermann Health Systems	24,000	1	16.56%	-	-	-
The University of Texas MD Anderson Cancer Center	20,000	2	13.80%	-	-	-
United/Continental Airlines	15,000	3	10.35%	15,522	2	15.04%
Houston Methodist	14,985	4	10.34%			
Exxon Mobil	13,000	5	8.97%	15,340	3	14.86%
UTMB Health	12,448	6	8.59%			
Kroger Company	12,000	7	8.28%			
Shell Oil Company	11,892	8	8.21%			
National Oilwell Varco	11,563	9	7.98%	7,400	6	7.17%
Schlumberger	10,000	10	6.90%			
Adminstaff Inc.	-		-	22,475	1	21.77%
CenterPoint Energy (former Houston Industries)	-		-	8,568	4	8.30%
Baker Hughes Inc.	-		-	8,500	5	8.23%
AT&T Inc, (former SBC/Southwestern Bell)	-		-	7,018	7	6.80%
Chevron/Texaco	-		-	7,011	8	6.79%
JP Morgan Chase (former Texas Commerce Bank)	-		-	5,900	9	5.72%
BP America, Inc.	-		-	5,500	10	5.33%
	<u>144,888</u>			<u>103,234</u>		

* Based on calendar year.

Source: <http://www.HereisHouston.com/houstons-largest-employers>

Note: Total County Employment for 2017 was an estimated 3,100,007 (based on prior year employment figures) and for 2008 was 2,664,000

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

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

LAST TEN FISCAL YEARS

Function/Program	2010	2011	2012	2013
Adult Mental Health	482	569	579	591
IDD	520	472	458	430
Child and Adolescent	249	191	200	194
Crisis Center	284	268	284	269
Administration	146	142	148	150
Total	1,681	1,641	1,669	1,635

2014	2015	2016	2017	2018	2019
750	884	889	915	825	764
450	476	421	419	419	433
226	246	245	253	253	249
302	344	371	371	385	438
174	182	190	205	281	340
<u>1,902</u>	<u>2,132</u>	<u>2,117</u>	<u>2,164</u>	<u>2,164</u>	<u>2,224</u>

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Admissions:				
Mental Health	18,114	22,758	11,305	10,295
IDD	<u>14,116</u>	<u>9,551</u>	<u>2,241</u>	<u>1,951</u>
Total admissions	<u>32,230</u>	<u>32,309</u>	<u>13,546</u>	<u>12,246</u>
Total clients served (unduplicated):				
Mental Health	30,290	36,112	26,384	30,944
IDD	<u>17,836</u>	<u>16,631</u>	<u>17,185</u>	<u>15,019</u>
Total clients served	<u>48,126</u>	<u>52,743</u>	<u>43,569</u>	<u>45,963</u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
12,755	12,646	13,298	11,213	12,861	12,981
<u>2,329</u>	<u>2,272</u>	<u>2,275</u>	<u>2,083</u>	<u>2,277</u>	<u>2,542</u>
<u>15,084</u>	<u>14,918</u>	<u>15,573</u>	<u>13,296</u>	<u>15,138</u>	<u>15,523</u>
26,780	28,197	30,261	33,265	36,221	38,310
<u>17,715</u>	<u>18,222</u>	<u>18,988</u>	<u>20,318</u>	<u>21,904</u>	<u>22,274</u>
<u>44,495</u>	<u>46,419</u>	<u>49,249</u>	<u>53,583</u>	<u>58,125</u>	<u>60,584</u>

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

GENERAL FUND REVENUE BY SOURCE OF FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

Fiscal Year	Local Funds	State Funds	Federal Funds	Total
2010	\$ 59,426,073	\$ 95,527,986	\$ 17,895,019	\$ 156,790,494
2011	62,937,932	94,597,104	11,915,483	172,849,078
2012	64,363,140	89,622,891	9,681,399	169,450,519
2013	67,052,301	94,319,225	13,159,316	163,667,430
2014	66,236,197	104,833,857	42,454,903	174,530,842
2015	70,714,740	102,911,444	45,887,191	213,524,957
2016	69,599,303	110,851,190	49,055,292	219,513,375
2017	75,768,153	105,272,006	59,727,494	240,767,653
2018	75,672,011	109,389,867	69,494,638	254,556,516
2019	77,333,059	113,228,586	66,212,036	256,773,681

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

GENERAL FUND EXPENDITURES BY CATEGORY(UNAUDITED)

LAST TEN FISCAL YEARS

Fiscal Year	Mental Health	Intellectual & Developmental Disabilities	Administration	Total
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
2016	177,790,941	35,208,003	16,001,767	229,000,711
2017	180,229,346	33,728,843	22,056,660	236,014,849
2018	179,460,209	33,710,989	25,096,899	238,268,097
2019	186,604,624	35,685,945	24,474,194	246,764,763

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

CAPITAL ASSETS BY GOVERNMENTAL ACTIVITY (UNAUDITED)

LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Adult Mental Health				
Land	\$ 1,895,148	\$ 1,895,148	\$ 1,895,148	\$ 1,895,148
Buildings and improvements	11,047,650	11,047,650	11,060,635	11,060,635
Equipment and furniture	2,171,348	2,160,381	2,169,897	1,687,157
Vehicles	<u>129,551</u>	<u>129,551</u>	<u>129,551</u>	<u>220,527</u>
Total capital assets for Adult Mental Health	<u>15,243,697</u>	<u>15,232,730</u>	<u>15,255,231</u>	<u>14,863,467</u>
Intellectual & Developmental Disabilities				
Land	916,080	916,080	916,080	916,080
Buildings and improvements	4,963,058	4,963,058	4,980,370	4,980,370
Equipment and furniture	1,453,030	1,462,270	1,469,196	1,117,907
Vehicles	<u>394,576</u>	<u>394,576</u>	<u>374,226</u>	<u>428,012</u>
Total capital assets for Intellectual & Developmental Disabilities	<u>7,726,744</u>	<u>7,735,984</u>	<u>7,739,872</u>	<u>7,442,369</u>
Child and Adolescent				
Land	174,011	174,011	174,011	174,011
Buildings and improvements	2,637,343	2,637,343	2,650,328	2,650,328
Equipment and furniture	<u>705,833</u>	<u>701,957</u>	<u>705,321</u>	<u>534,677</u>
Total capital assets for Child and Adolescent	<u>3,517,187</u>	<u>3,513,311</u>	<u>3,529,660</u>	<u>3,359,016</u>
Crisis Center				
Land	-	-	-	-
Buildings and improvements	2,439,691	2,619,061	2,619,061	2,619,061
Equipment and furniture	567,247	564,375	566,869	428,072
Vehicles	<u>436,938</u>	<u>436,938</u>	<u>452,679</u>	<u>611,755</u>
Total capital assets for Crisis Center	<u>3,443,876</u>	<u>3,620,374</u>	<u>3,638,609</u>	<u>3,658,888</u>
Administration				
Land	436,250	436,250	436,250	436,250
Buildings and improvements	4,033,428	4,033,428	4,033,428	4,033,428
Equipment and furniture	1,992,746	2,861,455	2,984,690	2,563,682
Vehicles	155,702	173,516	173,516	196,203
Intangible assets - software	<u>1,365,734</u>	<u>3,113,739</u>	<u>5,102,008</u>	<u>5,928,585</u>
Total capital assets for Administration	<u>7,983,860</u>	<u>10,618,388</u>	<u>12,729,892</u>	<u>13,158,148</u>
Total capital assets	<u>\$ 37,915,364</u>	<u>\$ 40,720,787</u>	<u>\$ 42,893,264</u>	<u>\$ 42,481,888</u>

	2014	2015	2016	2017	2018	2019
\$	1,895,148	\$ 1,895,148	\$ 1,895,148	\$ 1,895,148	\$ 1,895,149	\$ 1,895,148
	11,065,800	11,065,800	11,065,800	11,065,800	11,065,800	11,065,800
	1,855,258	1,855,258	2,059,264	2,365,744	2,365,744	2,365,744
	220,527	220,527	245,114	433,779	470,669	470,669
	<u>15,036,733</u>	<u>15,036,733</u>	<u>15,265,326</u>	<u>15,760,471</u>	<u>15,797,362</u>	<u>15,797,361</u>
	916,080	916,080	916,080	916,080	916,080	916,080
	4,980,370	4,980,370	4,980,370	4,980,370	4,980,370	4,980,370
	1,111,807	1,111,807	1,111,807	1,111,807	1,111,807	1,111,807
	447,510	447,510	211,828	177,939	177,939	177,939
	<u>7,455,767</u>	<u>7,455,767</u>	<u>7,220,085</u>	<u>7,186,196</u>	<u>7,186,196</u>	<u>7,186,196</u>
	174,011	174,011	174,011	174,011	174,011	174,011
	2,650,328	2,650,328	2,650,328	2,650,328	2,650,328	2,650,328
	534,677	534,677	534,677	534,677	534,677	534,677
	<u>3,359,016</u>	<u>3,359,016</u>	<u>3,359,016</u>	<u>3,359,016</u>	<u>3,359,016</u>	<u>3,359,016</u>
	-	588,825	588,825	588,825	588,825	588,825
	2,619,061	3,048,836	5,380,809	5,380,809	5,380,809	5,380,809
	422,172	422,172	422,172	422,172	422,172	427,882
	746,952	850,104	857,077	756,762	756,762	775,207
	<u>3,788,185</u>	<u>4,909,937</u>	<u>7,248,883</u>	<u>7,148,568</u>	<u>7,148,568</u>	<u>7,172,723</u>
	2,449,346	2,449,346	2,449,346	2,449,346	1,655,596	1,454,050
	11,617,450	21,505,723	22,696,643	22,812,238	16,492,213	15,199,654
	2,865,744	3,762,611	4,024,171	4,421,756	4,543,552	5,110,699
	214,016	214,016	214,016	180,368	180,368	87,289
	6,142,885	6,184,197	6,198,078	-	-	-
	<u>23,289,441</u>	<u>34,115,893</u>	<u>35,582,254</u>	<u>29,863,708</u>	<u>22,871,729</u>	<u>21,851,692</u>
\$	<u>52,929,142</u>	<u>\$ 64,877,346</u>	<u>\$ 68,675,564</u>	<u>\$ 63,317,959</u>	<u>\$ 56,362,871</u>	<u>\$ 55,366,988</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, 2019**

	Revenues			
	Per 4th Quarter Financial Report	Additions	Deletions	Per Audited Financial Statements
Local Revenues				
Harris County	\$ 39,984,466	\$ 81,342	(a) \$ -	(a) \$ 40,065,808
Patient fees and private insurance	8,874,447	-	7,894,283	(a) 980,164
Medicare	1,229,066	-	-	1,229,066
Medicaid	17,858,989	6,453,139	(a) -	(a) 24,312,128
ICF/ID, HCS, and Texas Home Living	4,619,629	-	-	4,619,629
Administrative claiming	7,107,366	-	6,788,929	(a) 318,437
Investment earnings	2,000,941	32,303	(a) -	2,033,244
Miscellaneous	<u>61,393,408</u>	<u>-</u>	<u>57,618,825</u>	(a) <u>3,774,583</u>
Total Local Sources	<u>143,068,312</u>	<u>6,566,784</u>	<u>72,302,037</u>	<u>77,333,059</u>
State General Revenue	108,214,151	43,324	(a) 472,217	(a) 107,785,258
Other State Sources:				
Early Childhood Intervention	4,297,356	-	2,618,198	(a) 1,679,158
Department of Assistive and Rehabilitative Services-Rehab	413,294	-	5,210	(a) 408,084
Texas Council on Offenders with Mental Impairments	2,910,086	-	-	2,910,086
Texas Department of Criminal Justice	<u>446,000</u>	<u>-</u>	<u>-</u>	<u>446,000</u>
Total Other State Sources	<u>8,066,736</u>	<u>-</u>	<u>2,623,408</u>	<u>5,443,328</u>
Total State Revenue	<u>116,280,887</u>	<u>43,324</u>	<u>3,095,625</u>	<u>113,228,586</u>
Federal Sources:				
Mental Health Block Grant	3,181,377	-	-	3,181,377
Mental Health Block - Suicide Care Pilot	-	295,193	(a) -	295,193
Mental Health Block Grant - Community Support Services	721,900	-	-	721,900
Social Services Block Grant - Title XX	580,417	-	-	580,417
TANF to Title XX Block Grant	1,386,984	-	-	1,386,984
DSHS Disaster Assistance	640,677	-	-	640,677
Substance Abuse Prevention & Treatment Block Grant	768,089	-	-	768,089
Enhanced Community Coordination	-	345,386	(a) -	345,386
MH Block Homeless PATH Grant	-	950,674	(a) -	950,674
Early Childhood Intervention	-	2,618,198	(a) -	2,618,198
Delivery Service Reform Incentive Payments	-	47,857,397	(a) -	47,857,397
Administrative claiming	-	6,865,744	(a) -	6,865,744
Other Federal	<u>38,114</u>	<u>-</u>	<u>38,114</u>	<u>-</u>
Total Federal Sources	<u>7,317,558</u>	<u>58,932,592</u>	<u>38,114</u>	<u>66,212,036</u>
Total Revenue	<u>\$ 266,666,757</u>	<u>\$ 65,542,700</u>	<u>\$ 75,435,776</u>	<u>\$ 256,773,681</u>

(a) Revenue reclassification

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

**RECONCILIATION OF TOTAL EXPENDITURES TO FOURTH QUARTER FINANCIAL REPORT
(UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2019**

Object of Expenditure	Expenditures			
	Per 4th Quarter Financial Report	Additions	Deletions	Per Audited Financial Statements
Salaries	\$ 134,937,668	\$ 795,271	(a) \$ 1,732,366	(a) \$ 134,000,573
Employee Benefits	36,668,883	844,198	(a) -	(a) 37,513,081
Professional and Consultant Services	12,222,460	100	(a) -	12,222,560
Training and Travel	2,887,699	28,618	(a) -	(b) 2,916,317
Debt Service	-	1,151,667	(b) -	1,151,667
Capital Outlay	181,571	580,661	(b) -	762,232
Non-Capitalized Equipment	1,222,265	27,982	(a) -	1,250,247
Pharmaceutical Expense (medication and script process)	1,719,540	7,590	(a) -	1,727,130
Pharmaceutical Expense (PAP only)	21,828,096	-	(b) 21,828,096	(a) -
Other Operating Expense	52,617,842	2,603,114	(a) -	(b),(c) 55,220,956
Allocation of general administration to strategies	15,690,015	-	15,690,015	-
Allocation of authority administration to strategies	<u>7,029,427</u>	<u>-</u>	<u>7,029,427</u>	<u>-</u>
Total Expenditures	<u>\$ 287,005,466</u>	<u>\$ 6,039,201</u>	<u>\$ 46,279,904</u>	<u>\$ 246,764,763</u>

(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, 2019

Service Categories (by Funding Source)	Mental Health Adult	Mental Health Children	Intellectual & Developmental Disabilities	Total	Approved Budget	Variance
General Revenue - Mental Health	\$ 59,583,791	\$ 13,211,943	\$ -	\$ 72,795,734	\$ 70,448,335	\$(2,347,399)
General Revenue - Intellectual & Developmental Disabilities	-	-	10,218,995	10,218,995	9,826,811	(392,184)
General Revenue - Permanency Planning	-	-	134,033	134,033	134,033	-
General Revenue - PASRR Service Coordination	-	-	390,477	390,477	325,398	(65,079)
Community Hospitals	24,636,496	-	-	24,636,496	24,636,496	-
YES Waiver	-	1,183,663	-	1,183,663	1,595,000	411,337
ICF-MR	-	-	1,884,814	1,884,814	1,699,172	(185,642)
Texas Home Living Waiver	-	-	1,551,151	1,551,151	1,216,654	(334,497)
MH Block Homeless PATH Grant	950,674	-	-	950,674	1,130,299	179,625
Title XX Social Services Block Grant	580,417	-	-	580,417	580,417	-
Mental Health Block Grant	3,181,377	-	-	3,181,377	3,081,806	(99,571)
Mental Health Block Grant - CSC	-	721,900	-	721,900	800,250	78,350
Mental Health Suicide Care Pilot Project	295,193	-	-	295,193	559,398	264,205
TANF to Title XX Block Grant	-	1,386,984	-	1,386,984	1,386,984	-
Substance Abuse Preventionh & Treatment Block Grant	768,089	-	-	768,089	834,655	66,566
Texas DSHS Disaster Assistance	640,676	-	-	640,676	1,100,497	459,821
Medicaid	5,394,111	-	8,769,593	14,163,704	15,472,327	1,308,623
Medicaid Administrative Claiming	6,521,295	-	344,449	6,865,744	6,889,619	23,875
Delivery System Reform Incentive Payments	42,016,675	3,637,200	2,203,522	47,857,397	32,512,346	(15,345,051)
Enhanced Community Coordination	-	-	345,386	345,386	346,958	1,572
Texas Department of Criminal Justice	446,000	-	-	446,000	446,000	-
DARS-Autism	-	-	408,084	408,084	544,500	136,416
Early Childhood Intervention	-	-	4,279,356	4,279,356	4,278,391	(965)
Texas Council on Offenders with Mental Impairments	2,364,937	545,149	-	2,910,086	3,423,431	513,345
Required Local Match	8,265,552	-	954,997	9,220,549	9,220,549	-
Additional Local Funds	26,465,910	4,401,114	8,080,760	38,947,784	66,358,827	27,411,043
Total Expended Sources	\$ 182,111,193	\$ 25,087,953	\$ 39,565,617	\$ 246,764,763	\$ 258,849,153	\$ 12,084,390

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, 2019

Fund Source	Total Revenue	Total Mental Health Adult Expenditures	Total Mental Health Children Expenditures	Total Intellectual & Developmental Disabilities Expenditures	Total Center Expenditures	Excess Revenues Over Expenditures
Objects of Expense:						
Salaries	\$ 134,000,573	\$ 95,780,575	\$ 16,723,517	\$ 23,228,846	\$ 135,732,938	\$ -
Employee Benefits	37,513,081	26,075,495	4,750,703	7,454,453	38,280,651	-
Professional and Consultant Fees	12,222,560	7,067,944	1,001,621	4,152,995	12,222,560	-
Training and Travel	2,916,317	1,494,059	513,824	908,434	2,916,317	-
Debt Service	1,151,667	849,924	117,087	184,656	1,151,667	-
Capital Outlay	762,232	367,088	153,330	241,814	762,232	-
Non-capitalized Equipment	-	-	83,171	333,135	416,306	-
Pharmaceutical (medication and script process)	1,727,130	1,668,953	56,393	1,784	1,727,130	-
Other Operating	56,471,203	48,807,155	1,688,307	3,059,500	53,554,962	-
Total Expenditures	\$ 246,764,763	\$ 182,111,193	\$ 25,087,953	\$ 39,565,617	\$ 246,764,763	\$ -
Method of Finance:						
General Revenue - Mental Health	\$ 72,795,734	\$ 59,583,791	\$ 13,211,943	\$ -	\$ 72,795,734	\$ -
General Revenue - Intellectual & Developmental Disabilities	10,218,995	-	-	10,218,995	10,218,995	-
General Revenue - Permanency Planning	134,033	-	-	134,033	134,033	-
General Revenue - PASRR	-	-	-	-	-	-
Service Coordination	390,477	-	-	390,477	390,477	-
Community Hospitals	24,636,496	24,636,496	-	-	24,636,496	-
YES Waiver	1,183,663	-	1,183,663	-	1,183,663	-
ICF-MR	1,884,814	-	-	1,884,814	1,884,814	-
Texas Home Living Waiver	1,551,151	-	-	1,551,151	1,551,151	-
MH Block Homeless PATH Grant	950,674	950,674	-	-	950,674	-
Title XX Social Services Block Grant	580,417	580,417	-	-	580,417	-
Mental Health Block Grant	3,181,377	3,181,377	-	-	3,181,377	-
Mental Health Block Grant - CSC	721,900	-	721,900	-	721,900	-
Mental Health Block Grant - Suicide Care Piolet Project	295,193	295,193	-	-	295,193	-
TANF to Title XX	1,386,984	-	1,386,984	-	1,386,984	-
Substance Abuse Prevention & Treatment Block Grant	768,089	768,089	-	-	768,089	-
Texas DSHS Disaster Assistance	640,676	640,676	-	-	640,676	-
Medicaid	14,163,704	5,394,111	-	8,769,593	14,163,704	-
Medicaid Administrative Claiming	6,865,744	6,521,295	-	344,449	6,865,744	-
Delivery System Reform Incentive	47,857,397	42,016,675	3,637,200	2,203,522	47,857,397	-
Enhanced Community Coordination	345,386	-	-	345,386	345,386	-
Texas Department of Criminal Justice	446,000	446,000	-	-	446,000	-
DARS-Autism	408,084	-	-	408,084	408,084	-
Early Childhood Intervention	4,279,356	-	-	4,279,356	4,279,356	-
Texas Council on Offenders with Mental Impairments	2,910,086	2,364,937	545,149	-	2,910,086	-
Required Local Match	9,220,549	8,265,552	-	954,997	9,220,549	-
Additional Local Funds	48,956,702	26,465,910	4,401,114	8,080,760	38,947,784	10,008,918
Total Expended Sources	\$ 256,773,681	\$ 182,111,193	\$ 25,087,953	\$ 39,565,617	\$ 246,764,763	\$ 10,008,918

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, 2019**

Service Categories (by Funding Source)	Other Medications (Pills & Injections)	Medication Related Services (EKG & Labs)	Medicaid Type Services (Both Eligible and Ineligible)	Value Added Services	Screening & Eligibility
General Revenue - Mental Health	\$ 1,276,801	\$ 2,842,280	\$ 13,181,658	\$ 69,925	\$ 1,420,180
Community Hospitals	-	-	-	-	-
MH Block Homeless PATH Grant	-	-	950,674	-	-
Title XX Social Services Block Grant	-	-	580,417	-	-
Mental Health Block Grant	-	-	1,530,913	-	-
Mental Health Suicide Care Pilot Project	-	-	-	-	-
Substance Abuse Prevention & Treatment Block Grant	-	-	-	-	-
Texas DSHS Disaster Assistance	-	-	-	-	-
Medicaid	-	-	5,394,111	-	-
HUD - Supportive Housing - Safe Haven	-	-	-	-	-
Delivery System Reform Incentive	-	-	25,774,821	-	-
Texas Department of Criminal Justice	22,300	4,460	419,240	-	-
Texas Council on Offenders with Mental Impairments	83,350	-	2,281,587	-	-
Required Local Match	2,277,066	-	946,971	-	-
Additional Local Funds	-	744,998	30,562	-	-
Total Expended Sources	\$ 3,659,517	\$ 3,591,738	\$ 51,090,954	\$ 69,925	\$ 1,420,180

All Other Outpatient Services	Crisis Outpatient	Crisis, Transitional, and Intensive Ongoing Services - Residential Inpatient	Crisis, Transitional, and Intensive Ongoing Services - Outpatient	Crisis, Transitional, and Intensive Ongoing Services - Screening & Eligibility	Crisis, Transitional, and Intensive Ongoing Services - Other	Community Hospital (Inpatient Only)	Other Services Non- Priority Population	Total
\$ 939,429	\$ 3,402,461	\$ 11,929,652	\$ 5,221,046	\$ 1,314,696	\$ 2,273,088	\$ 12,563,991	\$ 3,148,584	\$ 59,583,791
-	-	-	-	-	-	24,636,496	-	24,636,496
-	-	-	-	-	-	-	-	950,674
-	-	-	-	-	-	-	-	580,417
-	1,650,464	-	-	-	-	-	-	3,181,377
-	-	-	295,193	-	-	-	-	295,193
-	-	-	-	-	-	-	768,089	768,089
-	-	-	-	-	-	-	640,676	640,676
-	-	-	-	-	-	-	-	5,394,111
-	-	-	-	-	-	-	6,521,295	6,521,295
-	-	-	9,301,759	-	-	-	6,940,095	42,016,675
-	-	-	-	-	-	-	-	446,000
-	-	-	-	-	-	-	-	2,364,937
-	-	830,470	2,781,600	105,444	130,439	-	1,193,562	8,265,552
-	-	-	-	<u>1,876,302</u>	<u>1,232,099</u>	<u>2,670,873</u>	<u>19,911,076</u>	<u>26,465,910</u>
<u>\$ 939,429</u>	<u>\$ 5,052,925</u>	<u>\$ 12,760,122</u>	<u>\$ 17,599,598</u>	<u>\$ 3,296,442</u>	<u>\$ 3,635,626</u>	<u>\$ 39,871,360</u>	<u>\$ 39,123,377</u>	<u>\$ 182,111,193</u>

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, 2019**

Service Categories (by Funding Source)	Medicaid Type Services (Both Eligible and Ineligible)	All Other Outpatient Services	Crisis Outpatient	Crisis Screening & Eligibility	Total
General Revenue - Mental Health	\$ 12,631,494	\$ 8,352	\$ 571,030	\$ 1,067	\$ 13,211,943
Mental Health Block Grant	721,900	-	-	-	721,900
TANF to Title XX Block Grant	1,386,984	-	-	-	1,386,984
YES Waiver	1,183,663	-	-	-	1,183,663
Delivery System Reform Incentive	3,637,200	-	-	-	3,637,200
Texas Council on Offenders with Mental Impairments	545,149	-	-	-	545,149
Additional Local Funds	4,401,114	-	-	-	4,401,114
Total Expended Sources	\$ 24,507,504	\$ 8,352	\$ 571,030	\$ 1,067	\$ 25,087,953

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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, 2019**

Service Categories (by Funding Source)	Assessment, Eligibility Determination	Service Coordination	Independent Living, Community Support	Respite	Day Habilitation	Specialized Therapies	ID Residential Services	Other Services Non- Priority Population	Total
General Revenue - Intellectual & Development Disabilities	\$ 2,213,372	\$ 4,599,343	\$ -	\$ 2,849,672	\$ 221,253	\$ 300,244	\$ 35,111	-	\$ 10,218,995
General Revenue - Permanency Planning	-	134,033	-	-	-	-	-	-	134,033
General Revenue - PASRR Service Coordinati	-	-	390,477	-	-	-	-	-	390,477
ICF-MR	-	-	34,206	-	-	62,357	1,788,251	-	1,884,814
Texas Home Living Waiver	-	-	1,551,151	-	-	-	-	-	1,551,151
Medicaid	-	8,769,593	-	-	-	-	-	-	8,769,593
Medicaid Administrative Claiming	45,750	277,466	10,247	-	4,224	6,762	-	-	344,449
Delivery System Reform Incentive Payments	-	-	-	-	-	-	-	2,203,522	2,203,522
DARS-Autism	-	-	-	-	-	-	-	408,084	408,084
Early Childhood Intervention	-	-	-	-	-	-	-	4,279,356	4,279,356
Enhanced Community Coordination	-	345,386	-	-	-	-	-	-	345,386
Required Local Match	236,789	61,036	9,716	246,071	28,776	30,092	4,511	-	616,991
Additional Local Funds	171,074	-	157,724	493,830	29,693	572,469	218,669	6,775,307	8,418,766
Total Expended Sources	\$ 2,666,985	\$ 14,186,857	\$ 2,153,521	\$ 3,589,573	\$ 283,946	\$ 971,924	\$ 2,046,542	\$ 13,666,269	\$ 39,565,617

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

SCHEDULE OF LEASES IN EFFECT (UNAUDITED)

FOR THE YEAR ENDED AUGUST 31, 2019

Lessor	Address	Monthly Amount 2019	Beginning Date	Termination Date
City of Houston, Multiservice	4014 Market - Houston, TX	\$161	9/26/2018	9/26/2019
City of Houston, Multiservice	7037 Capital, Suite 103	\$298	9/26/2018	9/13/2019
City of Houston, Multiservice	170 Height Blvd.	\$331	9/26/2018	9/26/2019
City of Houston, Multiservice	6719 West Montgomery - Houston, TX	\$256	12/1/2018	9/30/2019
Plazer Properties, Ltd.	3600 S. Gessner, Suite 110 - Houston, TX	\$19,866	10/1/2018	3/1/2019
		\$20,005	4/1/2019	9/30/2019
Spring Branch District Plaza II	9610 Long Point, Suite 351 - Houston, TX	\$214	10/1/2018	9/30/2019
Ashford Houston Investments	1500 Dairy Ashford, Ste 448 - Houston, TX	\$924	9/1/2018	1/1/2019
		\$949	2/1/2019	8/1/2019
Gillett Properties, Ltd. Moana, LP (Oxley Leasing)	7171 Hwy 6 N, Ste 206 - Houston, TX	\$949	6/1/2018	8/31/2019
		\$2,100	9/1/2018	8/31/2019
Pasadena Cottages	2212 Wichita - Pasadena, TX			
		The Center Bill Clair Family Mortuary, Inc.	3550 West Dallas - Houston, TX	\$350
Reddy Partnership - Brooktree	2603 Southmore - Houston, TX			
		NPC	2150 West 18th Street - Houston, TX	\$2,803
Harris County Jail	1502 Taub Loop - Houston, TX			
		City of El Lago	3540 West Dallas - Houston, TX	Free
Shirajp LP	411 Talowoo El Lago, TX. 77586			
			817 Southmore Suite 150 Pasadena, Tx 77502	\$1,200

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

SCHEDULE OF INSURANCE COVERAGE (UNAUDITED)

FOR THE YEAR ENDED AUGUST 31, 2019

Property

Insurer: Frost Insurance
Policy Period: 09/01/18 - 09/01/19
Property Including Boiler/Machinery
Annual Contribution \$ 402,743
Bldg./BPP TIV: \$102,053,979

General Liability

Insurer: Frost Insurance
Policy Period: 09/01/19 - 09/01/20
Commercial General Liability 2,341

Professional Liability

Insurer: Frost Insurance
Policy Period: 09/01/18 - 09/01/19
Professional Liability / Annual Contribution 72,789

Auto Liability

Insurer: Frost Insurance
Policy Period: 09/01/18 - 09/01/19
Auto Liability 85,731

Workers Compensation

Insurer: Frost Insurance
Policy Period: 09/01/18 - 09/01/19
Workers Compensation 256,298

Excess Liability

Insurer: Frost Insurance
Policy Period: 09/01/18 - 09/01/19
Excess Liability 90,737

Directors & Officers Liabilities

Insurer: Frost Insurance
Policy Period: 09/01/19 - 09/01/19
Directors & Officers Liability 272,713

Terrorism Coverage Not available from TCRMF

Total Estimated Premium 1,183,352

Crime

Insurer: Frost Insurance
Policy Period: 09/01/18 - 09/01/19
Estimated Premium 2,840
Employee Theft - \$600,000
Forgery on alterations - \$200,000
Theft on Premise - \$25,000
Theft in Transit - \$25,000
Computer Fraud - \$100,000
Money Orders & Counterfeit - \$25,000
Funds Transfer Fraud - \$100,000

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

SCHEDULE OF INSURANCE COVERAGE (UNAUDITED) (Continued)

FOR THE YEAR ENDED AUGUST 31, 2019

Fiduciary Liability

Insurer:	Frost Insurance	
Policy Period:	09/01/18 - 09/01/19	
	Annual Premium	\$ 6,450
	Limit of Liability - \$3,000,000	

Notary E&O

Insurer:	Frost Insurance	
Policy Period:	11/18/18 - 11/18/19	
	Annual Premium	1,446
	33 Notaries	

Notary Bonds

Insurer:	Frost Insurance	
Policy Period:	09/01/18 - 09/01/19	
	Estimated Notary Bonds Premium	2,346
	33 Notaries	
	\$71.00 per Notary Bond	

Cybersecurity Liability

Insurer:	Healthcare Risk Partners	
Policy Period:	04/24/18 - 04/24/19	
Location	9401 Southwest Freeway Houston, Tx. 77074	
	Policy No. B0370PH1806852000 / B0370PH1907336000	
	Information Security and Privacy Insurance with Breach Response Services	
	Annual Premium	43,000

Flood

Insurer:	Regional Excess Underwriters, LLC	
Policy Period:	03/28/2018 - 03/28/2019	
	Flood	
	Premium	25,628
	Locations:	
	7200 North Loop East	
	11511 Bob White Road	
	Houston, Tx 77028	
	Carrier: Breckenridge/Liberty	
	Policy Term: 03/28/2018-19	
	Premium	<u>810</u>
	Location:	
	11511 Bob White Road	
	Houston, Tx 77035	
	Carrier: Breckenridge/Liberty	
	Policy Term: 03/28/2018-19	

Total Premiums		\$ <u>82,520</u>
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THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

SCHEDULE OF INSURANCE COVERAGE (UNAUDITED) (Continued)

FOR THE YEAR ENDED AUGUST 31, 2019

Residential Program

Insurer:	Frost Insurance	
Policy Period:	09/01/18 - 09/01/19	
	Villas at Bayou Park, Inc.	
	First Specialty Commercial Package: Effective 5/15/18-19	\$ 12,834
	Travelers Directors & Officers Liability - Effective 02/19/18-19	1,218
	Hartford Insurance Fidelity Bond-Effective 08/15/18-19	<u>339</u>
	TOTAL EXPIRING PREMIUM	<u>14,391</u>
	Acres Homes Garden, Inc.	
	First Specialty Commercial Package - Effectove 5/15/18-19	12,680
	Travelers Directors & Officers Liability: \$Ppending - Effective 10/18/18-19	
	Hartford Insurance Fidelity Bond: Effective 05/12/18-19	211
	TOTAL EXPIRING PREMIUM	<u>12,891</u>
	Pear Grove. Inc.	
	First Specialty Commercial Package - Effectove 5/15/18-19	
	Premium pending \$13,213	13,213
	Travelers Directors & Officers Liability / \$ Pending	
	Total Current Premium Pending	<u>1,118</u>
	TOTAL EXPIRING PREMIUM	<u>14,331</u>
	Pecan Village, Inc.	13,213
	First Specialty Commercial Package - Effectove 5/15/18-19	1,118
	Travelers Directors & Officers Liability / Effective 3/28/18-19	4,024
	Flood Insurance (Buildings 1 to 4):	
	TOTAL EXPIRING PREMIUM	<u>18,355</u>
	Pasadena Cottages, Inc.	
	Philadelphia Insurance - Commercial Package: Effective 02/08/18-19	7,197
	USLI - Directors & Officers Liability / Effective 02/08/18-19	1,342
	Wright Flood Insurance: Effectove 11/04/18-19	<u>689</u>
Total Current Premium		<u><u>\$ 9,228</u></u>

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

SCHEDULE OF BOND COVERAGE (UNAUDITED)

FOR THE YEAR ENDED AUGUST 31, 2019

Surety Company	Scope of Coverage	Amount
Frost Insurance 9/1/2018 - 9/1/2019	Commercial Crime Policy	
	Employee Theft	\$ 600,000
	5,000 Single Loss Retention	
	Forgery Alterations	200,000
	Deductible	2,500
	Money and Securities - On Premise	25,000
	Theft on Premise	25,000
	Deductible	2,500
	Money and Securities - Messenger	25,000
	Theft in Transit	25,000
	Deductible	2,500
	Computer Fraud	25,000
	Deductible	2,500
	Money Order and Conterfeit Currency	25,000
	Deductible	2,500
	Property of Clients (Theft by Employees)	Not Covered
	Deductible	2,500
	Funds Transfer Fraud	100,000
	Deductible	5,000
	Claims Expense	5,000

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, 2019

NAME	CITY	TYPE OF SERVICE	AMOUNT
Abdullah, Haneef	Houston, TX	Respite Care Services	\$ 9,171
Adan, Amada	Houston, TX	Respite Care Services	15,328
Almanza, Elsa	Houston, TX	Respite Care Services	15,471
ANC-D Psychological Services	Houston, TX	YES Waiver Services	111,681
Anderson, Ta'keia	Houston, TX	Respite Care Services	6,267
Andrea Greer Consulting, LLC	Houston, TX	Grant Writing Services	6,000
ARC of Greater Houston	Houston, TX	Vocational and Employment Training	215,448
Barden, Jorden	San Antonio, TX	Respite Care Services	9,558
Bay Area Recovery Center	Dickinson, TX	Substance Abuse Treatment	93,273
Baylor College of Medicine	Houston, TX	Residency Program Training	37,534
Baylor College of Medicine/ Family Community Medicine	Houston, TX	Medical Consultations/EKG Services	136,646
Behaviorial Health Facility	Tuscaloosa, AL	Staff Safety Review	9,216
Bradley, Deborah	Katy, TX	Respite Care Services	9,504
Brown, Tanitra	Houston, TX	Respite Care Services	21,619
Brown, Tarshyra	Houston, TX	Respite Care Services	10,674
Button's Inventory Service, Inc.	Houston, TX	Pharmacy Inventory Service	25,489
Cabral, Armando	Houston, TX	Respite Care Services	14,229
Callan, Elizabeth	Houston, TX	Respite Care Services	18,455
Canales, Maria	Houston, TX	Respite Care Services	7,556
CARF International	Houston, TX	Accreditation Survey	21,120
Center for Recovery and Wellness Resources	Houston, TX	Housing/Transition Services	18,689
Centre Technologies	Houston, TX	Software Support	27,278
Cervantes, Maria	Houston, TX	Respite Care Services	16,281
Chef's Catering	Houston, TX	Consumer Food Service	72,721
Cheyenne Center	Houston, TX	Housing/Transition Services	56,102
Citrus Medical	Richmond, TX	YES Waiver Services	154,497
Coalition for the Homeless	Houston, TX	Advocacy Services	14,807
Communication Axxess Ability Group	Houston, TX	Interpreting Services	3,256
Compelling Therapy Services, Inc	Bellaire, TX	YES Waiver Services	150,040
Concentra Medical Centers	Addison, TX	Employee Screening	4,982
Consilium Staffing, LLC	Irving, TX	Temporary Staffing	257,987
Cooper, Malissa	Richmond, TX	Medical Coding Consulting Services	1,605
Copeland, Ambur	Houston, TX	Respite Care Services	17,338
CTRL Delivery & Transportation, Inc.	Houston, TX	Transportation Services	21,138
Data Shredding Services of Texas	Houston, TX	Document Destruction	23,486
Developing by Design, LLC	Afton, OK	Day Habilitation Services	10,118
DISA, Inc. (FKA Forward Edge)	Houston, TX	Pre-employment Testing	26,001
Discovery Benefits, Inc.	Fargo, ND	Employee Benefits Administration	35,561
Dorsey, Evelyn	Houston, TX	Supported Home Living Services	8,082
Duong, Diana	Houston, TX	Respite Care Services	17,100
Easter Seals of Greater Houston, Inc.	Bellaire, TX	Respite Services	2,219,676
Edge Training Systems, Inc.	Midlothian, VA	Training Consulting Services	6,500
El Centro de Corazon	Houston, TX	Medical Services	147,573
Elite Personnel Consultants	Houston, TX	Temporary Staffing	378,260

NAME	CITY	TYPE OF SERVICE	AMOUNT
Epic Dental Associates	Houston, TX	Dental Services	\$ 1,070
Flanagan, Jerome	Houston, TX	YES Waiver Services	31,073
		Respite Care Services	
Flannel, Annette	Missouri City, TX	Service Utilization/	11,146
Gearing, Robin Edward	Houston, TX	Effectiveness Consulting	11,875
Gil, Maria	Katy, TX	Respite Care Services	7,808
Hall, Latoya	Houston, TX	Respite Care Services	14,472
Harris County Psychiatric Center	Houston, TX	Competency Evaluation and Restoration	4,476,679
Healthcare for the Homeless	Houston, TX	Crisis/Peer Support Services	123,889
Hernandez, Josefa	Houston, TX	Respite Care Services	13,536
Hill-LeBlanc, Leona	Houston, TX	Respite Care Services	10,089
Horses for Life	Angleton, TX	YES Waiver Services	8,286
Houston Discovery Community	Houston, TX	Co-Occurring Disorders Services	39,275
Hua, Nancy	Houston, TX	Respite Care Services	6,300
Hubbard, Olivia	Houston, TX	Respite Care Services	9,234
Huff, Stephanie	Houston, TX	Respite Care Services	12,524
In Mui, Jeong	Katy, TX	Supported Home Living Services	16,200
Indigo Beam, LLC	Houston, TX	Project Management Services	4,000
J. Taylor & Associates	Houston, TX	Employee Consulting Services	185,557
Jack, John	Friendswood, TX	YES Waiver Services	27,743
Jackson and Coker Locum Tenens	Atlanta, GA	Temporary Staffing - Psychiatrists	260,391
Johnson, Deranda	Houston, TX	Respite Care Services	6,507
Kellies, Sitting Services, Inc.	Houston, TX	Respite Services	39,642
KES Care Learning and Developmental Center	Houston, TX	Day Habilitation Services	4,478
		Respite Care Services	
Knight, Delores	Houston, TX	Leadership Development	19,710
Koller, Tracy	Joshua, TX	and Training Services	4,054
Lang, Cassietta	Katy, TX	YES Waiver Services	18,472
Language Line Services	Monterrey, CA	Interpreting Services	306,470
Lau, Emma	Richmond, TX	Respite Care Services	6,831
Lau, Samson	Richmond, TX	Respite Care Services	4,050
Laval, Ramon, Ph.D.	Houston, TX	Psychologist	12,250
Lemus, Katia	Houston, TX	Respite Care Services	15,957
Lewis, Earline	Houston, TX	Respite Care Services	6,489
Life Coaching & Leadership Service	Aledo, TX	Organizational Consulting	6,009
Livingmind Project, Inc.	Houston, TX	Day Habilitation Services	4,300
Locum Tenens Holdings, LLC	Atlanta, GA	Temporary Staffing - Psychiatrists	1,836,987
Lozano-Tello, Elsa	Houston, TX	Respite Care Services	11,268
Magnificat House, Inc.	Houston, TX	Residential Services	27,824
Mann, Thomas H., Ph.D.	Richmond, TX	Psychologist	7,238
Martinez, Peter	Kingwood, TX	Respite Care Services	1,625
Masterword Services, Inc.	Houston, TX	Interpreting Services	68,447
Medical Practice Consultants, Inc.	Oklahoma City, OK	Medical Practice Consulting	49,497
Melodic Pathways Music Therapy	Spring, TX	YES Waiver Services	15,975
Mental Health America of Greater Houston	Houston, TX	Oversight of Peer-to-Peer Counseling	99,286

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, 2019

NAME	CITY	TYPE OF SERVICE	AMOUNT
Miles, Jennifer	Pearland, TX	Respite Care Services	\$ 8,424
MobilexUSA	Baltimore, MD	Xray Services	12,340
Momentum Behavioral Health	Houston, TX	YES Waiver Services	135,380
Morales, Laura	Houston, TX	Speech/Language Pathologist	18,368
Moran, Ashonti	Houston, TX	Respite Care Services	15,359
Morgan & Associates Dental	Houston, TX	Dental Services	8,746
Muhammad, Nettie	Houston, TX	YES Waiver Services	37,975
Myers, Trenice	Houston, TX	Respite Care Services	10,418
NAMI Greate Houston	Houston, TX	Consultation Services	11,100
Ngo, Bob	Houston, TX	Respite Care Services	15,588
Nguyen, Mai-Houng	Houston, TX	Respite Care Services	11,358
Nightingale Adult Day Center	Houston, TX	Interpreting Services	9,731
Nixon Adult Day Center	Houston, TX	Respite and Day Habilitation Services	19,061
Open Door Mission	Houston, TX	Residential Services	1,950
Pace Opportunity Center, Inc.	Houston, TX	Day Habilitation Services	12,275
Parker Place Property Owners Association	Houston, TX	Respite Services	321,401
Passages, Inc.	Houston, TX	Co-Occurring Disorders Services	65,095
Pathway to Serenity	Houston, TX	Housing/Transition Services	222,704
Pattillo Brown & Hill, LLP	Waco, TX	Audit Services	92,672
Pham, Jennifer, DDS	Houston, TX	Dental Services	1,755
Phantastic Dental Place	Pasadena, TX	Dental Services	1,330
Physician Resources, Inc.	Houston, TX	Temporary Staffing - Psychiatrists	207,245
Pixel Studio Productions, LLC	Houston, TX	Videography Services	6,550
Pre-Check, Inc.	Houston, TX	Pre-employment Testing	35,148
Prosumers International	San Antonio, TX	Peer Support Training Services	18,985
Psychotherapy by Angelina	Bellaire, TX	YES Waiver Services	91,340
Rangel, Kenia	Houston, TX	Respite Care Services	17,253
Reach Unlimited, Inc.	Houston, TX	Respite and Day Habilitation Services	20,952
Reader, Tarunda	Cypress, TX	Respite Care Services	9,120
Recessability, Inc	Spring, TX	YES Waiver Services	24,955
Rowan HCI, Inc	Austin, TX	Board of Trustee's Consulting	11,610
Semine, Karim	Houston, TX	Respite Care Services	6,927
Smith, Brandon	Houston, TX	Respite Care Services	6,723
Smith, Tracy	Missouri City, TX	Respite Care Services	18,261
Southwestern Music Therapy, LLC	Plano, TX	YES Waiver Services	9,351
St. Thomas Health Dispensary of Hope, LLC	Nashville, TN	Charitable Medication Distributor	23,750
Stericycle, Inc.	Lake Forest, IL	Hazardous Waste Disposal	2,080
Sun, Qi	Katy, TX	Respite Care Services	13,878
Takahata, Dalton	Houston, TX	Respite Care Services	34,830
Texas Department of Public Safety	Austin, TX	Pre-employment Testing	5,092
Texas Medical Association	Austin, TX	Medical Practice Consulting	9,400
Texas Medical Center Hospital Laundry Co-op	Houston, TX	Linen Service	52,362
Texas West Oaks Hospital	Houston, TX	Inpatient Psychiatric Bed Services	1,163,125

NAME	CITY	TYPE OF SERVICE	AMOUNT
		Residential and Day	
The Center	Houston, TX	Habilitation Services	\$ 30,683
The Council on Recovery	Houston, TX	Substance Abuse Counseling	1,264,710
The Creel Group	Omaha, NE	Employee Consulting Services	48,000
The eConsortium Group, Inc.	Houston, TX	Information Technology Services	59,280
Turning Point Center	Houston, TX	Housing/Transition Services	19,365
Unity Circle Counseling	Houston, TX	YES Waiver Services	13,913
Universe Technical Translation	Houston, TX	Interpreting Services	152,815
University of Houston College of Medicine	Houston, TX	Psychiatric Services	6,600
University of Houston Division of Research	Houston, TX	Training Services for Forensics	17,900
University of Houston-Clear Lake	Houston, TX	Behavioral Therapy Services	81,703
University of Texas Health Science Center	Houston, TX	Contract Psychiatrists	61,893
University of Texas Health Science Center	Houston, TX	Psychiatric Residents	209,976
VC5 Partners LLC dba Rekruters	Houston, TX	Temporary Staffing Services	148,339
Visual Language Professional, LLC	Houston, TX	Interpreting Services	49,382
Volunteers of America TX, Inc.	Houston, TX	Day Habilitation Services	20,015
Vu, Annie	Houston, TX	Respite Care Services	22,433
Vu, Trinh	Houston, TX	Respite Care Services	17,307
Wang, Hai	Sugar Land, TX	Respite Care Services	7,965
Watkins, Kamala	Katy, TX	Respite Care Services	8,726
			<u>\$ 17,390,794</u>

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

SCHEDULE OF LEGAL SERVICES (UNAUDITED)

FOR THE YEAR ENDED AUGUST 31, 2019

Name	City	Type of Service	Amount
Rusty Hardin & Associates LLP	Houston, TX	General representation	\$ 3,300
Drumheller, Hollingsworth & Monthy, LLP	Houston, TX	General Representation	7,442
John William Belk & Associates	Houston, TX	General representation	12,150
Karczewski, Bradshaw, Spalding	Nacogdoches, TX	Employment and general representation	13,360
Rogers, Morris & Grover, L.L.P.	Houston, TX	General representation	23,266
Norton, Rose, Fulbright, U.S., LLP	Dallas, TX	Employee Benefits	31,329
Burl Daniel, CPCU,CIC,CRM	Fort Worth, TX	Subject matter expert	48,440
The Feldman Firm, P.C.	Houston, TX	Employment and general representation	59,508
Harris Tarrant Software Solution (HTSS)/Topaz Software Authority	Fort Worth, TX	General Representation	177,936

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**SINGLE AUDIT
SECTION**

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**INDEPENDENT AUDITOR’S 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**

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, 2019, 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 28, 2020. 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 auditor’s 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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 28, 2020

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

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) *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 (21st 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, 2019. 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; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); 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)* and the *State of Texas Single Audit Circular*. Those standards, the Uniform Guidance, 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)* 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, the Center 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, 2019.

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 the *Uniform Guidance*, 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)* 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 the *Uniform Guidance*, 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)* 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 28, 2020

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THE HARRIS CENTER FOR MENTAL HEALTH AND IDD
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended August 31, 2019

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
Federal Awards:				
U.S. Department of Education:				
Passed-through the Texas Health and Human Services Commission:				
Special Education Grants to States (IDEA, Part B)	84.027	HHS000191200006	\$ 99,720	-
Total Special Education Cluster (IDEA)			<u>99,720</u>	-
Special Education Grants for Infants and Families with Disabilities (IDEA, Part C)	84.181	HHS000191200006	1,973,871	-
Total Passed-through the Texas Health and Human Services Commission			<u>2,073,591</u>	-
Total U.S. Department of Education			<u>2,073,591</u>	-
U.S. Dept. of Health and Human Services:				
Passed-through the Texas Health and Human Services Commission:				
MH Block Homeless PATH Grant	93.150	2016-048164	950,674	-
TANF Transfer to Title XX Block Grant	93.558	529-17-0038-00024	1,386,984	-
Temporary Assistance for Needy Families (TANF)	93.558	HHS000191200006	544,607	-
Total TANF Cluster			<u>1,931,591</u>	-
Social Services Block Grant (Title XX)	93.667	529-17-0038-00024	580,417	-
Delivery System Reform Incentive Payments (DSRIP)	93.778	N/A	47,857,397	-
Medicaid Administrative Claiming Program	93.778	529-09-0032-00096	6,521,295	-
Medicaid Administrative Claiming Program	93.778	HHS000191200006	344,449	-
Total Medicaid Cluster			<u>54,723,141</u>	-
Enhanced Community Coordination	93.791	529-18-0045-00001	345,386	-
Mental Health Block Grant	93.958	529-17-0038-00024	3,181,377	-
Mental Health Suicide Care Pilot Project	93.958		295,194	-
Mental Health Block Grant (CSC)	93.958	2017-049559	721,900	-
Total CFDA 93.958			<u>4,198,471</u>	-
Substance Abuse Prevention & Treatment Block Grant	93.959	2016-048251	768,089	768,089
Disaster Assistance - Regular Services	93.982	HHS000101500001	640,676	-
Total Passed-through the Texas Health and Human Services Commission			<u>64,138,445</u>	<u>768,089</u>
Total U.S. Department of Health and Human Services			<u>64,138,445</u>	<u>768,089</u>
Total Expenditures of Federal Awards			<u>\$ 66,212,036</u>	<u>\$ 768,089</u>

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

Year Ended August 31, 2019

<u>State Grantor/Program Title</u>	<u>Contract #</u>	<u>State Expenditures</u>
State Awards:		
<u>Texas Health and Human Services Commission:</u>		
Direct Programs:		
General Revenue - Mental Health	529-17-0038-00024	\$ 72,643,082
General Revenue - Psychiatric Hospitals	529-17-0038-00024	<u>24,636,496</u>
Subtotal		<u>97,279,578</u>
Early Childhood Intervention	5382001541	1,679,158
Services to Children with Autism	5382001408	408,084
General Revenue - Intellectual or Developmental Disabilities	529-18-0045-00001	8,680,501
General Revenue - Permanency Planning	529-18-0045-00001	134,033
General Revenue - PASRR Service Coordination	529-18-0045-00001	390,477
General Revenue - Crisis Respite Services	529-18-0045-00001	751,369
General Revenue - Crisis Intervention Specialist	529-18-0045-00001	396,648
General Revenue--Mental Health First Aid		147,442
General Revenue--Nursing Facility Specialized Services		<u>5,210</u>
Subtotal		<u>10,505,680</u>
Total Texas Health and Human Services Commission		<u>109,872,500</u>
<u>Texas Department of Criminal Justice:</u>		
Direct Program:		
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>110,318,500</u>
Total Expenditures of Federal and State Awards		<u>\$ 176,530,536</u>

The accompanying notes are an integral part of this schedule.

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

AUGUST 31, 2019

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, 2019. 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 using 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* 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 *Uniform Guidance* and *the State of Texas Single Audit Circular*.

Note 4 – Indirect Costs

The Center has elected not to use the 10% de minimis indirect cost rate as allowed in the *Uniform Guidance*.

Note 5 – Reconciliation of state revenues and the Schedule of Expenditures of State Awards

The following is a reconciliation of state grant expenditures reported on the Schedule of Expenditures of State Awards to the state revenues reported in the basic financial statements for the year ended August 31, 2019:

State revenues per the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 113,228,586
Less: Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMI) program	(2,910,086)
State expenditures per the Schedule of Expenditures of State Awards	<u>\$ 110,318,500</u>

THE HARRIS CENTER FOR MENTAL HEALTH AND IDD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019

Summary of Auditors' Results

Financial Statements:

Type of auditors' report on financial statements	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 the <i>Uniform Guidance</i> or the <i>State of Texas Single Audit Circular</i> ?	No

Identification of major programs:

Federal:

CFDA #

U.S. Department of Health and Human Services:	
Mental Health Block Grant	93.958
Mental Health Suicide Care Pilot Project	93.958
Mental Health Block Grant (CSC)	93.958
Medical Assistance Program:	
Delivery System Reform Incentive Payments (DSRIP)	93.778
Medicaid Administrative Claiming Program	93.778

State:

State Grant Number

Texas Health and Human Services Commission:	
General Revenue:	
Mental Health	529-17-0038-00024
Psychiatric Hospitals	529-17-0038-00024
General Revenue:	
Intellectual Development Disabilities	529-18-0045-00001

Dollar threshold used to distinguish between type A and type B federal programs	\$1,986,361
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



Transforming Lives

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2019

There were no findings in the prior year.

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