



*Transforming Lives*

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For Fiscal Years Ended  
August 31, 2016 and 2015**

**Steven B. Schnee, Ph.D.  
Executive Director**



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

**For Fiscal Years Ended August 31, 2016 and 2015**

Steven B. Schnee, Ph.D.  
Executive Director

Harris County, Texas

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The HARRIS CENTER FOR MENTAL HEALTH AND IDD

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## **INTRODUCTORY SECTION**

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# THE HARRIS CENTER FOR MENTAL HEALTH AND IDD

## Listing of Officials

August 31, 2016

### *Board of Trustees*

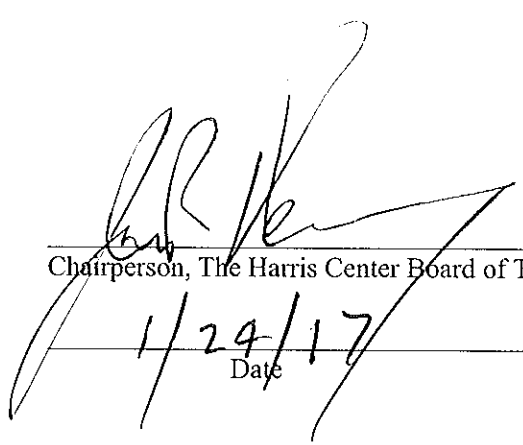
Jon R. Keeney	Board Chairperson, Search Committee Chairperson
Gerald W. Womack	Board Secretary, Resource Committee Chairperson
Victor C. Alvarez	Board Member
Susan Fordice	Board Member
Johanna (Jo) Monday, MED, MLS	Board Member, Program Committee Chairperson
Bonnie C. Hellums, MED, LMFT, LCDC, ACC, JD	Board Member
George Santos, MD, DFAPA	Board Member
Lois J. Moore, BSN, MED, LHD, FACHE	Board Member, Audit Committee Chairperson
Shaukat Zakaria	Board Member

### *Executive Staff*

Steven B. Schnee, Ph. D.	Chief Executive Officer
Scott P. Strang, Ph. D., M.B.A.	Chief Operating Officer
Michael Downey, MBA, MA, LPC	Deputy Director, Mental Health Services
Monalisa Jiles, LPC, NCC, LBSW	Deputy Director, Forensic Services
Robert Stakem, MPM, CPHQ	Deputy Director, Intellectual Disabilities Services
Kimberly Kornmayer, MED, MSW, LCSW	Deputy Director, Comprehensive Psychiatric Emergency Programs
Alex V. Lim, C.P.A., M.B.A	Chief Financial Officer
Jeanne Mayo, M.S., J.D.	General Counsel
Sylvia Muzquiz, M.D.	Medical Director, Mental Health/Forensic Services
Carson Easley, R.N., M.S.N.	Director, Nursing Services
Charlotte Simmons	Director, Human Resources
Paul Wilson, P.E.	Director, Facility Services
Ron Coots, B.S.N., M.S.H.P.	Director, Information Services
Scott Hickey, Ph. D.	Director, Outcomes Management

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 2016 from Pattillo, Brown & Hill, L.L.P., was reviewed and approved at a meeting of the Board of Trustees held on the 24th day of January 2017.



\_\_\_\_\_  
Chairperson, The Harris Center Board of Trustees

1/24/17  
\_\_\_\_\_  
Date



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

January 23, 2017

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, 2016. The report is published to provide the Board, consumers, family members, elected officials, and other interested parties with detailed information concerning our financial condition and activities of the organization. It is also required by our major funding sources: the State's Department of State Health Services (DSHS) and Department of Aging and Disability Services (DADS), as well as other federal, state and local grantors.

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

### **Financial Report**

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

The Center is required to undergo single audits 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 these single audits includes the Schedule of Federal and State Awards, Schedule of Findings and Questioned Costs, and the auditors' reports on the internal control structure and compliance with 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, 2016 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, 2016 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 and state 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, 2016, the end of the fiscal year, the Board was composed of nine citizens who were appointed to serve two-year terms of office by the Commissioners Court. Members of the The Harris Center for Mental Health and IDD's Board of Trustees receive no salary or any other compensation for their work on the Board.

The Harris Center for Mental Health and IDD is a separate entity under state law from Harris County, and governed by an independent Board of Trustees, appointed by the Harris County Commissioners Court. There is oversight responsibility exercised by Harris County Commissioners Court, but the financial information of Harris County is not within the scope of the Center's Financial Statement. For financial reporting purposes, and in conformance with governmental generally accepted accounting principles, the financial reporting entity, The Harris Center for Mental Health and IDD, is included as a component unit in the basic 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 Executive Director and Chief Financial Officer prepare a proposed budget for the fiscal year after consultation with division deputies and department heads and according to instructions of DSHS/DADS and other contract payors or grantors. The proposed budget, together with revenue estimates, is submitted to the Board of Trustees of the Center for consideration and approval.

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

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

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

For FY 2016, The Harris Center for Mental Health and IDD had a contract with each of these two state agencies, DSHS, a state Agency created pursuant to Texas Health and Safety Code (THSC), Chapter 1001, and DADS, a state Agency created pursuant to Texas Human Resource Code (THRC), Chapter 161.

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

### **Economic and Political Milieu**

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



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

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

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

The Center's use of the Patient Assistance Program/ Drug Sample Program continues to be extremely successful and has provided the Center consumers with "free" medications in excess of \$26 million in FY 2016. 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**

FY 2017 being the second year of the State legislative biennium, allocation from DSHS and DADS will substantially remain the same as in the previous fiscal year. For the 2018-19 biennium, the Governor and the Lt. Governor ordered a 4% reduction in the budgets of all State agencies but exempted those that deal with mental health and child protective services.

In 2016, Harris County reduced its allocation to the Center by \$2M. Hoping that this reduction will be temporary, the Center's Board decided to make up the shortfall by partly utilizing lapsed operating expenses in the amount of \$1M and the balance to be funded with reserves. This reduction took effect during the start of the County fiscal year which is March 1, 2016.

Another major source of funding for the Center in the coming year is Medicaid Waiver 1115, which was authorized by the Centers for Medicare and Medicaid Services (CMS). The Center is currently pursuing 27 Delivery System Reform Incentive Payment (DSRIP) projects under this waiver which may potentially bring in a total of \$32M in valuation reimbursement in FY 2017. This program is, however, terminating on December 31, 2017. The Texas Health and Human Services Commission proposed to CMS that it be extended up to December 31, 2019 but the latter has yet to respond to that proposal.

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 DSHS. Again, PAP and sample drugs account for more than \$26M of cost per year.

The Department of Labor's recently mandated overtime rules will affect 819 employees of the Center who will be reclassified from exempt to non-exempt. These rules were temporarily put on hold by a federal judge. However, if these rules will ultimately be placed into effect, there will be a major impact not only on the personnel cost for the Center but also in the manner of how care will be delivered in the community.

### **Long-term Financial Planning**

The fund balance of the General Fund is equivalent to 76 days of expenditures. This is below the recommended target for most community centers of having a fund balance equivalent to 90 to 120 days of expenditure.

The Center has a number of projected major capital outlays in the foreseeable future. However, its funding agencies do not allocate funds for capital expenditures, and the Center has to take 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.

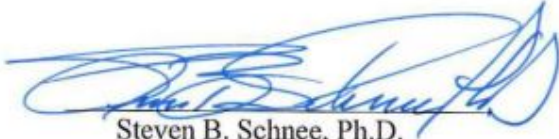
### **Acknowledgments**

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

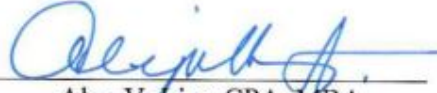
We also recognize our Division Deputy Directors and their management teams and the Division Medical Directors and their medical staff for their day to day commitment to our consumers. Their dedicated service to the Center and to our consumers, enable us to meet our mission towards the citizens of Harris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

We are also deeply grateful to the members of the Center's Board of Trustees for their devoted interest and steadfast support in maintaining the highest standards of professionalism and competence in the management of The Harris Center for Mental Health and IDD, 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,

A handwritten signature in blue ink, appearing to read "Steven B. Schnee", written over a horizontal line.

Steven B. Schnee, Ph.D.  
Executive Director

A handwritten signature in blue ink, appearing to read "Alex V. Lim", written over a horizontal line.

Alex V. Lim, CPA, MBA  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

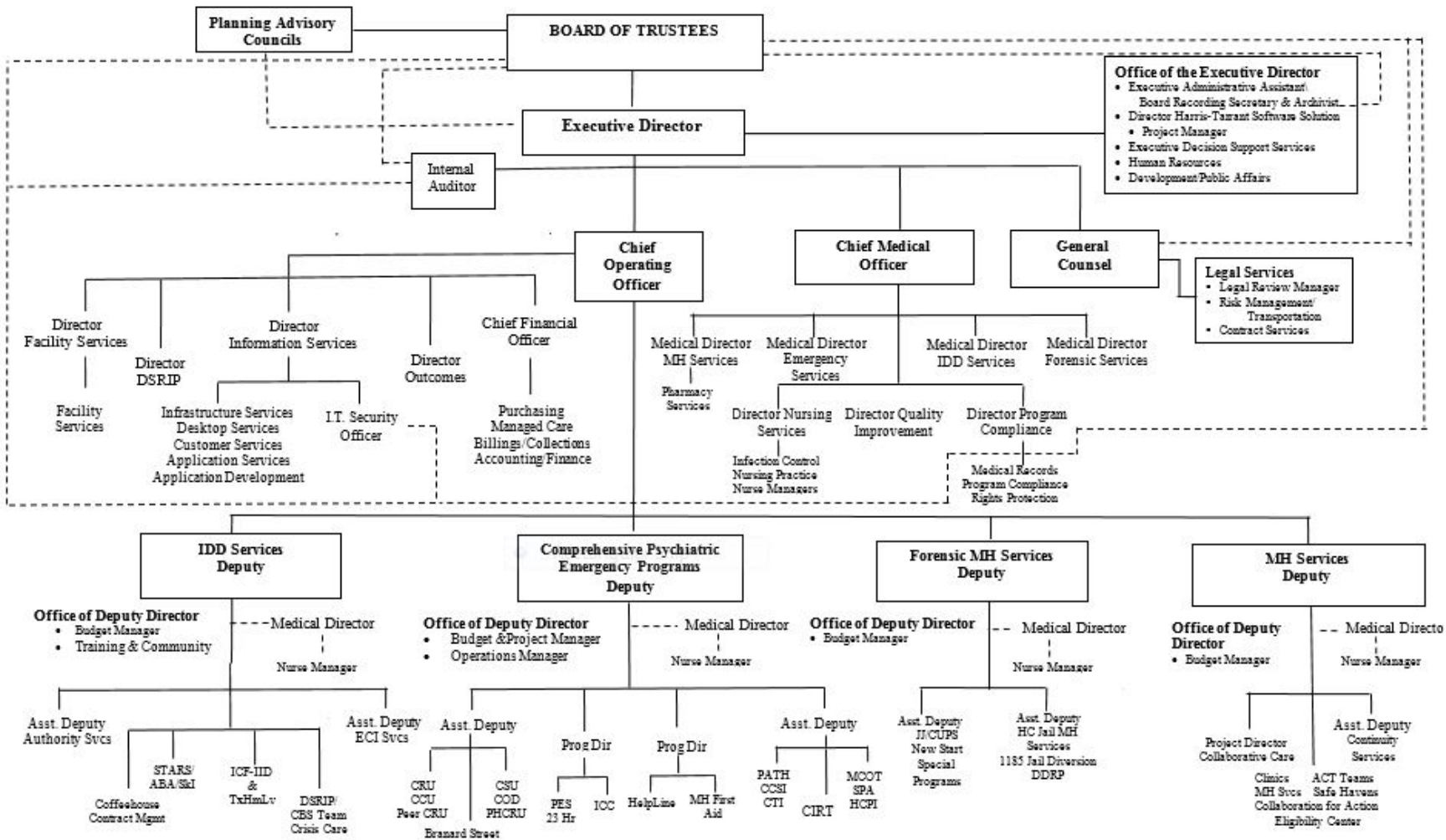
**Mental Health and Mental Retardation  
Authority of Harris County, Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**August 31, 2015**

Government Finance Officers Association

Organizational Chart



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## **FINANCIAL SECTION**

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

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of The Harris Center for Mental Health and IDD (the "Center"), a component unit of Harris County, Texas, as of and for the year ended August 31, 2016 (May 31, 2016 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 84 percent, 87 percent, and 76 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.

---

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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, 2016, 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, 2015, from which such summarized information was derived.

### *Required Supplementary Information*

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

## Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The introductory section, other supplementary information, and the statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is required by 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 23, 2017, 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 23, 2017

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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, 2016. 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 2016 by \$81,126,156 (net position). Of this amount, \$44,756,241 (unrestricted net position) may be used to meet the Center's ongoing obligations.
- The Center's total net position (government-wide) increased by \$2,398,005 during the fiscal year.
- The Center's governmental funds increased by \$556,084 resulting in an ending fund balance of \$49,162,950.

At the end of the fiscal year, unassigned fund balance for the General Fund was \$29,542,446 or 13% of total General Fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The *statement of activities* presents information showing how the Center's net position changed during the fiscal year. This statement includes all of the revenue and expenses generated by the Center's operations. The accrual basis of accounting is used, which is similar to the method used

by most private-sector companies. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

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

## **FUND FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of consumers. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Center's programs. The accounting used for fiduciary



funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 25 of this report.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information that is required by the Texas Health and Human Services Commission, OMB 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 \$81,126,156 at the close of the fiscal year.

The largest portion of the Center’s net position (55%) represents the unrestricted financial resources available for future operations. This compares to last fiscal year’s unrestricted financial resources at 44%.

The remaining balance of the Center’s net position, 45%, reflects its investment in capital assets such as land, buildings, vehicles and electronic equipments, less any related debt that are still outstanding. The Center uses these assets to provide services to the consumers that we serve. Consequently, these assets are not available for future spending. Although the Center’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The following chart reflects a summary of net position as of August 31, 2016, with comparative figures for FY 2015:

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

	Governmental Activities	
	2016	2015
Current and other assets	\$ 72,840,030	\$ 78,178,881
Non-current assets	41,281,344	40,555,878
Total assets	<u>114,121,374</u>	<u>118,734,759</u>
Current liabilities	22,851,695	29,080,436
Long-term liabilities outstanding	10,143,523	10,926,172
Total liabilities	<u>32,995,218</u>	<u>40,006,608</u>
Net position:		
Net investment in capital assets	36,369,915	34,224,927
Unrestricted	44,756,241	44,503,224
Total net position	<u>\$ 81,126,156</u>	<u>\$ 78,728,151</u>

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

### **Governmental Activities**

Revenues for the Center's governmental activities were \$229,562,508 while total expenses were \$227,164,503. The change in net position of governmental activities was \$2,398,005. The following table reflects a comparison of the governmental activities between FY 2016 and FY 2015:

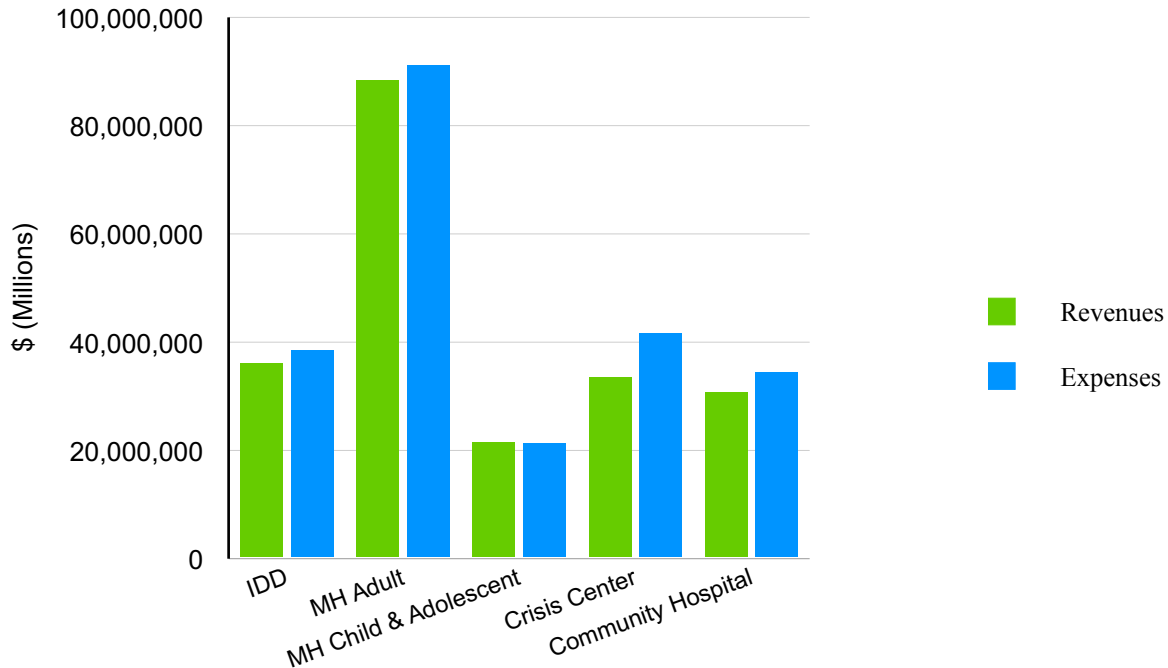
#### **THE HARRIS CENTER FOR MENTAL HEALTH AND IDD CHANGES IN NET POSITION**

	Governmental Activities	
	2016	2015
<b>REVENUES</b>		
Program revenues:		
Charges for services:		
Intellectual & Developmental Disabilities	\$ 19,964,338	\$ 21,217,555
Mental Health Adult	24,071,761	22,478,572
Mental Health Child and Adolescents	7,172,331	7,761,080
Crisis Center	4,311,685	4,799,763
Total charges for services	<u>55,520,115</u>	<u>56,256,970</u>
Operating grants and contributions		
Intellectual & Developmental Disabilities	16,059,995	16,690,238
Mental Health Adult	64,379,611	58,628,272
Mental Health Child and Adolescents	14,289,591	15,086,642
Crisis Center	29,107,035	22,921,082
Community Hospital	30,800,496	29,693,696
Total operating grants and contributions	<u>154,636,728</u>	<u>143,019,930</u>
General revenues:		
Payment from Harris County	18,456,922	19,356,844
Grants not restricted to specific programs	—	2,929
Investment earnings	295,372	222,109
Other income	602,361	655,615
Gain on sale of capital assets	51,010	6,560
Total general revenues	<u>19,405,665</u>	<u>20,244,057</u>
Total revenues	<u>229,562,508</u>	<u>219,520,957</u>
<b>EXPENSES</b>		
General administration	14,893,645	21,526,010
Intellectual & Development Disabilities	35,594,396	37,762,776
Mental Health Adult	84,047,064	73,648,372
Mental Health Child and Adolescents	19,654,224	19,259,605
Crisis Center	38,396,900	34,846,801
Community Hospital	34,458,349	32,526,192
Interest on long-term debt	119,925	186,749
Total expenses	<u>227,164,503</u>	<u>219,756,505</u>
<b>CHANGE IN NET POSITION</b>	<b>\$ 2,398,005</b>	<b>\$ (235,548)</b>
<b>NET POSITION BEGINNING</b>	<b>78,728,151</b>	<b>78,963,699</b>
<b>NET POSITION ENDING</b>	<b><u>\$ 81,126,156</u></b>	<b><u>\$ 78,728,151</u></b>

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

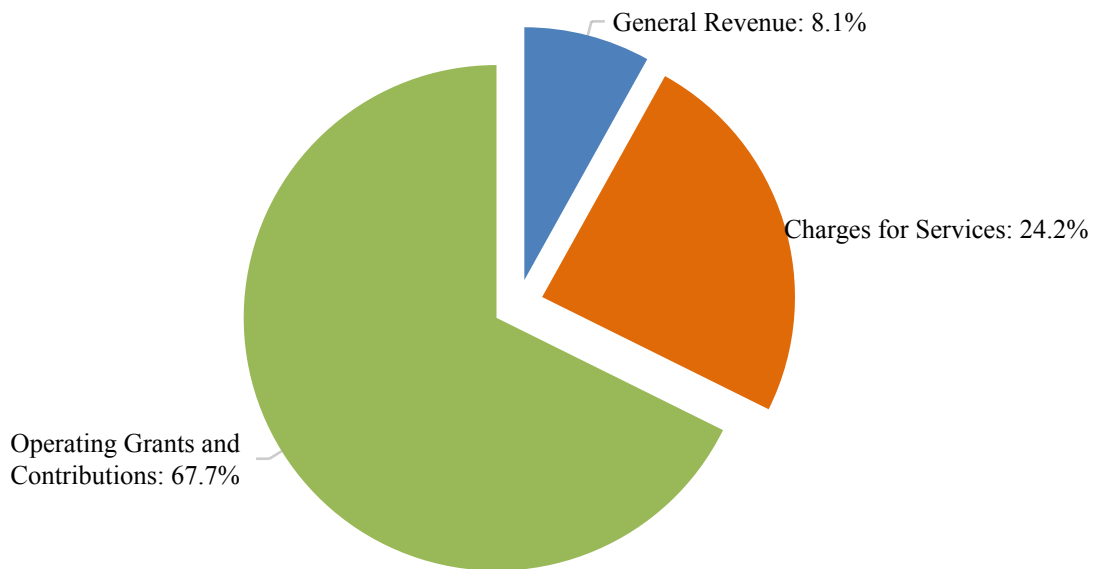
	Net Cost of Services
Intellectual and Developmental Disabilities	(2,553,476)
Mental Health Adult	(2,640,258)
Mental Health Child and Adolescents	160,342
Crisis Center	(8,196,490)
Community Hospital	(3,657,853)
Interest on long-term debt	(119,925)
<b>Total</b>	<b><u>\$ (17,007,660)</u></b>

### Program Revenues and Expenses - Governmental Activities



The following chart depicts the major sources of revenues:

### Revenue Sources- Governmental Activities



### FINANCIAL ANALYSIS OF THE CENTER'S FUNDS

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

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

The General Fund is the chief operating fund of the Center. As the Center completed the year, its General Fund (as presented in the balance sheet on page 16) reported a fund balance of \$49,162,950. 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. Spendable fund balance totals \$48,133,075 and represents 21% of total General Fund expenditures or the equivalent of 76 days.

An analysis of significant balances follows:

- Compared to the previous year, State revenues for FY 2016 increased by \$7,939,746 as a result of additional programs contracted by the Department of State Health Services (DSHS).
- Federal funds increased by \$3,168,101 compared to the prior year primarily due to the added revenue for Disaster Assistance of \$1,751,615 and an increase in Delivery System Reform Incentive Payments of \$1,615,903.
- In FY 2016, local billings decreased by \$(1,208,852) as a result of a decrease in the Medicaid Waiver programs of \$1.8 million, among others.

### **Internal Service Fund.**

In FY 2016, the total assets of the Internal Service (Proprietary) Fund, representing a self-insurance reserve fund, slightly inched up from \$2,161,100 in FY 2015 to \$2,166,814.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

A number of amendments were made to the original budget during the year. The major ones include the increase in projected funding from the Department of State Health Services by \$6,276,183, the added revenue from the State for the Disaster Assistance program of \$2.59 million and from revenues from the two Medicaid IDD Waiver programs of \$749,859.

On expenditures, personnel costs fell below the budget as a number of vacant positions were not filled during the year. The budget for contracts with service agencies and professional fees was increased with the need to hire contract psychiatrists and nurses to fill in vacancies. Repairs and maintenance also saw a budget escalation as major repairs were planned at the start of the year. Travel also was increased budget-wise to accommodate additional personnel hired for the DSRIP project.

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

**Capital Assets.** The Center's investment in capital assets as of August 2016, amounts to \$41,281,344 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, vehicles and intangible assets-software.

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

	Fiscal Year 2016	Fiscal Year 2015	Increase (Decrease)
Land	\$ 6,023,410	\$ 6,023,410	\$ —
Buildings & improvement	26,815,825	25,972,248	843,577
Furniture & equipment	1,783,577	1,870,113	(86,536)
Vehicles	460,454	505,910	(45,456)
Intangible Assets - Software	6,198,078	6,184,197	13,881
Total capital assets	<u>\$ 41,281,344</u>	<u>\$ 40,555,878</u>	<u>\$ 725,466</u>

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

**Long-term debt.** At the end of the current fiscal year, the Center had total outstanding long-term debt of \$11,484,952. A more extensive discussion about long-term debt is provided in the Notes to the Basic Financial Statements: Note 7- Long-Term Liabilities.

### **REQUESTS FOR INFORMATION**

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

## **BASIC FINANCIAL STATEMENTS**

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**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**STATEMENT OF NET POSITION**  
**August 31, 2016 and 2015**

	<b>2016</b>		<b>2015</b>	
	<b>Primary Governmental Activities</b>	<b>Component Units</b>	<b>Primary Governmental Activities</b>	<b>Component Units</b>
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 13,826,057	\$ 1,448,288	\$ 8,539,379	\$ 1,214,166
Investments	43,052,318	—	51,729,545	—
Accounts receivable, net	14,931,780	14,242	17,094,011	33,926
Inventories	244,856	—	230,342	—
Deposits	103,290	—	103,290	—
Prepaid expenses	681,729	20,860	482,314	21,422
Other assets	—	1,072	—	1,221
<b>Total current assets</b>	<b>72,840,030</b>	<b>1,484,462</b>	<b>78,178,881</b>	<b>1,270,735</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	—	369,560	—	337,955
Land	6,023,410	—	6,023,410	—
Intangible assets - software in development	6,198,078	—	6,184,197	—
All other capital assets, net	29,059,856	5,650,959	28,348,271	5,780,547
<b>Total noncurrent assets</b>	<b>41,281,344</b>	<b>6,020,519</b>	<b>40,555,878</b>	<b>6,118,502</b>
<b>Total assets</b>	<b>\$ 114,121,374</b>	<b>\$ 7,504,981</b>	<b>\$ 118,734,759</b>	<b>\$ 7,389,237</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	5,600,007	1,015,372	7,828,244	777,615
Accrued liabilities	13,615,688	19,227	18,242,743	17,794
Unearned revenue	2,294,571	—	1,339,927	—
Current portion of long-term obligations	1,341,429	69,731	1,669,522	63,184
<b>Total current liabilities</b>	<b>22,851,695</b>	<b>1,104,330</b>	<b>29,080,436</b>	<b>858,593</b>
<b>Noncurrent liabilities:</b>				
Noncurrent portion of long-term obligations	10,143,523	424,776	10,926,172	1,557,348
<b>Total liabilities</b>	<b>32,995,218</b>	<b>1,529,106</b>	<b>40,006,608</b>	<b>2,415,941</b>
<b>Net Position:</b>				
Net investment in capital assets	36,369,915	5,156,452	34,224,927	4,160,015
Unrestricted	44,756,241	819,423	44,503,224	813,281
<b>Total net position</b>	<b>81,126,156</b>	<b>5,975,875</b>	<b>78,728,151</b>	<b>4,973,296</b>
<b>Total liabilities and net position</b>	<b>\$ 114,121,374</b>	<b>\$ 7,504,981</b>	<b>\$ 118,734,759</b>	<b>\$ 7,389,237</b>

The accompanying notes are an integral part of this statement.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended August 31, 2016**

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Total Governmental Activities	Component Units
<b>Primary government:</b>						
<b>Governmental activities:</b>						
General Administration	\$ 14,893,645	\$ (14,893,645)	\$ —	\$ —	\$ —	\$ —
Adult Mental Health	84,047,064	7,044,566	24,071,761	64,379,611	(2,640,258)	—
Intellectual & Developmental Disabilities	35,594,396	2,983,413	19,964,338	16,059,995	(2,553,476)	—
Child and Adolescent	19,654,224	1,647,356	7,172,331	14,289,591	160,342	—
Crisis Center	38,396,900	3,218,310	4,311,685	29,107,035	(8,196,490)	—
Community Hospital (payment to HCPC)	34,458,349	—	—	30,800,496	(3,657,853)	—
Interest on long-term debt	119,925	—	—	—	(119,925)	—
<b>Total governmental activities</b>	<b>\$ 227,164,503</b>	<b>\$ —</b>	<b>\$ 55,520,115</b>	<b>\$ 154,636,728</b>	<b>\$ (17,007,660)</b>	<b>\$ —</b>
<b>Component units:</b>						
HUD Programs	\$ 614,992		\$ 428,050	\$ —		\$ (186,942)
Fund raising activities	51,723		—	132,599		80,876
<b>Total component units</b>	<b>\$ 666,715</b>		<b>\$ 428,050</b>	<b>\$ 132,599</b>		<b>\$ (106,066)</b>
<b>General revenues:</b>						
Revenue from Harris County					18,456,922	—
Investment earnings					295,372	3,635
Other income					602,361	5,310
Gain on sale of capital assets					51,010	—
<b>Total general revenues</b>					<b>19,405,665</b>	<b>8,945</b>
Change in net position					2,398,005	(97,121)
<b>Net position - beginning</b>					<b>78,728,151</b>	<b>4,973,296</b>
Prior period adjustment					—	1,099,700
<b>Net position - ending</b>					<b>\$ 81,126,156</b>	<b>\$ 5,975,875</b>

The accompanying notes are an integral part of this statement.

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

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

The accompanying notes are an integral part of this statement.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**August 31, 2016 and 2015**

	<b>General Fund</b>	
	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 13,826,057	\$ 8,539,379
Investments	40,885,504	49,568,444
Accounts receivable (net of allowance for uncollectible)	2,128,116	1,830,533
Receivables from other governments	12,320,874	14,889,246
Other receivables	482,790	374,232
Inventories	244,856	230,342
Deposits	103,290	103,290
Prepaid items	681,729	482,314
<b>Total assets</b>	<b>\$ 70,673,216</b>	<b>\$ 76,017,780</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 5,600,007	\$ 7,828,244
Accrued liabilities	13,615,688	18,242,743
Unearned revenue	2,294,571	1,339,927
<b>Total liabilities</b>	<b>21,510,266</b>	<b>27,410,914</b>
<b>Fund balances:</b>		
<b>Nonspendable:</b>		
Inventories	244,856	230,342
Prepaid items	681,729	482,314
Deposits	103,290	103,290
<b>Assigned:</b>		
Infrastructure development	799,774	2,994,473
Delivery System Reform Incentive Projects	3,895,406	10,231,836
Self insurance	2,000,000	2,000,000
Debt repayment	4,911,428	6,330,951
Compensated absences	6,573,523	6,264,742
Other purposes	410,498	394,052
<b>Unassigned</b>	<b>29,542,446</b>	<b>19,574,866</b>
<b>Total fund balances</b>	<b>49,162,950</b>	<b>48,606,866</b>
<b>Total liabilities and fund balances</b>	<b>\$ 70,673,216</b>	<b>\$ 76,017,780</b>

The accompanying notes are an integral part of this statement.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**RECONCILIATION OF THE FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES**  
**August 31, 2016 and 2015**

	<b>2016</b>		<b>2015</b>
<b>Total Fund Balance</b>	49,162,950	\$	48,606,866
Amounts reported for governmental activities in the statement of net position are different because:			
An internal service fund is used by management to charge the costs of certain self insurance activities to the general fund.	2,166,814		2,161,101
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	41,281,344		40,555,878
Long-term liabilities, current and long-term, are not due and payable with current financial resources and therefore, are not reported in the funds.	(11,484,952)		(12,595,694)
<b>Net position of governmental activities</b>	<b>\$ 81,126,156</b>	<b>\$</b>	<b>78,728,151</b>

The accompanying notes are an integral part of this statement.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Years Ended August 31, 2016 and 2015**

	<b>General Fund</b>	
	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
State grants & programs	\$ 110,851,190	\$ 102,911,444
Federal grants	49,055,292	45,887,191
Harris County allocation and contracts	34,692,528	35,157,223
Local billings	31,512,718	32,721,570
Investment earnings	289,658	221,083
Miscellaneous	3,104,399	2,614,864
<b>Total revenues</b>	<b>229,505,785</b>	<b>219,513,375</b>
<b>Expenditures</b>		
<b>Current:</b>		
Adult mental health	83,471,416	73,227,244
Intellectual & Developmental Disabilities	35,208,003	37,534,988
Child and adolescent	19,465,455	19,141,469
Crisis center	40,395,723	35,764,895
Community hospital	34,458,347	32,526,192
General administration	14,462,320	30,903,231
<b>Debt service:</b>		
Principal	1,419,522	2,038,866
Interest and other charges	119,925	186,749
<b>Total expenditures</b>	<b>229,000,711</b>	<b>231,323,634</b>
Excess of revenues over expenditures	505,074	(11,810,259)
<b>Other Financing Sources</b>		
Sale of capital assets	51,010	6,560
<b>Total other financing sources</b>	<b>51,010</b>	<b>6,560</b>
Net change in fund balance	556,084	(11,803,699)
<b>Fund balances - beginning</b>	<b>48,606,866</b>	<b>60,410,565</b>
<b>Fund balances - ending</b>	<b>\$ 49,162,950</b>	<b>\$ 48,606,866</b>

The accompanying notes are an integral part of this statement.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Years Ended August 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
Net change in fund balance - total governmental funds	\$ 556,084	\$ (11,803,699)
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.	725,466	10,545,721
Income generated from the internal service fund is reported in governmental activities.	5,714	1,025
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.	1,419,522	2,038,866
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount is the net increase in accrued compensated absences in the government-wide financial statements during the current fiscal year.	(308,781)	(1,017,461)
Change in net position of governmental activities	\$ 2,398,005	\$ (235,548)

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, 2016**

	<u>Budget</u>		<b>Actual (Budgetary basis)</b>	<b>Variance Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>State Program Revenues</b>				
General revenue	\$ 98,441,039	\$104,717,222	\$103,875,142	\$ (842,080)
Early Childhood Intervention	2,978,943	3,006,943	2,994,853	(12,090)
Services to Children with Autism	825,298	704,214	418,290	(285,924)
Texas Council on Offenders with Mental Impairments	3,319,689	3,439,389	3,116,905	(322,484)
Texas Department of Criminal Justice- Parole and Substance Abuse	401,400	401,400	446,000	44,600
<b>Total state program revenues</b>	<u>105,966,369</u>	<u>112,269,168</u>	<u>110,851,190</u>	<u>(1,417,978)</u>
<b>Federal Program Revenues</b>				
Mental Health Block Grant	3,081,806	3,081,806	3,081,806	—
Mental Health Block Grant - CSC	549,217	825,000	822,716	(2,284)
Social Services Block Grant (Title XX)	389,374	632,375	618,113	(14,262)
Disaster Assistance	—	2,590,683	1,751,615	(839,068)
TANF to Title XX Block Grant	1,499,692	1,499,692	1,521,022	21,330
MH Block Homeless PATH Grant	1,134,849	1,134,849	1,101,472	(33,377)
Substance Abuse Prevention & Treatment Block Grant	—	752,000	651,361	(100,639)
Delivery System Reform Incentive Payments	32,584,719	33,450,928	32,782,283	(668,645)
Administrative Claiming	5,478,699	5,442,534	4,935,068	(507,466)
Early Childhood Intervention	1,276,690	1,288,690	1,264,006	(24,684)
Transitional Housing Program-Safe Havens	335,867	343,731	360,869	17,138
Leadership Education in Neurodevelopmental Disorders Training Program	—	—	4,887	4,887
Enhanced Community Coordination	201,459	201,459	160,074	(41,385)
<b>Total federal program revenues</b>	<u>46,532,372</u>	<u>51,243,747</u>	<u>49,055,292</u>	<u>(2,188,455)</u>
<b>Local Revenues</b>				
County funds	37,043,821	37,062,233	34,692,528	(2,369,705)
<b>Local Billings</b>				
Patient fees and private insurance	989,820	1,058,167	1,155,736	97,569
Medicare	960,394	858,577	998,271	139,694
Medicaid	28,204,937	26,505,334	25,194,965	(1,310,369)
ICF/ID, and THL waiver	3,484,777	4,234,636	3,759,788	(474,848)
Administrative claiming	448,457	445,496	403,958	(41,538)
<b>Total local billings</b>	<u>34,088,385</u>	<u>33,102,210</u>	<u>31,512,718</u>	<u>(1,589,492)</u>
Investment earnings	130,000	132,797	289,658	156,861
Miscellaneous	5,985,309	16,271,603	3,104,399	(13,167,204)
<b>Total Revenues before Patient Assistance Program</b>	229,746,256	250,081,758	229,505,785	(20,575,973)
Patient Assistance Program	24,400,126	25,976,934	26,667,005	690,071
<b>Total Revenues</b>	<u>\$254,146,382</u>	<u>\$276,058,692</u>	<u>\$256,172,790</u>	<u>\$ (19,885,902)</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, 2016**

	<u>Budget</u>		<u>Actual (Budgetary basis)</u>	<u>Variance Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current:</b>				
Personnel costs	\$158,462,021	\$159,102,646	\$152,394,383	\$ 6,708,263
Contracts with service agencies and professional fees	47,833,004	52,594,692	49,259,509	3,335,183
Drug costs and other supplies	3,011,516	3,249,008	3,236,841	12,167
Rental	726,969	739,148	804,532	(65,384)
Repairs and maintenance	7,304,077	15,405,429	7,925,687	7,479,742
Travel	2,743,180	4,309,402	3,336,404	972,998
Security services	834,309	865,013	896,906	(31,893)
Utilities	2,639,888	2,780,773	2,822,384	(41,611)
Other	2,974,018	3,575,980	2,616,311	959,669
<b>Debt service:</b>				
Principal	1,419,668	1,419,668	1,419,522	146
Interest and other charges	117,994	117,994	119,925	(1,931)
<b>Capital outlay</b>	<u>1,679,612</u>	<u>5,922,005</u>	<u>4,168,307</u>	<u>1,753,698</u>
<b>Total expenditures before Patient Assistance Program</b>	<u>229,746,256</u>	<u>250,081,758</u>	<u>229,000,711</u>	<u>21,081,047</u>
<b>Expenditures Patient Assistance Program</b>	<u>24,400,126</u>	<u>25,976,934</u>	<u>26,667,005</u>	<u>(690,071)</u>
Total expenditures	254,146,382	276,058,692	255,667,716	20,390,976
Excess of revenues over expenditures	—	—	505,074	505,074
<b>Other Financing Sources</b>				
Sale of capital assets	—	—	51,010	51,010
	—	—	51,010	51,010
Excess of revenues and other financing sources over expenditures	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 556,084</u>	<u>\$ 556,084</u>

The accompanying notes are an integral part of this statement.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**BUDGETARY COMPARISION STATEMENT (Continued)**  
**BUDGET-TO-GAAP RECONCILIATION - GENERAL FUND**  
**For the Year Ended August 31, 2016**

*Sources / Inflows of Resources*

<b>Total revenue as per Budgetary Comparison</b>	\$ 256,172,790
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.	<u>(26,667,005)</u>
<b>Total revenue as per Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds</b>	<u><u>229,505,785</u></u>

*Uses / Outflows of Resources*

<b>Total expenditures as per Budgetary Comparison</b>	\$ 255,667,716
Differences - budget-to-GAAP:	
Value of drugs provided under Patient Assistance Program (PAP) are outflows of budgetary resources, but are not recorded as expenditures under GAAP.	<u>(26,667,005)</u>
<b>Total expenditures as per Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds</b>	<u><u>\$ 229,000,711</u></u>

The accompanying notes are an integral part of this statement.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**August 31, 2016 and 2015**

	<b>Governmental Activities - Internal Service Fund</b>	
	<b>Self- Insurance Reserve Fund (SIRF)</b>	
	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Current Assets:		
Investments	\$ 2,166,814	\$ 2,161,100
<b>Total assets</b>	2,166,814	2,161,100
<b>Net Position</b>	\$ 2,166,814	\$ 2,161,100

The accompanying notes are an integral part of this statement.

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND**

**For the Years Ended August 31, 2016 and 2015**

	<b>Governmental Activities - Internal Service Fund</b>	
	<b>Self- Insurance Reserve Fund (SIRF)</b>	
	<b>2016</b>	<b>2015</b>
<b>Operating revenue</b>		
Charges	\$ —	\$ —
<b>Total operating revenue</b>	<u>—</u>	<u>—</u>
<b>Non-operating revenue</b>		
Interest	5,714	1,025
<b>Total non-operating revenue</b>	<u>5,714</u>	<u>1,025</u>
Change in net position	5,714	1,025
<b>Net position - beginning of the year</b>	<u>2,161,100</u>	<u>2,160,075</u>
<b>Net position- end of the year</b>	<u><u>\$ 2,166,814</u></u>	<u><u>\$ 2,161,100</u></u>

The accompanying notes are an integral part of this statement.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
For the Years Ended August 31, 2016 and 2015

	<b>Governmental Activities - Internal Service Fund</b>	
	<b>Self- Insurance Reserve Fund (SIRF)</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities:</b>		
Cash received from charges	\$ —	\$ —
<b>Net cash provided by operating activities</b>	—	—
<b>Cash flows from investing activities:</b>		
Interest income	5,714	1,025
<b>Net cash provided by investing activities</b>	5,714	1,025
Net increase in cash and cash equivalents	5,714	1,025
<b>Total cash and cash equivalents, beginning of year</b>	2,161,100	2,160,075
<b>Total cash and cash equivalents, end of year</b>	\$ 2,166,814	\$ 2,161,100

The accompanying notes are an integral part of this statement.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**August 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 29,768	\$ 18,894
	<u>29,768</u>	<u>18,894</u>
<b>Liabilities</b>		
Due to clients	\$ 29,768	\$ 18,894
	<u>29,768</u>	<u>18,894</u>

The accompanying notes are an integral part of this statement.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**COMBINING STATEMENT OF NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**August 31, 2016**

	<b>Pasadena Cottages, Inc. May 31, 2016</b>	<b>Pecan Village, Inc. August 31, 2016</b>	<b>Villas at Bayou Park, Inc. August 31, 2016</b>	<b>Pear Grove, Inc. August 31, 2016</b>	<b>Acres Homes Garden, Inc. August 31, 2016</b>	<b>Friends of MHMRA August 31, 2016</b>	<b>Total</b>
<b>Assets</b>							
<b>Current assets:</b>							
Cash and cash equivalents	\$ 7,316	\$ 39,633	\$ 33,364	\$ 144,819	\$ 18,229	\$ 1,204,927	\$ 1,448,288
Accounts receivable	1,404	—	—	—	—	12,838	14,242
Prepaid expenses	5,328	11,578	837	2,358	759	—	20,860
Other assets	—	471	—	601	—	—	1,072
<b>Total current assets</b>	<b>14,048</b>	<b>51,682</b>	<b>34,201</b>	<b>147,778</b>	<b>18,988</b>	<b>1,217,765</b>	<b>1,484,462</b>
<b>Noncurrent assets:</b>							
Restricted cash and cash equivalents	51,443	112,065	71,335	81,898	52,819	—	369,560
Capital assets, net	195,772	742,140	1,621,010	1,374,498	1,717,539	—	5,650,959
<b>Total noncurrent assets</b>	<b>247,215</b>	<b>854,205</b>	<b>1,692,345</b>	<b>1,456,396</b>	<b>1,770,358</b>	<b>—</b>	<b>6,020,519</b>
<b>Total assets</b>	<b>\$ 261,263</b>	<b>\$ 905,887</b>	<b>\$ 1,726,546</b>	<b>\$ 1,604,174</b>	<b>\$ 1,789,346</b>	<b>\$ 1,217,765</b>	<b>\$ 7,504,981</b>
<b>Liabilities</b>							
<b>Current liabilities:</b>							
Accounts payable	64,712	85,674	153,367	199,339	83,600	428,680	1,015,372
Accrued interest payable	2,081	—	—	—	—	—	2,081
Deposits payable	125	5,200	5,328	3,458	3,035	—	17,146
Current portion of long-term obligations	12,733	9,752	—	47,246	—	—	69,731
<b>Total current liabilities</b>	<b>79,651</b>	<b>100,626</b>	<b>158,695</b>	<b>250,043</b>	<b>86,635</b>	<b>428,680</b>	<b>1,104,330</b>
<b>Noncurrent liabilities:</b>							
Noncurrent portion of long-term obligations	264,776	—	90,000	70,000	—	—	424,776
<b>Total liabilities</b>	<b>344,427</b>	<b>100,626</b>	<b>248,695</b>	<b>320,043</b>	<b>86,635</b>	<b>428,680</b>	<b>1,529,106</b>
<b>Net Position</b>							
Net investment in capital assets	(81,737)	732,388	1,531,010	1,257,252	1,717,539	—	5,156,452
Unrestricted net position	(1,427)	72,873	(53,159)	26,879	(14,828)	789,085	819,423
<b>Total net position</b>	<b>(83,164)</b>	<b>805,261</b>	<b>1,477,851</b>	<b>1,284,131</b>	<b>1,702,711</b>	<b>789,085</b>	<b>5,975,875</b>
<b>Total liabilities and net position</b>	<b>\$ 261,263</b>	<b>\$ 905,887</b>	<b>\$ 1,726,546</b>	<b>\$ 1,604,174</b>	<b>\$ 1,789,346</b>	<b>\$ 1,217,765</b>	<b>\$ 7,504,981</b>

The accompanying notes are an integral part of this statement.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**COMBINING STATEMENT OF ACTIVITIES**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**For the Year Ended August 31, 2016**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Pasadena Cottages, Inc.	Pecan Village, Inc.	Villas at Bayou Park, Inc.	Pear Grove, Inc.	Acres Homes Garden, Inc.	Friends of MHMRA	Totals
<b>Pasadena Cottages, Inc.</b>										
HUD Section 811 program	\$ 118,649	\$ 145,590	—	\$ 26,941						\$ 26,941
Interest on long-term debt	25,464	—	—	(25,464)						(25,464)
<b>Total -Pasadena Cottage, Inc.</b>	144,113	145,590	—	1,477						1,477
<b>Pecan Village, Inc.</b>										
HUD Section 811 program	122,118	77,413	—		(44,075)					(44,705)
<b>Villas at Bayou Park, Inc.</b>										
HUD Section 811 program	125,928	62,688	—			\$ (63,240)				(63,240)
<b>Pear Grove, Inc.</b>										
HUD Section 811 program	116,073	69,989	—				\$ (46,084)			(46,084)
<b>Acres Homes Garden, Inc.</b>										
HUD Section 811 program	106,760	72,370	—					\$ (34,390)		(34,390)
<b>Friends of MHMRA</b>										
Fund raising activities	51,723	—	132,599						\$ 80,876	80,876
<b>Total component units</b>	<u>\$ 666,715</u>	<u>\$ 428,050</u>	<u>\$ 132,599</u>							<u>(106,066)</u>
General revenues:										
Investment earnings				21	70	64	206	47	3,227	3,635
Other income				—	5,250	35	5	20	—	5,310
Total general revenues				21	5,320	99	211	67	3,227	8,945
Change in net position				1,498	(39,385)	(63,141)	(45,873)	(34,323)	84,103	(97,121)
Net position - beginning				(84,662)	(255,054)	1,540,992	1,330,004	1,737,034	704,982	4,973,296
Prior period adjustment				—	1,099,700	—	—	—	—	\$ 1,099,700
Net position - ending				<u>\$ (83,164)</u>	<u>\$ 805,261</u>	<u>\$ 1,477,851</u>	<u>\$ 1,284,131</u>	<u>\$ 1,702,711</u>	<u>\$ 789,085</u>	<u>\$ 5,975,875</u>

\* Pasadena Cottages, Inc. is reported for the year ended May 31, 2016.

The accompanying notes are an integral part of this statement.



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

**August 31, 2015**

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

The accompanying notes are an integral part of this statement.

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

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

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

The accompanying notes are an integral part of this statement.

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

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

**Primary Government**

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

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

**Component Units**

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

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

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

Pear Grove, Inc., a Texas non-profit corporation (“Pear Grove”) was organized in 2004 to provide homes for persons with mental illness by acquiring and managing residential property under the Department of Housing and Urban Development (HUD) Section 811 grant. The Center’s Board of

Trustees appoints the Board of Trustees of Pear Grove and has the ability to remove Trustees; thus, the Center is financially accountable for Pear Grove. Accordingly, Pear Grove has been included in the Center's basic financial statements as a discretely presented component unit.

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

Friends ofMHMRA of Harris County ("Friends ofMHMRA") 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 for Friends of MHMRA. 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 discretely presented component unit.

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

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

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

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

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

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

The statements of net position and statements of activities display information about the Center as a whole. The statements of net position and statements of activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenditures, gains, losses, assets, and liabilities are recognized when the underlying transactions take place. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund

activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated. In the Statement of Activities, internal service fund transactions have been eliminated. Government-wide financial statements do not include fiduciary funds or component units that are fiduciary in nature.

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

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

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

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

### ***Description of Funds***

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

#### **Governmental Fund**

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

### **Proprietary Funds**

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

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

### **Fiduciary Funds**

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

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

### **Budgetary Information**

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

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

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

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

### **Cash and Cash Equivalents**

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

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

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

During the years ended August 31, 2016 and 2015, 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. The Center's investment in pools are 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

### **Accounts Receivable**

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

### **Inventory**

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

## Prepaid Items

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

## Capital Assets

Capital assets with useful lives of more than one year are stated at cost. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the donation 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

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

## Unearned Revenue

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

## Compensated Absences

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



## **Risk Management**

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

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

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

## **Use of Estimates**

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

## **Fund Balance**

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

- *Nonspendable fund balance* - amounts that are not in a spendable form (such as inventory or prepaid items)
- *Restricted fund balance* - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation
- *Committed fund balance* - amounts that can be used only for the specific purposes determined by a formal action of the Center's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the Center 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.

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

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

The governmental fund balance sheet includes a reconciliation of Total Fund Balance of Governmental Fund and Net Position of Governmental Activities as reported in the Statement of Net Position - Governmental Fund. One element of that reconciliation explains, “Long-term liabilities, current and long-term, are not due and payable with current financial resources and therefore, are not reported in the fund.” The details of this \$(11,484,952) difference are as follows:

Notes payable	\$ (4,911,429)
Compensated absences	<u>(6,573,523)</u>
Net adjustment to reduce Total Fund Balance of Governmental Funds to arrive at Net Position of Governmental Activities	<u><u>\$ (11,484,952)</u></u>

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

Another element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.” The details of the \$725,466 difference are as follows:

Capital outlay	\$ 4,168,307
Depreciation expense	<u>(3,442,841)</u>
Net adjustment to increase Total Fund Balance of Governmental Funds to arrive at Net Position of Governmental Activities	<u><u>\$ 725,466</u></u>

### Note 4 - Deposits and Investments

**Custodial Credit Risk - Deposits:** Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. Deposits are exposed to custodial credit risk if they are not insured or collateralized. As of August 31, 2016 and 2015, the bank balances per various financial institutions were \$14,857,521 and \$9,386,674, respectively. The Center’s deposits are not exposed to custodial credit risk since all deposits are collateralized 102% of the depository balance less an amount insured by the FDIC.

As of August 31, 2016, the Center had the following investments:

<u>Security</u>	<u>Maturity</u>	<u>Rating</u>	<u>Value</u>
<b>U.S. Government Agency Securities</b>			
Federal National Mortgage Assoc.	152 days	AA+	5,015,700
Federal Home Loan Mortgage Corp.	284 days	AA+	10,016,417
Federal Farm Credit Bank	100 days	AA+	1,003,298
<b>Local Governmental Investment Funds</b>			
TexPool Investment Fund	44 days	AAAm	<u>27,016,903</u>
			<u><u>\$ 43,052,318</u></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	\$ 306,703	\$ 3,635
Interest Income - Proprietary Fund	5,714	—
Unrealized gain (loss) on temporary investments	(17,045)	—
Investment Earnings	<u>\$ 295,372</u>	<u>\$ 3,635</u>

In fiscal year 2016, the Center adopted GASB Statement No. 72 ("GASB 72"), Fair Value Measurement and Application. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements.

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. As of August 31, 2016, the Center held the following fair value measurements:

<u>Investments by fair value level</u>	<u>8/31/2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt Securities				
U.S. Government Agency Securities	\$16,035,415	\$ 8,019,428	\$ 8,015,987	\$ —
Total debt securities	<u>16,035,415</u>	<u>8,019,428</u>	<u>8,567,656</u>	<u>—</u>
Total investments measured by fair value level	<u>16,035,415</u>	<u>8,019,428</u>	<u>8,567,656</u>	<u>—</u>
Investments measured at net asset value (NAV)				
TexPool	<u>27,016,903</u>			
Total investments measured by net asset value	<u>27,016,903</u>			
Total investments measured at fair value	<u>\$43,052,318</u>			

### **Custodial Credit Risk - Investments**

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

### **Interest Rate Risk**

The Center's formal investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Financial assets are invested only in investments

whose maturities do not exceed five years at the time of purchase. In addition, the average maturity of the overall portfolio shall not exceed five years.

### **Credit Risk**

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Center's investment policy further limits its investment choices by excluding (1) reverse repurchase agreements, (2) options or future contracts, (3) obligations whose payments represent the coupon payments on the outstanding principal balance for the underlying mortgage backed security collateral and pays no principal, (4) obligations whose payment represents the principle stream of cash flow from the underlying mortgage backed security and bears no interest, (5) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in the market index and (6) obligations whose interest payment is derived from changes in a market index. As of August 31, 2016, 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, 2016 and 2015, investments of \$27,016,903 and \$10,736,437 were held by the Texas Local Government Investment Pool (TexPool). The State Comptroller of Public Accounts exercises oversight responsibility over the Texas Local Government Investment Pool (TexPool). Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller of Public Accounts has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's. As a requirement to maintain the rating, weekly portfolio information is submitted to both Standard & Poor's and the Office of the State Comptroller of Public Accounts for review.

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

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

### **Note 5 - Accounts Receivable**

Accounts receivable are comprised of the following balances at August 31, 2016 and 2015 for the primary government:

	<u>2016</u>	<u>2015</u>
Harris County	\$ 3,605,480	\$ 2,139,596
State and Federal	8,715,394	12,749,650
3rd Party billings (net of allowances for uncollectible amounts of \$2,381,999 and \$2,019,071, respectively)	2,128,116	1,830,533
Other receivables	482,790	374,232
<b>Total receivables</b>	<u><u>\$ 14,931,780</u></u>	<u><u>\$ 17,094,011</u></u>

## Note 6 - Capital Assets

A summary of changes in general capital asset balances for the year ended August 31, 2016, is as follows:

	<b>Primary Government</b>			
	Balance as of September 1, 2015	Additions	Retirements	
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 6,023,410	\$ —	\$ —	\$ 6,023,410
Intangible Assets - Software in development	6,184,197	13,881	—	6,198,078
Total capital assets, not being depreciated	<u>12,207,607</u>	<u>13,881</u>	<u>—</u>	<u>12,221,488</u>
Capital assets being depreciated:				
Buildings and improvements	43,251,057	3,522,893	—	46,773,950
Furniture and Equipment	7,686,525	507,361	41,795	8,152,091
Vehicles	1,732,157	124,172	328,294	1,528,035
Total capital assets being depreciated	<u>52,669,739</u>	<u>4,154,426</u>	<u>370,089</u>	<u>56,454,076</u>
<b>Total capital assets</b>	<u>64,877,346</u>	<u>4,168,307</u>	<u>370,089</u>	<u>68,675,564</u>
<b>Less accumulated depreciation for</b>				
Buildings and improvements	17,278,809	2,679,316	—	19,958,125
Furniture and Equipment	5,816,412	593,897	41,795	6,368,514
Vehicles	1,226,247	169,628	328,294	1,067,581
<b>Total accumulated depreciation</b>	<u>24,321,468</u>	<u>3,442,841</u>	<u>370,089</u>	<u>27,394,220</u>
<b>Governmental activities capital assets, net</b>	<u><u>\$ 40,555,878</u></u>	<u><u>\$ 725,466</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 41,281,344</u></u>

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

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

Depreciation expense for the years ended August 31, 2016 and 2015 were \$3,442,841 and \$1,456,862, respectively, and were charged to the following functions and activities:

	<b>2016</b>	<b>2015</b>
<b>Primary government</b>		
<b>Governmental Activities:</b>		
General Administration	\$ 1,630,702	\$ 431,774
Adult Mental Health	804,243	421,127
Mental Retardation	386,392	227,788
Child and Adolescent	188,769	118,136
Crisis Center	432,735	258,037
<b>Total governmental activities</b>	<b>\$ 3,442,841</b>	<b>\$ 1,456,862</b>

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

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

### Note 7 - Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2016 was as follows:

	<u>Balance as of</u> <u>September 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of</u> <u>August 31, 2016</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
<b>Governmental Activities</b>					
Notes payable:					
Bank notes payable	\$ 6,330,951	\$ —	\$ (1,419,522)	\$ 4,911,429	\$ 1,091,429
Other liabilities:					
Compensated absences	6,264,743	1,788,144	(1,479,364)	6,573,523	250,000
<b>Governmental activities long-term liabilities</b>	<u>\$ 12,595,694</u>	<u>\$ 1,788,144</u>	<u>\$ (2,898,886)</u>	<u>\$ 11,484,952</u>	<u>\$ 1,341,429</u>

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

	<u>Balance as of</u> <u>September 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of</u> <u>August 31, 2015</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
<b>Governmental Activities</b>					
Notes payable:					
Bank notes payable	\$ 8,369,817	\$ —	\$ (2,038,866)	\$ 6,330,951	\$ 1,419,522
Other liabilities:					
Compensated absences	5,247,281	2,085,647	(1,068,185)	6,264,743	250,000
<b>Governmental activities long-term liabilities</b>	<u>\$ 13,617,098</u>	<u>\$ 2,085,647</u>	<u>\$ (3,107,051)</u>	<u>\$ 12,595,694</u>	<u>\$ 1,669,522</u>

The Center has issued notes payable to provide funds for the acquisition of capital assets. In fiscal year 2000, the Center entered into a note payable with Bank of America that carries an interest rate



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

Debt service for notes payable as of August 31, 2016 are as follows:

<u>Year ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,091,429	\$ 93,605	\$ 1,185,033
2018	1,091,429	71,584	1,163,012
2019	1,091,429	49,562	1,140,991
2020	1,091,429	27,602	1,119,030
2021	545,713	5,490	551,204
	<u>\$ 4,911,429</u>	<u>\$ 247,843</u>	<u>\$ 5,159,270</u>

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, 2016.

### Note 8 - Operating Leases

The Center leases certain administrative, residential and outpatient facilities under operating lease agreements. Rent expenditures/expense under operating leases, including annually renewable operating leases for equipment and vehicles, amounted to \$802,266 and \$863,416 in 2016 and 2015, respectively.

The future minimum rental payments required under non-cancelable operating leases having remaining terms in excess of one year as of August 31, 2016 are as follows:

<u>Year ending August 31,</u>	
2016	\$ 316,301
2017	256,295
2018	250,426
2019	251,549
2020	252,133
2021-2025	106,609
	<u>\$ 1,433,313</u>

## Note 9 - Related Party Transactions

The Center, a component unit of the County, obtains certain community services from the County under contractual agreements. Expenses under such contracts amounted to \$72,822 and \$129,408 for the years ended August 31, 2016 and 2015, respectively.

## Note 10 - Pension Plan

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

The condensed cash basis financial statements for the Plan's fiscal years ended December 31, 2015 and 2014 are as follows:

	<b>Statement of Fiduciary Net Position</b>	
	<b>December 31, 2015 and 2014</b>	
	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Investments, at fair value	\$ 65,877,719	\$ 64,217,007
Total assets	<u>\$ 65,877,719</u>	<u>\$ 64,217,007</u>
<b>Net Position</b>		
Held in trust for pension benefits and other purposes	<u>\$ 65,877,719</u>	<u>\$ 64,217,007</u>

**Statement of Fiduciary Net Position**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Additions</b>		
Contributions:		
Employer	\$ 7,189,790	\$ 6,370,921
Forfeitures	(1,900,000)	(1,215,441)
<b>Total contributions</b>	<u>5,289,790</u>	<u>5,155,480</u>
Investment earnings:		
Net increase/(decrease) in fair value of investments	(1,101,278)	4,152,053
Dividends/Interest	709,495	791,424
Other	188,405	114,350
<b>Total investment earnings</b>	<u>(203,378)</u>	<u>5,057,827</u>
<b>Total additions</b>	<u>5,086,412</u>	<u>10,213,307</u>
<b>Deductions</b>		
Benefits	3,268,538	4,122,137
Others	157,162	114,043
<b>Total deductions</b>	<u>3,425,700</u>	<u>4,236,180</u>
Change in net position	1,660,712	5,977,127
<b>Net position - beginning of year</b>	<u>64,217,007</u>	<u>58,239,880</u>
Net position - end of year	<u>\$ 65,877,719</u>	<u>\$ 64,217,007</u>

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

The plan allows forfeitures to be applied to reduce sponsor contributions for the plan year in which the forfeitures occurred. Forfeitures for the plan years 2015 and 2014 amounted to \$498,631 and \$1,900,000, respectively, of which \$498,631 and \$1,215,441, respectively, was used against the Center's contributions for the year ended August 31, 2016 and 2015, 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, 2016 and 2015 amounted to \$2,715,552 and \$6,904,272 respectively.

The Plan's investments as of December 31, 2015 and 2014 are as follows:

	<b>Fair Value</b>	
	<b>2015</b>	<b>2014</b>
<b>Wells Fargo Bank Investment Funds for Employee Benefit Trust:</b>		
Advantage Assets Allocation Fund	\$ 13,805,117	\$ 13,320,125
Stable Return Fund	7,016,031	8,624,050
Advantage Index Fund	8,461,325	8,713,112
Bond Index Fund	2,487,894	2,145,410
Investment Partners Fund	1,146,492	1,371,530
Large Cap Value Fund	233,072	305,769
MFS Value	617,623	574,249
Growth Fund	1,575,132	1,356,024
Small Cap Fund	662,665	563,490
Research International	647,204	697,395
Advantage Dow Jones Target Today	481,832	438,583
Advantage Dow Jones Target 2010	1,982,096	1,973,295
Advantage Dow Jones Target 2020	5,510,380	5,110,252
Advantage Dow Jones Target 2030	7,422,696	6,836,803
Advantage Dow Jones Target 2040	13,828,160	12,186,920
<b>Total</b>	<b>\$ 65,877,719</b>	<b>\$ 64,217,007</b>

The investments are valued at fair value by the Trustee based on published prices as of December 31, 2015 and 2014. These investments are held in trust in the name of the Plan by the bank's trust department.

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

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

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

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

### **Note 12 - Contingencies**

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

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

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

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

The amounts of free drugs dispensed by the Center for its consumers for the years ended August 31, 2016 and 2015 were \$26,667,005 and \$24,301,595, respectively. The PAP and sample drugs received and provided to the consumers reduce the total drug expense that the Center would normally incur without the PAP.

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

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

#### **Note 14 - Topaz Software Development**

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

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

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

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

The Centers had deemed Phase I to be the "preliminary project stage" as described in GASB 51- Accounting and Financial Reporting for Intangible Assets, and Phase II as the "application development stage." Accordingly, and having met the other requisites under GASB 51, the Center capitalized the costs related to this project in FY 2016. At the end of the fiscal year, the application development stage is still ongoing.

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

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

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

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

As of the end of FY 2016, The Harris Center for Mental Health and IDD submitted and was approved a total of 27 DSRIP projects with a total valuation of \$266,194,679. These projects are in various phases of implementation but were scheduled to end by September, 2016. The Texas Health and Human Services Commission applied for an extension of this waiver and was granted up to December 31, 2017. In the meantime, revenues from these projects continue to be received at least twice a year and are recognized as soon as these become ascertainable, i.e. the CMS and the Texas Health and Human Services Commission inform us of the approved valuation based on metrics submitted. Expenses are continuously incurred throughout the year. Most recently, the Texas HHSC again requested for another extension of up to December 31, 2019. This request has not yet been acted upon by CMS.

### **Note 16 - Prior Period Adjustment**

During the fiscal year ended August 31, 2016, Pecan Village Apartments, a component unit of the Center, reclassified a HUD capital advance from debt to equity. The result of this adjustment was an increase to the beginning net position of this component unit of \$1,099,700.

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**OTHER SUPPLEMENTARY INFORMATION**

**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, 2016**

	<b>Total</b>
<b>Governmental Capital Assets</b>	
Land	\$ 6,023,410
Buildings	23,160,077
Furniture and Equipment	8,152,091
Leasehold Improvements	23,613,873
Vehicles	1,528,035
Intangible Assets - Software	6,198,078
<b>Total Governmental Capital Assets</b>	<b>68,675,564</b>
<b>Investment in Governmental Capital Assets by Source</b>	
General Fund	\$ 68,675,564
<b>Total Investment in Governmental Capital Assets</b>	<b>\$ 68,675,564</b>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION**  
**For the Year Ended August 31, 2016**

<b>Function</b>	<b>Land</b>	<b>Buildings</b>	<b>Equipment and Furniture</b>	<b>Leasehold Improvements</b>	<b>Vehicles</b>	<b>Intangible Assets - Software</b>	<b>Total</b>
Mental Health	\$ 1,895,148	\$ 5,901,717	\$ 2,059,264	\$ 5,164,083	\$ 245,114	\$ —	\$ 15,265,326
Intellectual and Developmental Disabilities	916,080	2,895,662	1,111,807	2,084,708	211,828	—	\$ 7,220,085
Child and Adolescent	174,011	1,274,669	534,677	1,375,659	—	—	\$ 3,359,016
Crisis Center	588,825	2,761,748	422,172	2,619,061	857,077	—	\$ 7,248,883
Administration	2,449,346	10,326,281	4,024,171	12,370,362	214,016	6,198,078	\$ 35,582,254
<b>Total Governmental Fund Capital Assets</b>	<b>\$ 6,023,410</b>	<b>\$ 23,160,077</b>	<b>\$ 8,152,091</b>	<b>\$ 23,613,873</b>	<b>\$ 1,528,035</b>	<b>\$ 6,198,078</b>	<b>\$ 68,675,564</b>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION**  
**For the Year Ended August 31, 2016**

<b>Function</b>	<b>Governmental Capital Assets August 31, 2015</b>	<b>Additions</b>	<b>Retirements</b>	<b>Governmental Capital Assets August 31, 2016</b>
Mental Health	\$ 15,036,733	\$ 228,593	\$ —	\$ 15,265,326
Intellectual and Developmental Disabilities	7,455,767	—	235,682	7,220,085
Child and Adolescent	3,359,016	—	—	3,359,016
Crisis Center	4,909,937	2,431,558	92,612	7,248,883
Administration	34,115,893	1,508,156	41,795	35,582,254
<b>Total Governmental Fund Capital Assets</b>	<b>\$ 64,877,346</b>	<b>\$ 4,168,307</b>	<b>\$ 370,089</b>	<b>\$ 68,675,564</b>

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

**For the Years Ended August 31, 2016 and 2015**

	<u>Balance</u> <u>September 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>August 31, 2016</u>
<b>Client Trust fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 18,894	\$ 70,689	\$ 59,815	\$ 29,768
<b>Liabilities</b>				
Due to clients	\$ 18,894	\$ 70,689	\$ 59,815	\$ 29,768

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

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

**STATISTICAL SECTION  
(Unaudited)**

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

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

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

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

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

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

**NET POSITION BY COMPONENT (UNAUDITED)**

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities					
Net investment in capital assets	\$ 13,038,662	\$ 12,839,801	\$ 12,106,397	\$ 14,192,234	\$ 13,105,363
Unrestricted	33,828,411	34,598,005	40,729,973	42,140,254	47,149,860
Total governmental activities net position	<u>\$ 46,867,073</u>	<u>\$ 47,437,806</u>	<u>\$ 52,836,370</u>	<u>\$ 56,332,488</u>	<u>\$ 60,255,223</u>



<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 18,340,667	\$ 19,361,119	\$ 21,640,340	\$ 34,224,927	\$36,369,915
41,232,357	42,452,145	57,323,346	44,503,224	44,756,241
<u>\$ 59,573,024</u>	<u>\$ 61,813,264</u>	<u>\$ 78,963,686</u>	<u>\$ 78,728,151</u>	<u>\$ 81,126,156</u>

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

**CHANGES IN NET POSITION (UNAUDITED)**

**Last Ten Fiscal Years**

**(Accrual Basis of Accounting)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>EXPENSES</b>				
Governmental activities				
Adult Mental Health	\$ 49,543,794	\$ 48,668,914	\$ 46,597,293	\$ 51,522,383
Intellectual & Developmental Disabilities	31,535,408	33,116,707	37,666,929	42,441,157
Child and Adolescent	12,980,279	16,316,746	15,939,526	16,106,665
Crisis Center	19,067,856	20,028,746	27,250,245	31,573,042
Community Hospital	19,806,273	23,306,273	23,274,922	27,450,626
Interest on long-term debt	414,825	380,687	326,553	287,043
Total governmental activities expenses	<u>133,348,435</u>	<u>141,818,073</u>	<u>151,055,468</u>	<u>169,380,916</u>
<b>PROGRAM REVENUES</b>				
Governmental activities				
Adult Mental Health	49,391,969	51,371,498	51,123,437	55,264,007
Intellectual & Developmental Disabilities	29,209,300	30,004,539	33,356,775	38,000,713
Child and Adolescent	12,383,783	13,502,038	13,983,388	14,657,202
Crisis Center	4,104,502	6,084,693	11,203,837	17,617,875
Community Hospital	19,806,273	23,306,273	23,274,922	27,450,626
Total governmental activities program revenue	<u>114,895,827</u>	<u>124,269,041</u>	<u>132,942,359</u>	<u>152,990,423</u>
<b>NET (EXPENSE) REVENUE</b>				
Governmental activities	(18,452,608)	(17,549,032)	(18,113,109)	(16,390,493)
<b>GENERAL REVENUES AND OTHER</b>				
<b>CHANGES IN NET POSITION</b>				
Governmental activities				
Revenue from Harris County	20,502,849	17,736,332	20,402,681	18,814,978
Grants and contributions not restricted to specific programs	—	—	686,713	49,872
Investment earnings	1,935,931	1,228,325	320,117	176,940
Other income	528,721	362,001	2,459,743	821,179
Gain on sale of capital assets	514,673	6,348	73,818	23,642
Total	<u>23,482,174</u>	<u>19,333,006</u>	<u>23,943,072</u>	<u>19,886,611</u>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	<u>\$ 5,029,566</u>	<u>\$ 1,783,974</u>	<u>\$ 5,829,963</u>	<u>\$ 3,496,118</u>

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$	48,335,141	\$ 51,359,838	\$ 52,421,224	\$ 68,146,563	\$ 83,226,544	\$ 91,091,630
	42,563,470	39,042,871	39,367,361	41,147,139	42,673,928	38,577,809
	16,955,321	16,891,756	17,564,259	18,916,913	21,764,369	21,301,580
	30,217,489	29,822,983	30,768,150	35,956,233	39,378,723	41,615,210
	27,227,020	27,060,660	32,038,969	31,481,431	32,526,192	34,458,349
	244,779	200,251	152,415	179,191	186,749	119,925
	<u>165,543,220</u>	<u>164,378,359</u>	<u>172,312,378</u>	<u>195,827,470</u>	<u>219,756,505</u>	<u>227,164,503</u>
	54,026,517	51,391,116	54,595,205	79,297,874	81,106,844	88,451,372
	39,980,786	35,821,059	35,644,524	37,584,146	37,907,793	36,024,333
	15,680,291	16,699,140	15,991,984	16,502,431	22,847,722	21,461,922
	14,251,271	15,019,426	17,947,672	30,519,423	27,720,845	33,418,720
	27,227,020	23,529,696	28,493,696	28,406,319	29,693,696	30,800,496
	<u>151,165,885</u>	<u>142,460,437</u>	<u>152,673,081</u>	<u>192,310,193</u>	<u>199,276,900</u>	<u>210,156,843</u>
	(14,377,335)	(21,917,922)	(19,639,297)	(3,517,277)	(20,479,605)	(17,007,660)
	17,648,131	18,321,679	18,510,676	18,640,633	19,356,844	18,456,922
	62,743	2,049,343	2,039,362	1,992,355	2,929	—
	216,198	386,127	(17,127)	308,905	222,109	295,372
	360,534	452,334	1,232,202	273,597	655,615	602,361
	12,464	26,240	19,520	24,478	6,560	51,010
	<u>18,300,070</u>	<u>21,235,723</u>	<u>21,784,633</u>	<u>21,239,968</u>	<u>20,244,057</u>	<u>19,405,665</u>
\$	<u>3,922,735</u>	<u>(682,199)</u>	<u>2,145,336</u>	<u>17,722,691</u>	<u>(235,548)</u>	<u>2,398,005</u>

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

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

**Last Ten Fiscal Years**

**(Modified accrual Basis of Accounting)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund				
Reserved for:				
Inventories	\$ 199,771	\$ 272,749	\$ 198,810	\$ —
Prepaid	301,291	259,879	200,023	—
Unreserved:				
Designated funds:				
Infrastructure development	4,724,172	4,724,172	5,800,000	—
Self insurance	1,500,000	2,000,000	2,000,000	—
Debt repayment	—	—	5,269,922	—
Compensated absences	—	—	2,720,129	—
Others	2,524,470	1,599,190	743,037	—
General fund - undesignated	25,303,465	26,099,337	24,370,717	—
Nonspendable:				
Inventories				182,569
Prepaid				333,053
Assigned:				
Delivery System Reform Incentive projects				—
Infrastructure development				5,800,000
Self insurance				2,000,000
Debt repayment				4,560,702
Compensated absences				3,123,753
Other purposes				748,029
Unassigned:				26,364,127
<b>Total general fund</b>	<b><u>\$ 34,553,169</u></b>	<b><u>\$ 34,955,327</u></b>	<b><u>\$ 41,302,638</u></b>	<b><u>\$ 43,112,233</u></b>

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
163,914	138,908	147,974	195,217	230,342	244,856
271,022	315,871	408,202	875,965	585,604	785,019
—	—	2,451,869	16,760,603	10,231,836	3,895,406
5,800,000	5,800,000	5,800,000	5,800,000	2,994,473	799,774
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
3,809,183	3,012,954	2,169,977	8,369,816	6,330,951	4,911,428
3,219,676	3,342,268	3,435,430	5,247,282	6,264,742	6,573,523
405,876	409,768	414,460	404,706	394,052	410,498
29,123,629	27,397,775	26,328,057	20,756,976	19,574,866	29,542,446
<u>\$ 44,793,300</u>	<u>\$ 42,417,544</u>	<u>\$ 43,155,969</u>	<u>\$ 60,410,565</u>	<u>\$ 48,606,866</u>	<u>\$ 49,162,950</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Revenues</b>				
Local	\$ 52,180,624	\$ 53,333,683	\$ 57,888,002	\$ 59,426,076
State	71,348,608	76,936,456	83,161,961	95,527,987
Federal	14,275,329	13,270,045	15,740,531	17,895,020
<b>Total revenues</b>	<u>137,804,561</u>	<u>143,540,184</u>	<u>156,790,494</u>	<u>172,849,083</u>
<b>Expenditures</b>				
Salaries	66,637,986	71,521,224	78,101,016	87,604,734
Employee benefits	14,935,820	15,468,903	17,663,317	21,182,041
Professional and consultant services	7,460,872	7,207,549	7,714,718	10,233,262
Training and travel	1,767,429	2,002,900	2,493,567	2,635,039
Debt service				
Principal	717,573	1,020,471	670,315	709,220
Interest	414,825	380,687	326,553	287,043
Capital outlay	1,050,503	462,607	229,360	2,691,961
Non-capitalized equipment	585,059	767,841	2,388,284	1,517,604
Pharmaceutical	6,999,820	7,261,937	3,733,380	1,732,486
Other operating	33,180,776	36,212,343	37,031,315	42,469,740
<b>Total expenditures</b>	<u>133,750,663</u>	<u>142,306,462</u>	<u>150,351,825</u>	<u>171,063,130</u>
<b>Excess of revenues over/(under expenditures)</b>	4,053,898	1,233,722	6,438,669	1,785,953
<b>Other financing sources (uses)</b>				
Capital leases	259,435	167,227	—	—
Issuance of debt	—	—	—	—
Sale of capital assets	779,255	26,370	340,041	23,642
<b>Total other financing sources (uses)</b>	<u>1,038,690</u>	<u>193,597</u>	<u>340,041</u>	<u>23,642</u>
<b>Net change in fund balances</b>	<u>\$ 5,092,588</u>	<u>\$ 1,427,319</u>	<u>\$ 6,778,710</u>	<u>\$ 1,809,595</u>
 Ratio of total debt service expenditures to total noncapital expenditures	 0.85%	 0.99%	 0.66%	 0.59%

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$	62,937,932	\$ 64,363,140	\$ 67,052,301	\$ 66,236,188	\$ 70,714,740	\$ 69,599,303
	94,597,104	89,622,892	94,319,225	104,833,857	102,911,444	110,851,190
	11,915,483	9,681,399	13,159,316	42,454,903	45,887,191	49,055,292
	<u>169,450,519</u>	<u>163,667,431</u>	<u>174,530,842</u>	<u>213,524,948</u>	<u>219,513,375</u>	<u>229,505,785</u>
	88,266,962	86,527,045	89,048,998	101,194,770	118,697,865	124,691,712
	21,811,119	22,239,368	22,691,270	25,433,141	29,254,007	28,011,451
	9,226,159	7,384,814	7,713,373	10,351,530	10,240,517	10,575,182
	2,759,524	2,979,031	2,927,971	2,969,507	3,278,161	3,337,267
	751,518	796,229	842,977	1,440,160	2,038,866	1,419,522
	244,779	200,251	152,415	179,191	186,749	119,925
	2,857,896	2,375,254	1,560,933	10,551,229	12,002,583	4,168,307
	418,692	1,037,372	1,152,194	1,805,330	3,589,925	2,128,168
	1,683,525	1,471,468	1,133,818	1,274,994	1,377,772	1,886,395
	39,761,742	41,058,750	46,015,718	48,734,987	50,657,189	52,662,782
	<u>167,781,916</u>	<u>166,069,582</u>	<u>173,239,667</u>	<u>203,934,839</u>	<u>231,323,634</u>	<u>229,000,711</u>
	1,668,603	(2,402,151)	1,291,175	9,590,109	(11,810,259)	505,074
	—	—	—	—	—	—
	—	—	—	7,640,000	—	—
	12,464	26,240	19,520	24,478	6,560	51,010
	<u>12,464</u>	<u>26,240</u>	<u>19,520</u>	<u>7,664,478</u>	<u>6,560</u>	<u>51,010</u>
\$	<u>1,681,067</u>	<u>(2,375,911)</u>	<u>1,310,695</u>	<u>17,254,587</u>	<u>(11,803,699)</u>	<u>556,084</u>

0.60%

0.61%

0.58%

0.84%

1.01%

0.68%

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

**PRINCIPAL SOURCES OF REVENUES (UNAUDITED)**

**Last Ten Fiscal Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Local</b>				
County government	\$ 26,306,400	\$ 26,851,273	\$ 30,366,731	\$ 29,728,217
Medicaid/Medicare	12,460,818	12,496,212	12,503,786	15,323,885
Other	13,413,406	13,986,198	15,017,485	14,373,974
<b>Total local revenue</b>	<u>52,180,624</u>	<u>53,333,683</u>	<u>57,888,002</u>	<u>59,426,076</u>
<b>State</b>				
Texas Department of Mental Health and Mental Retardation Department of State Health Services -				
General Revenue	53,965,505	58,835,494	63,574,567	74,076,314
Department of Aging and Disability Services -				
General Revenue	11,942,518	11,898,169	12,150,341	14,979,825
Early Childhood Intervention	2,254,673	2,150,183	2,375,698	1,906,946
Texas Council on Offenders with Mental Impairments	2,739,912	3,385,933	3,598,828	3,394,902
Other state agencies	446,000	666,677	1,462,527	1,170,000
<b>Total state revenues</b>	<u>71,348,608</u>	<u>76,936,456</u>	<u>83,161,961</u>	<u>95,527,987</u>
<b>Federal</b>				
Mental Health Block Grant	3,081,806	3,081,806	3,081,806	3,081,806
Early Childhood Intervention	4,742,899	5,208,576	6,359,357	5,920,373
Delivery System Reform Incentive	—	—	—	—
Other federal revenues	6,450,624	4,979,663	6,299,368	8,892,841
<b>Total federal revenues</b>	<u>14,275,329</u>	<u>13,270,045</u>	<u>15,740,531</u>	<u>17,895,020</u>
<b>Total revenues</b>	<u>\$ 137,804,561</u>	<u>\$ 143,540,184</u>	<u>\$ 156,790,494</u>	<u>\$ 172,849,083</u>



<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$ 28,681,523	\$ 28,132,939	\$ 29,273,302	\$ 30,412,676	\$ 35,157,223	\$ 34,692,528
21,637,710	21,780,636	24,152,125	22,121,662	25,428,729	26,193,236
12,618,699	14,449,720	13,626,874	13,701,859	10,128,788	8,713,539
<u>62,937,932</u>	<u>64,363,295</u>	<u>67,052,301</u>	<u>66,236,197</u>	<u>70,714,740</u>	<u>69,599,303</u>
74,500,636	75,919,706	80,410,871	90,691,945	87,856,785	94,957,960
13,654,580	8,803,727	8,799,578	8,790,754	9,382,704	8,917,182
2,115,314	1,073,474	1,255,837	1,219,655	1,494,851	2,994,853
3,354,574	2,787,591	2,773,939	2,866,406	3,077,654	3,116,905
972,000	1,038,394	1,079,000	1,265,097	1,099,450	864,290
<u>94,597,104</u>	<u>89,622,892</u>	<u>94,319,225</u>	<u>104,833,857</u>	<u>102,911,444</u>	<u>110,851,190</u>
3,081,806	3,081,806	3,081,806	3,081,806	3,081,806	3,081,806
4,607,965	2,746,242	2,131,105	2,068,766	3,075,730	1,264,006
—	—	2,837,339	30,532,366	31,166,380	32,782,283
4,225,712	3,853,351	7,946,405	6,771,965	8,563,275	11,927,197
<u>11,915,483</u>	<u>9,681,399</u>	<u>15,996,655</u>	<u>42,454,903</u>	<u>45,887,191</u>	<u>49,055,292</u>
<u>\$ 169,450,519</u>	<u>\$ 163,667,586</u>	<u>\$ 177,368,181</u>	<u>\$ 213,524,957</u>	<u>\$ 219,513,375</u>	<u>\$ 229,505,785</u>

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

**SCHEDULE OF INDIRECT COSTS (UNAUDITED)**

**For the Year Ended August 31, 2016**

	<u>Total Costs</u>	<u>Non Allowable Costs</u>	<u>Depreciation</u>	<u>Total Adjusted Costs</u>	<u>Direct Costs</u>	<u>Indirect Costs</u>
Salaries	\$124,691,712	\$ —	\$ —	\$124,691,712	\$110,825,295	\$ 13,866,417
Employee Benefits	27,702,671	—	—	27,702,671	28,782,428	(1,079,757)
Debt Service	1,539,447	(1,419,522)	—	119,925	94,825	25,100
Capital Outlay	4,168,307	(4,168,307)	—	—	—	—
Pharmaceutical Expense	1,586,395	—	—	1,586,395	1,566,257	20,138
Depreciation	—	—	3,442,841	3,442,841	1,812,139	1,630,702
Other Operating Expenses	69,312,179	154,557	—	69,466,736	66,675,871	2,790,865
<b>Total Expenses</b>	<b><u>\$229,000,711</u></b>	<b><u>\$ (5,433,272)</u></b>	<b><u>\$ 3,442,841</u></b>	<b><u>\$227,010,280</u></b>	<b><u>\$209,756,815</u></b>	<b><u>\$ 17,253,465</u></b>
Indirect Costs						17,253,465
Direct Costs						209,756,815
Indirect Cost Rate						<b>8.23%</b>

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**SCHEDULE OF DIRECT AND INDIRECT COSTS (UNAUDITED)**  
**For the Year Ended August 31, 2016**

	<u>Total Costs</u>	<u>Adjustments/ Exclusions</u>	<u>Indirect Cost</u>	<u>Direct Cost</u>
<b>EXPENDITURES:</b>				
Personal costs:				
Salaries and wages	\$124,691,712	\$ —	\$ 13,866,417	\$110,825,295
Fringe benefits	27,702,671	—	(1,079,757)	28,782,428
Client Living Cost	32	—	—	32
Consultation and professional fees	692,518	(1,763)	188,212	502,543
Travel - board and staff	3,336,407	(5,492)	127,135	3,203,780
<b>Consumable supplies:</b>				
Drugs	1,586,395	—	20,138	1,566,257
Food	331,411	(61,751)	244	269,416
Other	1,319,034	(391)	227,261	1,091,382
<b>Furniture and equipment:</b>				
Capital expenditures	521,242	(521,242)	—	—
Rental	265,701	—	49,462	216,239
Repair and maintenance	2,026,103	—	(1,146,193)	3,172,296
<b>Building:</b>				
Capital expenditures from general operation	3,522,893	(3,522,893)	—	—
Rental	526,507	—	13,434	513,073
Repair and maintenance	3,604,592	(6,348)	610,364	2,987,880
<b>Vehicles:</b>				
Capital expenditures	124,172	(124,172)	—	—
Rental	13,133	—	13,133	—
Repair and maintenance	223,835	—	56,454	167,381
<b>Contract with service agencies</b>	47,524,176	—	125,537	47,398,639
<b>Other:</b>				
Utilities, postage and telephone	3,060,170	—	417,373	2,642,797
Client transportation	53,345	—	125	53,220
Audit and legal fees	213,529	—	213,529	—
Insurance	829,289	—	828,162	1,127
Meetings	708	—	450	258
Transfer and storage	159,779	—	58,623	101,156
Dues and subscriptions	231,165	(161,661)	31,617	37,887
Payment on note principal	1,419,522	(1,419,522)	—	—
Interest charges	119,925	—	25,100	94,825
Laboratory expenses	265,735	—	—	265,735
Security expense	992,100	—	138,224	853,876
Miscellaneous	3,642,910	391,963	837,719	3,197,154
<b>Total expenditures</b>	<u>229,000,711</u>	<u>(5,433,272)</u>	<u>15,622,763</u>	<u>207,944,676</u>
Equipment and vehicle depreciation	763,525	—	331,936	431,589
Buildings and improvements depreciation	2,679,316	—	1,298,766	1,380,550
<b>Total</b>	<u>\$232,443,552</u>	<u>\$ (5,433,272)</u>	<u>\$ 17,253,465</u>	<u>\$209,756,815</u>
Indirect costs			\$ 17,253,465	
Direct costs			\$ 209,756,815	8.23%

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

**LOCAL SERVICE AREA POPULATION (UNAUDITED)**

**August 31, 2016**

Population of local service areas for which the following centers are the local Mental Health and Mental Retardation Authority. (Source: Texas Department of State Health Services, Projected FY 2016):

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

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

**DEMOGRAPHIC STATISTICS OF LOCAL SERVICE AREA (UNAUDITED)**

**LAST TEN CALENDAR YEARS**

<b>Calendar Year</b>	<b>Population (A)</b>	<b>Unemployment Rate (B)</b>	<b>Total Personal Income (C)</b>	<b>Per Capita Personal Income</b>
2006	3,886,207	4.0%	\$ 178,160,838,000	\$ 45,844
2007	3,935,855	4.2%	194,177,877,000	\$ 49,336
2008	3,984,349	5.5%	190,226,395,000	47,743
2009	4,070,989	8.1%	196,779,227,000	48,337
2010	4,092,459	8.3%	183,899,347,000	44,936
2011	4,178,574	7.2%	204,593,445,000	48,963
2012	4,253,700	6.0%	224,617,980,000	52,805
2013	4,336,853	5.5%	230,462,963,000	53,141
2014	4,441,370	4.0%	252,694,912,000	56,896
2015	4,538,028	4.6%	<b>(D)</b>	<b>(D)</b>

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

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

**RATIO OF OUTSTANDING DEBT (UNAUDITED)**

**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Bonds Payable</b>	<b>Notes Payable</b>	<b>Capital Leases</b>	<b>Total Debt</b>	<b>Personal Income</b>	<b>Percentage of Personal Income</b>	<b>Debt per Capita</b>
2007	\$ —	\$6,571,016	\$222,465	\$6,793,481	\$177,998,800,000	0.0038%	1.76
2008	—	5,940,236	—	5,940,236	194,177,877,000	0.0031%	1.52
2009	—	5,269,921	—	5,269,921	190,226,395,000	0.0028%	1.32
2010	—	4,560,701	—	4,560,701	196,779,227,000	0.0023%	1.12
2011	—	3,809,183	—	3,809,183	183,899,347,000	0.0021%	0.93
2012	—	3,012,954	—	3,012,954	204,593,445,000	0.0015%	0.72
2013	—	2,169,977	—	2,169,977	224,617,980,000	0.001%	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	(A)	(A)	(A)

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

(A) Unavailable

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

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

**CURRENT YEAR AND NINE YEARS AGO**

<b>Employer</b>	<b>2015</b>			<b>2006</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Memorial Hermann Health System	24,000	1	0.80%	12,561	3	0.50%
United Airlines	15,000	2	0.50%			
Houston Methodist	14,985	3	0.50%			
ExxonMobil Corporation	13,000	4	0.43%			
Kroger Company	12,000	5	0.40%	11,621	4	0.46%
Shell Oil Company	11,892	6	0.40%			
National Oilwell Varco	11,563	7	0.38%			
Schlumberger Limited	10,000	8	0.33%			
Chevron	9,000	9	0.30%			
Baylor College of Medicine	8,924	10	0.30%			
Administaff, Inc.				19,851	1	0.79%
Walmart Stores, Inc.				12,957	2	0.52%
Halliburton Companies				11,217	5	0.45%
Hewlett-Packard (former (Compaq)				8,500	6	0.34%
Methodist Hospital System				7,969	7	0.32%
Continental Airlines				7,500	8	0.30%
JPMorgan Chase(former Texas Commerce Bank)				6,749	9	0.27%
ATT (former SBC & SWB Telephone)				6,000	10	0.24%
	<u>130,364</u>			<u>104,925</u>		

\* Based on calendar year.

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

Note: Total County employment for 2015 was an estimated 3,006,012 (based on prior year employment figures) and for 2006 was 2,508,458.

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

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

**LAST TEN FISCAL YEARS**

<b>Function/Program</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Adult Mental Health	515.05	474.61	534.16	482.22
IDD	422.90	441.08	471.16	520.33
Child and Adolescent	179.95	189.87	192.47	248.54
Crisis Center	201.90	240.93	277.05	283.50
Administration	185.75	194.36	202.86	146.17
<b>Total</b>	<b>1,505.55</b>	<b>1,540.85</b>	<b>1,677.70</b>	<b>1,680.76</b>



<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
568.80	579.00	591.32	750.20	884.08	889.32
471.51	458.00	430.38	449.93	475.97	421.12
190.70	200.00	193.70	226.20	245.90	245.20
267.50	284.00	269.40	301.65	344.25	371.00
142.15	148.00	150.05	173.80	181.95	190.40
<b>1,640.66</b>	<b>1,669.00</b>	<b>1,634.85</b>	<b>1,901.78</b>	<b>2,132.15</b>	<b>2,117.04</b>

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

**OPERATING INDICATORS BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Admissions:</b>				
Mental Health	14,735	21,696	13,773	18,114
IDD	<u>5,956</u>	<u>6,626</u>	<u>9,777</u>	<u>14,116</u>
<b>Total admissions</b>	<u>20,691</u>	<u>28,322</u>	<u>23,550</u>	<u>32,230</u>
<b>Total clients served (unduplicated):</b>				
Mental Health	34,023	28,233	30,672	30,290
IDD	<u>9,870</u>	<u>11,973</u>	<u>14,348</u>	<u>17,836</u>
<b>Total clients served</b>	<u>43,893</u>	<u>40,206</u>	<u>45,020</u>	<u>48,126</u>

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
22,758	11,305	10,295	12,755	12,646	13,298
9,551	2,241	1,951	2,329	2,272	2,275
<b>32,309</b>	<b>13,546</b>	<b>12,246</b>	<b>15,084</b>	<b>14,918</b>	<b>15,573</b>
36,112	26,384	30,944	26,780	28,197	30,261
16,631	17,185	15,019	17,715	18,222	18,988
<b>52,743</b>	<b>43,569</b>	<b>45,963</b>	<b>44,495</b>	<b>46,419</b>	<b>49,249</b>

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

**GENERAL FUND REVENUE BY SOURCE OF FUNDS (UNAUDITED)**

**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Local Funds</b>	<b>State Funds</b>	<b>Federal Funds</b>	<b>Total</b>
2007	\$ 52,180,624	\$ 71,348,608	\$ 14,275,329	\$ 137,804,561
2008	53,333,683	76,936,456	13,270,045	143,540,184
2009	57,888,002	83,161,961	15,740,531	156,790,494
2010	59,426,073	95,527,986	17,895,019	172,849,078
2011	62,937,932	94,597,104	11,915,483	169,450,519
2012	64,363,140	89,622,891	9,681,399	163,667,430
2013	67,052,301	94,319,225	13,159,316	174,530,842
2014	66,236,197	104,833,857	42,454,903	213,524,957
2015	70,714,740	102,911,444	45,887,191	219,513,375
2016	69,599,303	110,851,190	49,055,292	229,505,785

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**GENERAL FUND EXPENDITURES BY CATEGORY( UNAUDITED)**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Mental Health</b>	<b>Intellectual &amp; Developmental Disabilities</b>	<b>Administration</b>	<b>Total</b>
2007	\$92,448,978	\$27,600,507	\$ 13,701,178	\$ 133,750,663
2008	100,027,256	29,888,424	12,390,782	142,306,462
2009	100,759,324	32,486,993	17,105,508	150,351,825
2010	114,793,836	37,292,849	18,976,445	171,063,130
2011	111,906,905	37,819,392	18,055,619	167,781,916
2012	113,918,759	34,616,488	17,534,335	166,069,582
2013	120,985,289	34,821,433	17,432,945	173,239,667
2014	141,307,371	36,663,301	25,964,167	203,934,839
2015	160,659,800	37,534,988	33,128,846	231,323,634
2016	177,790,941	35,208,003	16,001,767	229,000,711

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

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

**Last Ten Fiscal Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Adult Mental Health</b>				
Land	\$ 1,774,221	\$ 1,774,221	\$ 1,774,221	\$ 1,895,148
Buildings and improvements	10,563,939	10,563,939	10,563,939	11,047,650
Equipment and furniture	1,990,410	1,996,762	1,995,971	2,171,348
Vehicles	272,914	152,654	152,654	129,551
<b>Total capital assets for Adult Mental Health</b>	<u>14,601,484</u>	<u>14,487,576</u>	<u>14,486,785</u>	<u>15,243,697</u>
<b>Intellectual &amp; Developmental Disabilities</b>				
Land	870,772	870,772	870,772	916,080
Buildings and improvements	4,781,827	4,781,827	4,781,827	4,963,058
Equipment and furniture	1,448,419	1,453,042	1,452,466	1,453,030
Vehicles	461,996	469,777	469,777	394,576
<b>Total capital assets for Mental Retardation</b>	<u>7,563,014</u>	<u>7,575,418</u>	<u>7,574,842</u>	<u>7,726,744</u>
<b>Child and Adolescent</b>				
Land	138,700	138,700	138,700	174,011
Buildings and improvements	2,496,099	2,496,099	2,496,099	2,637,343
Equipment and furniture	703,594	705,839	705,559	705,833
<b>Total capital assets for Child and Adolescent</b>	<u>3,338,393</u>	<u>3,340,638</u>	<u>3,340,358</u>	<u>3,517,187</u>
<b>Crisis Center</b>				
Land	—	—	—	—
Buildings and improvements	2,439,691	2,439,691	2,439,691	2,439,691
Equipment and furniture	521,378	548,908	573,344	567,247
Vehicles	258,863	395,747	468,553	436,938
<b>Total capital assets for Crisis Center</b>	<u>3,219,932</u>	<u>3,384,346</u>	<u>3,481,588</u>	<u>3,443,876</u>
<b>Administration</b>				
Land	531,068	531,068	436,250	436,250
Buildings and improvements	4,390,552	4,390,552	4,033,428	4,033,428
Equipment and furniture	1,986,422	1,992,763	1,991,973	1,992,746
Vehicles	54,395	175,819	171,925	155,702
Intangible Assets - Software	—	—	—	1,365,734
<b>Total capital assets for Administration</b>	<u>6,962,437</u>	<u>7,090,202</u>	<u>6,633,576</u>	<u>7,983,860</u>
<b>Total capital assets</b>	<u>\$ 35,685,260</u>	<u>\$ 35,878,180</u>	<u>\$ 35,517,149</u>	<u>\$ 37,915,364</u>

	2011	2012	2013	2014	2015	2016
\$	1,895,148	\$ 1,895,148	\$ 1,895,148	\$ 1,895,148	\$ 1,895,148	\$ 1,895,148
	11,047,650	11,060,635	11,060,635	11,065,800	11,065,800	11,065,800
	2,160,381	2,169,897	1,687,157	1,855,258	1,855,258	2,059,264
	129,551	129,551	220,527	220,527	220,527	245,114
	<u>15,232,730</u>	<u>15,255,231</u>	<u>14,863,467</u>	<u>15,036,733</u>	<u>15,036,733</u>	<u>15,265,326</u>
	916,080	916,080	916,080	916,080	916,080	916,080
	4,963,058	4,980,370	4,980,370	4,980,370	4,980,370	4,980,370
	1,462,270	1,469,196	1,117,907	1,111,807	1,111,807	1,111,807
	394,576	374,226	428,012	447,510	447,510	211,828
	<u>7,735,984</u>	<u>7,739,872</u>	<u>7,442,369</u>	<u>7,455,767</u>	<u>7,455,767</u>	<u>7,220,085</u>
	174,011	174,011	174,011	174,011	174,011	174,011
	2,637,343	2,650,328	2,650,328	2,650,328	2,650,328	2,650,328
	701,957	705,321	534,677	534,677	534,677	534,677
	<u>3,513,311</u>	<u>3,529,660</u>	<u>3,359,016</u>	<u>3,359,016</u>	<u>3,359,016</u>	<u>3,359,016</u>
	—	—	—	—	588,825	588,825
	2,619,061	2,619,061	2,619,061	2,619,061	3,048,836	5,380,809
	564,375	566,869	428,072	422,172	422,172	422,172
	436,938	452,679	611,755	746,952	850,104	857,077
	<u>3,620,374</u>	<u>3,638,609</u>	<u>3,658,888</u>	<u>3,788,185</u>	<u>4,909,937</u>	<u>7,248,883</u>
	436,250	436,250	436,250	2,449,346	2,449,346	2,449,346
	4,033,428	4,033,428	4,033,428	11,617,450	21,505,723	22,696,643
	2,861,455	2,984,690	2,563,682	2,865,744	3,762,611	4,024,171
	173,516	173,516	196,203	214,016	214,016	214,016
	3,113,739	5,102,008	5,928,585	6,142,885	6,184,197	6,198,078
	<u>10,618,388</u>	<u>12,729,892</u>	<u>13,158,148</u>	<u>23,289,441</u>	<u>34,115,893</u>	<u>35,582,254</u>
\$	<u>40,720,787</u>	<u>\$ 42,893,264</u>	<u>\$ 42,481,888</u>	<u>\$ 52,929,142</u>	<u>\$ 64,877,346</u>	<u>\$ 68,675,564</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, 2016**

	Revenues				Per Audited Financial Statements
	Per Center Report	Additions	Deletions		
<b>Local Revenues</b>					
Harris County	\$ 34,681,818	\$ 35,258	\$ 24,548	(a)	\$ 34,692,528
Patient Fees and Private Insurance	7,355,944	—	6,200,208	(b)	1,155,736
Medicare	998,271	—	—		998,271
Medicaid	20,468,783	6,200,208	(b) 1,474,026	(b)	25,194,965
ICF/ID, HCS, and Texas Home Living	3,759,788	—	—		3,759,788
Administrative Claiming	5,260,094	224,767	(a) 5,080,903	(b)	403,958
Investment Earnings	289,658	—	—		289,658
Miscellaneous	31,014,070	265,178	(a),(b) 28,174,849	(a),(b)	3,104,399
<b>Total Local Sources</b>	<u>103,828,426</u>	<u>6,725,411</u>	<u>40,954,534</u>		<u>69,599,303</u>
<b>State General Revenue</b>	105,596,232	—	1,721,090	(a)	103,875,142
<b>Other State Sources:</b>					
Early Childhood Intervention	4,113,024	—	1,118,171	(b)	2,994,853
Department of Assistive and Rehabilitative Services-Rehab	418,290	—	—		418,290
Texas Council on Offenders with Mental Impairments	3,116,905	—	—		3,116,905
Texas Department of Criminal Justice	446,000	—	—		446,000
<b>Total Other State Sources</b>	<u>8,094,219</u>	<u>—</u>	<u>1,118,171</u>		<u>6,976,048</u>
<b>Total State Revenue</b>	<u>113,690,451</u>	<u>—</u>	<u>2,839,261</u>		<u>110,851,190</u>
<b>Federal Sources:</b>					
Mental Health Block Grant	3,081,806	—	—		3,081,806
Mental Health Block Grant - Community Support Services	822,716	—	—		822,716
Social Services Block Grant - Title XX	618,113	—	—		618,113
TANF to Title XX Block Grant	1,521,022	—	—		1,521,022
DSHS Disaster Assistance	1,751,615	—	—		1,751,615
Substance Abuse Prevention & Treatment Block Grant	651,361	—	—		651,361
Enhanced Community Coordination	160,074	—	—		160,074
MH Block PATH	—	1,101,472	(a) —		1,101,472
Early Childhood Intervention	—	1,118,171	(b) —		1,118,171
Delivery Service Reform Incentive	32,782,283	—	—		32,782,283
Administrative Claiming	—	5,080,903	(b) —		5,080,903
Leadership Education in Neurodevelopmental and Related Disorders	—	4,887	(b) —		4,887
Transitional Housing Program - Safe Havens	360,869	—	—		360,869
<b>Total Federal Sources</b>	<u>41,749,859</u>	<u>7,305,433</u>	<u>—</u>		<u>49,055,292</u>
<b>Total Revenue</b>	<u>\$ 259,268,736</u>	<u>\$14,030,844</u>	<u>\$43,793,795</u>		<u>\$ 229,505,785</u>

(a) Audit adjustment

(b) Revenue reclassification

(c) Rounding adjustment



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

**RECONCILIATION OF TOTAL EXPENDITURES TO FOURTH QUARTER FINANCIAL REPORT  
(UNAUDITED)**

**For the Year Ended August 31, 2016**

<u>Object of Expenditure</u>	<u>Expenditures</u>				<u>Per Audited Financial Statements</u>	
	<u>Per Center Report</u>	<u>Additions</u>	<u>Deletions</u>			
Salaries	\$ 123,947,310	\$ 744,402	(a)	\$ —	\$ 124,691,712	
Employee Benefits	32,480,259	235,674	(a)	4,704,482	(a)	28,011,451
Professional and Consultant Services	10,575,182	—		—		10,575,182
Training and Travel	3,334,844	2,534	(a)	111	(b)	3,337,267
Debt Service	1,539,448	—				1,539,448
Capital Outlay	4,075,070	93,237	(b)	—		4,168,307
Non-Capitalized Equipment	2,127,828	339	(a)	—		2,128,167
Pharmaceutical Expense (medication and script process)	1,571,299	—		—		1,571,299
Pharmaceutical Expense (PAP only)	26,408,666	258,339	(a)	26,667,005	(a)	—
Other Operating Expense	53,208,831	170,961	(a)	401,914	(a), (b), (c)	52,977,878
<b>Total Expenditures</b>	<u>\$ 259,268,737</u>	<u>\$1,505,486</u>		<u>\$31,773,512</u>		<u>\$ 229,000,711</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, 2016**

<b>Service Categories (by Funding Source)</b>	<b>Mental Health Adult</b>	<b>Mental Health Children</b>
General Revenue - Mental Health	\$ 51,841,290	\$ 12,316,174
General Revenue - Intellectual & Developmental Disabilities	—	—
General Revenue - Permanency Planning	—	—
Community Hospitals	30,800,496	—
YES Waiver	—	22,357
ICF-MR	—	—
Texas Home Living Waiver	—	—
MH Block Homeless PATH Grant	1,101,472	—
Title XX Social Services Block Grant	618,113	—
Mental Health Block Grant	2,265,141	816,665
Mental Health Block Grant - CSC	822,716	—
TANF to Title XX Block Grant	239,379	1,281,643
Substance Abuse Prevention & Treatment Block Grant	651,361	—
Disaster Assistance	1,751,615	—
Medicaid	9,975,973	3,353,052
Medicaid Administrative Claiming	3,766,539	751,811
HUD - Supportive Housing - Safe Haven	360,869	—
Delivery System Reform Incentive	28,744,476	602,168
Leadership Education in Neurodevelopmental and Related Disorders	—	—
Enhanced Community Coordination	—	—
Texas Department of Criminal Justice	446,000	—
DARS-Autism	—	—
Early Childhood Intervention	—	—
Texas Council on Offenders with Mental Impairments	2,419,160	697,745
Required Local Match	7,330,077	566,357
Additional Local Funds	26,292,446	802,082
Total Expended Sources	<u>\$ 169,427,123</u>	<u>\$ 21,210,054</u>

<b>Intellectual &amp; Developmental Disabilities</b>	<b>Total</b>	<b>Approved Budget</b>	<b>Variance</b>
\$ —	\$ 64,157,464	\$ 65,096,184	\$ 938,720
8,777,092	8,777,092	9,346,888	569,796
140,090	140,090	140,090	—
—	30,800,496	30,134,060	(666,436)
—	22,357	800,420	778,063
1,788,722	1,788,722	1,717,493	(71,229)
1,948,709	1,948,709	1,716,723	(231,986)
—	1,101,472	1,134,849	33,377
—	618,113	632,375	14,262
—	3,081,806	3,081,806	—
—	822,716	825,000	2,284
—	1,521,022	1,499,692	(21,330)
—	651,361	752,000	100,639
—	1,751,615	2,590,683	839,068
11,865,940	25,194,965	26,505,334	1,310,369
820,676	5,339,026	5,888,030	549,004
—	360,869	343,731	(17,138)
2,930,565	32,277,209	33,450,928	1,173,719
4,887	4,887	—	(4,887)
160,074	160,074	201,459	41,385
—	446,000	401,400	(44,600)
418,290	418,290	704,214	285,924
4,258,859	4,258,859	4,295,633	36,774
—	3,116,905	3,439,389	322,484
1,041,815	8,938,249	7,177,589	(1,760,660)
4,207,815	31,302,343	74,182,722	42,880,379
<b>\$ 38,363,534</b>	<b>\$ 229,000,711</b>	<b>\$ 276,058,692</b>	<b>\$ 47,057,981</b>

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

**SCHEDULE OF REVENUES AND EXPENDITURES BY SOURCE OF FUNDS**

**GENERAL FUND (UNAUDITED)**

**For the Year Ended August 31, 2016**

<b>Fund Source</b>	<b>Total Revenue</b>	<b>Total Mental Health Adult Expenditures</b>
<b>Objects of Expense:</b>		
Salaries	\$ 124,691,712	\$ 86,235,836
Employee Benefits	28,011,451	18,797,415
Professional and Consultant Fees	10,575,182	7,323,462
Training and Travel	3,337,267	1,837,351
Debt Service	1,539,448	1,138,966
Capital Outlay	4,168,307	3,763,578
Non-capitalized Equipment	2,128,167	1,507,734
Pharmaceutical Expense (medication and script process)	1,571,297	1,102,794
Pharmaceutical Expense (PAP only)	—	—
Other Operating Expense	<u>52,977,880</u>	<u>47,719,987</u>
<b>Total Expenditures</b>	<b><u>\$ 229,000,711</u></b>	<b><u>\$ 169,427,123</u></b>
<b>Method of Finance:</b>		
General Revenue - Mental Health	\$ 64,653,320	\$ 51,841,290
General Revenue - Intellectual & Developmental Disabilities	9,420,588	—
General Revenue - Permanency Planning	140,090	—
Community Hospitals	30,800,496	—
YES Waiver	22,357	—
ICF-MR	1,788,722	—
Texas Home Living Waiver	1,948,709	—
MH Block Homeless PATH Grant	1,101,472	1,101,472
Title XX Social Services Block Grant	618,113	618,113
Mental Health Block Grant	3,081,806	2,265,141
Mental Health Block Grant - CSC	822,716	822,716
TANF to Title XX	1,521,022	239,379
Substance Abuse Prevention & Treatment Block Grant	651,361	651,361
Disaster Assistance	1,751,615	1,751,615
Medicaid	25,194,965	9,975,973
Medicaid Administrative Claiming	5,339,026	3,766,539
HUD - Supportive Housing - Safe Haven	360,869	360,869
Delivery System Reform Incentive	32,782,283	28,744,476
Leadership Education in Neurodevelopmental and Related Disorders	4,887	—
Enhanced community Coordination	160,074	—
Texas Department of Criminal Justice	446,000	446,000
DARS-Autism	418,290	—
Early Childhood Intervention	4,258,859	—
Texas Council on Offenders with Mental Impairments	3,116,905	2,419,160
Required Local Match	8,938,249	7,330,077
Additional Local Funds	<u>31,302,243</u>	<u>26,292,446</u>
<b>Total Expended Sources</b>	<b><u>\$ 230,645,037</u></b>	<b><u>\$ 138,626,627</u></b>

<u>Total Mental Health Children Expenditures</u>	<u>Total Intellectual &amp; Developmental Disabilities Expenditures</u>	<u>Total Center Expenditures</u>	<u>Excess Revenues Over Expenditures</u>
\$ 14,814,804	\$ 23,641,072	\$ 124,691,712	\$ —
3,316,064	5,897,972	28,011,451	—
73,037	3,178,683	10,575,182	—
481,627	1,018,289	3,337,267	—
142,584	257,898	1,539,448	—
152,074	252,655	4,168,307	—
258,137	362,296	2,128,167	—
222,032	246,471	1,571,297	—
—	—	—	—
1,749,695	3,508,198	52,977,880	—
<u>\$ 21,210,054</u>	<u>\$ 38,363,534</u>	<u>\$ 229,000,711</u>	<u>\$ —</u>
\$ 12,316,174	\$ —	\$ 64,157,464	\$ 495,856
—	8,777,092	8,777,092	643,496
—	140,090	140,090	—
—	—	30,800,496	—
22,357	—	22,357	—
—	1,788,722	1,788,722	—
—	1,948,709	1,948,709	—
—	—	1,101,472	—
—	—	618,113	—
816,665	—	3,081,806	—
—	—	822,716	—
1,281,643	—	1,521,022	—
—	—	651,361	—
—	—	1,751,615	—
3,353,052	11,865,940	25,194,965	—
751,811	820,676	5,339,026	—
—	—	360,869	—
602,168	2,930,565	32,277,209	505,074
—	4,887	4,887	—
—	160,074	160,074	—
—	—	446,000	—
—	418,290	418,290	—
—	4,258,859	4,258,859	—
697,745	—	3,116,905	—
566,357	1,041,815	8,938,249	—
802,082	4,207,815	31,302,343	—
<u>\$ 21,210,054</u>	<u>\$ 38,363,534</u>	<u>\$ 229,000,711</u>	<u>\$ 1,644,426</u>

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

**SCHEDULE OF MENTAL HEALTH ADULT EXPENDITURES BY SERVICE CATEGORY AND SOURCE OF FUNDS (UNAUDITED)**

**For the Year Ended August 31, 2016**

<b>Service Categories (by Funding Source)</b>	<b>New Generation Medications</b>	<b>Other Medications (Pills &amp; Injections)</b>	<b>Medication Related Services (EKG &amp; Labs)</b>	<b>Medicaid Type Services (Both Eligible and Ineligible)</b>	<b>Value Added Services</b>	<b>Screening &amp; Eligibility</b>
General Revenue - Mental Health	\$ —	\$ 1,223,332	\$ 367,304	\$ 23,573,965	\$ —	\$ 2,788,880
Community Hospitals	—	—	—	—	—	—
PATH	—	—	—	—	—	—
Title XX Social Services Block Grant	—	—	—	375,112	—	—
Mental Health Block Grant	—	—	—	2,265,141	—	—
Mental Health Block Grant - CSC	—	—	—	822,716	—	—
TANF to Title XX Block Grant	—	—	—	239,379	—	—
Substance Abuse Prevention & Treatment Block Grant	—	—	—	651,361	—	—
Disaster Assistance	—	—	—	—	—	—
Medicaid	—	—	—	9,975,973	—	—
Medicaid Administrative Claiming	—	—	—	2,493,112	—	—
HUD - Supportive Housing - Safe Haven	—	—	—	—	—	—
Delivery System Reform Incentive	—	—	—	21,769,736	—	—
SAMHSA - Partners at Independence Heights	—	—	—	—	—	—
Texas Department of Criminal Justice	—	—	4,460	423,700	—	8,920
Texas Council on Offenders with Mental Impairments	—	—	25,516	2,335,221	51,032	7,391
Required Local Match	—	—	—	1,148,530	—	—
Additional Local Funds	—	262,499	2,366,929	949,785	15,974	7,219
	—	—	—	—	—	—
Total Expended Sources	\$ —	\$ 1,485,831	\$ 2,764,209	\$ 67,023,731	\$ 67,006	\$ 2,812,410

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 & Diagnosis	Crisis, Transitional , and Intensive Ongoing Services - Other	Community Hospital (Inpatient Only)	Other Services Non- Priority Population	Total
\$ 1,072,010	\$ 1,577,172	\$ 4,309,035	\$ 7,570,081	\$ 1,262,468	\$ 1,922,930	\$ 6,174,113	\$ —	\$ 51,841,290
—	—	—	—	—	—	30,800,496	—	30,800,496
1,101,472	—	—	—	—	—	—	—	1,101,472
—	—	—	243,001	—	—	—	—	618,113
—	—	—	—	—	—	—	—	2,265,141
—	—	—	—	—	—	—	—	822,716
—	—	—	—	—	—	—	—	239,379
—	—	—	—	—	—	—	—	651,361
—	—	—	—	—	—	—	1,751,615	1,751,615
—	—	—	—	—	—	—	—	9,975,973
—	—	—	1,273,427	—	—	—	—	3,766,539
360,869	—	—	—	—	—	—	—	360,869
3,500,850	—	—	3,473,890	—	—	—	—	28,744,476
—	—	—	—	—	—	—	—	—
8,920	—	—	—	—	—	—	—	446,000
—	—	—	—	—	—	—	—	2,419,160
—	—	5,840,426	341,121	—	—	—	—	7,330,077
10,521,262	2,506,460	2,117,348	3,188,171	2,210,221	509,328	1,181,211	456,039	26,292,446
<u>\$ 16,565,383</u>	<u>\$ 4,083,632</u>	<u>\$ 12,266,809</u>	<u>\$ 16,089,691</u>	<u>\$ 3,472,689</u>	<u>\$ 2,432,258</u>	<u>\$ 38,155,820</u>	<u>\$ 2,207,654</u>	<u>\$ 69,427,123</u>

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

**SCHEDULE OF MENTAL HEALTH CHILDREN EXPENDITURES BY SERVICE CATEGORY AND SOURCE OF FUNDS (UNAUDITED)**

**For the Year Ended August 31, 2016**

<b>Service Categories (by Funding Source)</b>	<b>New Generation Medications</b>	<b>Other Medication s (Pills &amp; Injections)</b>	<b>Medicaid Type Services (Both Eligible and Ineligible)</b>	<b>All Other Outpatient Services</b>	<b>Crisis Outpatient</b>	<b>Crisis Screening &amp; Eligibility</b>	<b>Other Services Non- Priority Population</b>	<b>Total</b>
General Revenue - Mental Health	\$ —	\$ —	\$10,451,650	\$ 1,149,804	\$ 713,148	\$ 1,572	\$ —	\$12,316,174
New Generation Medications	—	—	—	—	—	—	—	—
Mental Health Block Grant	—	—	816,665	—	—	—	—	816,665
TANF to Title XX Block Grant	—	—	1,281,643	—	—	—	—	1,281,643
YES Waiver	—	—	22,357	—	—	—	—	22,357
Medicaid	—	—	3,353,052	—	—	—	—	3,353,052
Medicaid Administrative	—	—	751,811	—	—	—	—	751,811
Delivery System Reform	—	—	602,168	—	—	—	—	602,168
Texas Council on Offenders with Mental Impairments	—	—	697,745	—	—	—	—	697,745
Required Local Match	—	—	80,158	—	412,561	73,638	—	566,357
Additional Local Funds	—	51,225	—	477,732	243,815	26,545	2,765	802,082
<b>Total Expended Sources</b>	<b>\$ —</b>	<b>\$ 51,225</b>	<b>\$18,057,249</b>	<b>\$ 1,627,536</b>	<b>\$ 1,369,524</b>	<b>\$ 101,755</b>	<b>\$ 2,765</b>	<b>\$21,210,054</b>

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

**SCHEDULE OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES EXPENDITURES BY  
SERVICE CATEGORY AND SOURCE OF FUNDS (UNAUDITED)**

**For the Year Ended August 31, 2016**

<b>Service Categories (by Funding Source)</b>	<b>Assessment, Eligibility Determination</b>	<b>Service Coordination</b>	<b>Independent Living, Community Support</b>	<b>Respite</b>
General Revenue - Intellectual & Developmental Disabilities	\$ 2,222,915	\$ 4,431,410	\$ 17,477	\$ 1,350,634
General Revenue - Permanency Planning	140,090	—	—	—
HCS	—	—	—	—
ICF-MR	—	—	16,952	—
Texas Home Living Waiver	—	—	183,322	1,027,904
Medicaid	35,275	9,101,703	—	—
Medicaid Administrative Claiming	—	—	—	—
Delivery System Reform Incentive	—	—	1,115,269	—
Leadership Education in Neurodevelopmental/Related	—	—	—	—
DARS-Autism	—	—	—	—
Early Childhood Intervention	—	—	—	—
Enhanced Community Coordination	—	160,074	—	—
Required Local Match	—	—	—	357,343
Additional Local Funds	163,628	457,341	3,764	52,158
<b>Total Expended Sources</b>	<b>\$ 2,561,908</b>	<b>\$ 14,150,528</b>	<b>\$ 1,336,784</b>	<b>\$ 2,788,039</b>

<b>Employment Assistance/ Supported Employment</b>	<b>Vocational Training</b>	<b>Day Habilitation</b>	<b>Specialized Therapies</b>	<b>ID Residential Services</b>	<b>Other Services Non-Priority Population</b>	<b>Total</b>
\$ —	\$ —	\$ —	\$ —	\$ 754,656	\$ —	\$ 8,777,092
—	—	—	—	—	—	140,090
—	—	—	—	—	—	—
—	—	—	123,084	1,648,686	—	1,788,722
—	—	581,714	155,769	—	—	1,948,709
—	—	—	255,164	—	2,473,798	11,865,940
—	—	—	—	—	820,676	820,676
—	—	—	1,815,296	—	—	2,930,565
—	—	—	—	—	4,887	4,887
—	—	—	—	—	418,290	418,290
—	—	—	—	—	4,258,859	4,258,859
—	—	—	—	—	—	160,074
3,098	19,696	156,666	505,012	—	—	1,041,815
—	124	—	257,452	181,564	3,091,784	4,207,815
<b>\$ 3,098</b>	<b>\$ 19,820</b>	<b>\$ 738,380</b>	<b>\$ 3,111,777</b>	<b>\$ 2,584,906</b>	<b>\$ 11,068,294</b>	<b>\$ 38,363,534</b>

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

**SCHEDULE OF LEASES IN EFFECT (UNAUDITED)**

**For the Year Ended August 31, 2016**

Lessor	Address	Monthly Amount 2016	Beginning Date	Termination Date
City of Houston, Multiservice	4014 Market - Houston, TX	\$161	5/27/2015	9/26/2015
		\$161	5/26/2016	5/26/2017
City of Houston, Multiservice	7037 Capital, Suite 103	\$298	5/13/2015	5/13/2016
		\$298	5/31/2016	5/13/2017
City of Houston, Multiservice	170 Height Blvd.	\$372	5/26/2016	5/26/2017
City of Houston, Multiservice	6719 West Montgomery	\$256	12/1/2015	11/30/2016
Harris County Facilities & Property	5518 Jackson St. - Houston, TX	\$50/yr	5/1/2008	4/30/2018
Plazer Properties, Ltd.	3600 S. Gessner, Suite 110 - Houston, TX	\$18,729	11/10/2013	11/9/2016
		\$19,315	11/10/2016	11/9/2019
		\$19,607	11/10/2019	11/9/2021
Spring Branch District Plaza II	9610 Long Point, Suite 351 - Houston, TX	\$214	11/1/2014	10/31/2017
Ashford Houston Investments	1500 Dairy Ashford, Ste 448 - Houston, TX	\$898	2/1/2011	1/31/2017
Gillett Properties, Ltd.	7171 Hwy 6 N, Ste 206 - Houston, TX	\$876	6/1/2011	5/31/2017
Moana, LP (Oxley Leasing)	2550 North Loop West - Houston, TX	\$900	2/1/2012	8/31/2016
		\$900	9/1/2016	8/31/2017
Pasadena Cottages	2212 Wichita - Pasadena, TX	\$1,404	Month to month	Month to month
The Center	3550 West Dallas	\$350	9/1/2015	8/31/2016
Bill Clair Family Mortuary, Inc.	2603 Southmore-Houston, TX	\$600	4/1/2016	8/31/2017
Reddy Partnership - Brooktree	2150 West 18th Street - Houston, TX	\$2,628	8/1/2016	7/31/2017
NPC	1502 Taub Loop	\$1/year	PP for 25 Year	2,024
Harris County Jail	3540 West Dallas	Free	Month to month	Month to month

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

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

**For the Year Ended August 31, 2016**

	<b>Assets</b>			
	<b>September 1, 2015</b>	<b>Additions</b>	<b>Retirements</b>	<b>August 31, 2016</b>
Land	\$ 6,023,410	\$ —	\$ —	\$ 6,023,410
Buildings and improvements	43,251,057	3,522,893	—	46,773,950
Furniture and equipment	7,686,525	507,361	41,795	8,152,091
Vehicles	1,732,157	124,172	328,294	1,528,035
Intangible Assets - Software	6,184,197	13,881	—	6,198,078
	<u>\$ 64,877,346</u>	<u>\$ 4,168,307</u>	<u>\$ 370,089</u>	<u>\$ 68,675,564</u>

	<b>Accumulated Depreciation</b>			
	<b>September 1, 2015</b>	<b>Additions</b>	<b>Retirements</b>	<b>August 31, 2016</b>
Buildings and improvements	\$ 17,278,809	\$ 2,679,316	\$ —	\$ 19,958,125
Furniture and equipment	5,816,412	593,897	41,795	6,368,514
Vehicles	1,226,247	169,628	328,294	1,067,581
	<u>\$ 24,321,468</u>	<u>\$ 3,442,841</u>	<u>\$ 370,089</u>	<u>\$ 27,394,220</u>

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

**SCHEDULE OF INSURANCE COVERAGE (UNAUDITED)**

**August 31, 2016**

**Property Insurance**

Insurer: Texas Council Risk Management Fund

<b>Locations:</b>	<b>Policy Period</b>	<b>Insurance Amount</b>		
		<b>Building</b>	<b>Contents</b>	<b>Total</b>
2001 Cedar Bayou	2015-09-01	1,121,539	—	\$ 1,121,539
6125 Hillcroft	2015-09-01	1,264,645	74,521	1,339,166
7200 N. Loop East	2015-09-01	2,120,153	61,799	2,181,952
3737 Dacoma	2015-09-01	4,458,938	561,785	5,020,723
11511 Bob White	2015-09-01	229,657	144,369	374,026
526 Applewhite	2015-09-01	199,709	21,750	221,459
2627 Caroline	2015-09-01	3,421,853	398,622	3,820,475
1313 Dennis	2015-09-01	155,038	6,181	161,219
3600/3630 West Dallas	2015-09-01	5,070,677	265,557	5,336,234
1215 Dennis	2015-09-01	1,075,711	11,421	1,087,132
1502 Ben Taub Loop	2015-09-01	5,500	311,691	317,191
7011 Southwest Fwy.	2015-09-01	16,418,326	2,521,198	18,939,524
7033 Southwest Fwy.	2015-09-01	1,034,785	189,290	1,224,075
612A-E Branard	2015-09-01	803,786	6,397	810,183
6607 Stonechase	2015-09-01	178,451	—	178,451
6032 Airline Dr.	2015-09-01	1,267,945	142,881	1,410,826
5518 Jackson	2015-09-01	387,554	21,420	408,974
2800 S. McGregor	2015-09-01	—	50,095	50,095
6603 Barbarella	2015-09-01	242,382	24,133	266,515
5901 Long Dr.	2015-09-01	4,666,402	703,161	5,369,563
5705 Warm Springs	2015-09-01	273,541	16,175	289,716
6805 Oak Village Dr.	2015-09-01	579,994	61,799	641,793
1200 Baker Street	2015-09-01	—	71,541	71,541
9610 Long Point, Suite 351	2015-09-01	—	2,868	2,868
1500 S. Dairy Ashford, Suite 448	2015-09-01	—	5,355	5,355
817 Southmore Ave, Suite 150	2015-09-01	—	10,200	10,200
9401 Southwest Fwy.	2015-09-01	47,634,500	—	47,634,500
2505/2505-A /Southmore Blvd	2015-09-01	1,270,000	—	\$ 1,270,000

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

**SCHEDULE OF INSURANCE COVERAGE (UNAUDITED) (Continued)**

**August 31, 2016**

**Property**

Insurer:	Texas Council Risk Management Fund		
Policy Period:	9/1/2015 - 9/1/2016		
	Blanket Limit	\$	107,755,765
	Building Limit	\$	92,759,547
	BPP Limit	\$	5,694,209
	EDP Limit	\$	11,701,249
	Boiler/Machinery	\$	49,439
	Business Income	\$	1,000,000
	Sublimit	\$	1,000,000
	Fine Arts	\$	15,000
	Rented Mobile Equipment	\$	150,000
	Valuation		RCV
	Cause of Loss		Special
	Deductible except Named Storm Wind & Flood	\$	1,000
	Vacant Buildings		As scheduled
	Named Storm Wind Deductibles (TIV = Bldg + BPP + EDP )		
	Tier 1 Per Occurrence/Location T/V	\$	4,424,000
	Harris County Per Occurrence/Location T/V		3% TIV or \$100,000 minimum
	Tier 2 Per Occurrence/Location T/V	\$	1,000
	Flood - Aggregate Limit	\$	1,000,000
	High Risk Zone		No Coverage
	Other Locations other than 100 Year & other between		
	100 & 500 Year Flood Zones	\$	10,000,000
	Deductible	\$	1,000

**General Liability**

Insurer:	Texas Council Risk Management Fund		
Policy Period:	9/1/2015 - 9/1/2016		
	Combined Single Limit	\$	1,000,000
	Deductible	\$	1,000

**Public Officials Errors and Omissions**

Insurer:	Texas Council Risk Management Fund		
Policy Period:	9/1/2015 - 9/1/2016		
	Claims Made		
	Limit per Claim	\$	1,000,000
	Annual Aggregate	\$	3,000,000
	Deductible	\$	10,000
	Retro Date 08/31/96		

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

**SCHEDULE OF INSURANCE COVERAGE (UNAUDITED) (Continued)**

**August 31, 2016**

**Employment Practices Liability**

Insurer:	Texas Council Risk Management Fund		
Policy Period:	9/1/2015 - 9/1/2016		
	Sublimit per Claim	\$	50,000
	Annual Aggregate	\$	100,000
	Deductible	\$	10,000
	Retro Date 08/28/89		
	Sublimit applicable to back wages, punitive damage, non-compliance		

**Professional Liability**

Insurer:	Texas Council Risk Management Fund		
Policy Period:	9/1/2015 - 9/1/2016		
	Claims Made		
	Limit per Claim	\$	1,000,000
	Annual Aggregate	\$	3,000,000
	Retro Date 08/28/89		

**Sexual Misconduct**

Insurer:	Texas Council Risk Management Fund		
Policy Period:	9/1/2015 - 9/1/2016		
	Sublimit per Claim	\$	100,000
	Annual Aggregate	\$	100,000
	Retro Date 08/28/89		

**Auto Liability**

Insurer:	Texas Council Risk Management Fund		
Policy Period:	9/1/2015 - 9/1/2016		
	Combined Single Limit		
	Scheduled and Hired Vehicles	\$	1,000,000
	PIP per Person Limit	\$	10,000
	Uninsured/Underinsured Motorists		
	Bodily Injury Per Person	\$	100,000
	Bodily Injury Per Occurrence	\$	300,000
	Property Damage	\$	100,000
	Liability Deductible	\$	1,000



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

**SCHEDULE OF INSURANCE COVERAGE (UNAUDITED) (Continued)**

**August 31, 2016**

**Auto Physical Damage**

Insurer:	Texas Council Risk Management Fund		
Policy Period:	9/1/2015 - 9/1/2016		
	Scheduled and Hired Autos	ACV	
	Comprehensive Deductible		500
	Collision Deductible		1,000
	Hired Physical Damage Maximum (no rental reimbursement)		35,000
	Nonowned Physical Damage	Excess	
	Comprehensive Deductible		500
	Collision Deductible		1,000
	Funeral Expenses		5,000

**Excess Liability**

Insurer:	Texas Council Risk Management Fund		
Policy Period:	9/1/2015 - 9/1/2016		
	General Liability		
	Additional Limit of Liability		
	Retro: 08/31/03		1M xs 1M
	Retro: 11/24/08		1M xs 2M
	Retro: 11/24/08		1M xs 3M
	Retro: 11/24/08		1M xs 4M
	Public Officials E&O Liability		
	Additional Limit of Liability		
	Retro: 08/31/96		1M xs 1M
	Retro: 08/31/96		1M xs 2M
	Retro: 08/31/96		1M xs 3M
	Retro: 08/31/96		1M xs 4M
	Auto Liability		
	Additional Limit of Liability		
	Retro: 08/31/03		1M xs 1M
	Retro: 08/03/03		1M xs 2M
	Retro: 11/24/08		1M xs 3M
	Retro: 11/24/08		1M xs 4M
	Professional Liability		
	Additional Limit of Liability		
	Retro: 08/28/96		1M xs 1M
	Retro: 10/05/04		1M xs 2M

*Sexual Misconduct and Employment Practices are not included under Excess Liability*

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

**SCHEDULE OF INSURANCE COVERAGE (UNAUDITED) (Continued)**

**August 31, 2016**

**Workers Compensation and Employers Liability Coverage**

Insurer:	Texas Council Risk Management Fund	
Policy Period:	9/1/2015 - 9/1/2016	
	Workers Compensation	Statutory
	Named States	Texas
	Per Accident Deductible	\$ 100,000
	Aggregate Limit	\$ 300,000
	Volunteers	Yes
	Elected/Appointed Officials	Yes
	Blanket Waiver	Included

**Flood Insurance**

Insurer:	American Bankers	
Policy Period:	11/1/2015 - 11/1/2016	
	1502 Taub Loop, Houston, TX	Zone AE
	Contents	\$ 209,800
	Cause of Loss	Flood
	Valuation	ACV
	Deductible	\$ 500

**Fiduciary Liability**

Insurer:	The Hartford	
Policy Period:	9/1/2015 - 9/1/2016	
	Claims Made - Prior Date 08/31/00	
	Limit of Liability Each Claim	\$ 3,000,000
	Limit of Liability Each Policy Period	\$ 3,000,000
	Retention	\$ 25,000
	Defense within Limits of Liability	

**Cybersecurity**

Insurer:	ACE	
Policy Period:	04/24/16 - 04/24/17	
	Privacy Liability	\$ 3,000,000
	Data Breach Fund	\$ 250,000
	Network Security Liability	\$ 3,000,000
	Regulatory Proceeding Sub-Limit of Liability	\$ 1,000,000
	Maximum Policy Aggregate Limit of Liability	\$ 3,000,000
	Retention	\$ 25,000
	Retro Date	4/24/2012

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

**SCHEDULE OF BOND COVERAGE (UNAUDITED)**

**August 31, 2016**

<b>Surety Company</b>	<b>Scope of Coverage</b>	<b>Amount</b>
Great American Insurance Company 9/1/2015 -9/1/2016	Commercial Crime Policy	
	Public Employee Dishonesty Per Loss	\$600,000
	5,000 Single Loss Retention	
	Forgery Alterations	\$200,000
	Deductible	\$2,500
	Money & Securities-On Premise	\$25,000
	Deductible	\$2,500
	Money & Securities-Messenger	\$25,000
	Deductible	\$2,500
	Computer Fraud	\$25,000
	Deductible	\$2,500
	Money Order & Counterfeit 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	
Western Surety 11/18/15- 11/18/16	Errors & Omissions - Notary Limit of Liability (95 Notaries) as of 02/12/14	\$ 20,000

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

**SCHEDULE OF PROFESSIONAL AND CONSULTING FEES  
AND CONTRACTED PROVIDER SERVICES (UNAUDITED)  
For the Year Ended August 31, 2016**

<b>NAME</b>	<b>CITY</b>	<b>TYPE OF SERVICE</b>	<b>AMOUNT</b>
Allday Dental Associates	Houston, TX	Dental Services	\$ 1,235
ARC of Greater Houston	Houston, TX	Vocational and Employment Training	206,851
Bay Area Recovery Center	Dickinson, TX	Substance Abuse Treatment	136,907
Bay Area Rehabilitation Center	Baytown, TX	Day Habilitation Services	2,911
Baylor College of Medicine	Houston, TX	Residency Program Training	8,289
Baylor College of Medicine/Family Community Medicine	Houston, TX	Medical Consultations/EKG Services	116,884
Bean, Novella	Missouri City, TX	Graduate Research Assistant	3,741
Building Block Speech Therapy	Houston, TX	Speech Therapy Services	1,144
Button's Inventory Service, Inc.	Houston, TX	Pharmacy Inventory Service	34,119
Castillo, Lisa	Houston, TX	Social Work Intern	1,000
Center for Recovery and Wellness Resources	Houston, TX	Housing/Transition Services	19,420
Cerner Corporation	Kansas City, MO	Behavioral Health Consulting	17,192
Cheyenne Center	Houston, TX	Housing/Transition Services	173,931
Coalition for the Homeless	Houston, TX	Advocacy Services	19,278
Communication Axxess Ability Group	Houston, TX	Interpreting Services	31,926
CTRL Delivery & Transportation, Inc.	Houston, TX	Transportation Services	20,009
Data Shredding Services of Texas	Houston, TX	Document Destruction	26,324
DDD Marketing Communications	Houston, TX	Transition Communications Consulting	2,313
Developing by Design, LLC	Afton, OK	Day Habilitation Services	11,383
Directions of Recovery, Inc.	Houston, TX	Co-Occurring Disorders Services	224,230
Discovery Benefits, Inc.	Fargo, ND	Employee Benefits Administration	34,552
Easter Seals of Greater Houston, Inc.	Bellaire, TX	Respite Services	2,106,838
El Centro de Corazon	Houston, TX	Medical Services	133,845
Elite Personnel Consultants	Houston, TX	Temporary Staffing	193,449
Epic Dental Associates	Houston, TX	Dental Services	1,385
Forward Edge, Inc.	Pasadena, TX	Pre-employment Testing	33,809
Gary Brown and Associates, Inc.	Houston, TX	Real Estate Appraisal Services	3,100
Gearing, Robin Edward	Houston, TX	Service Utilization/Effectiveness Consulting	27,750
Harris County Protective Services	Houston, TX	Intervention Services	487,464
Harris County Psychiatric Center	Houston, TX	Competency Evaluation and Restoration	4,474,535
Healthcare for the Homeless	Houston, TX	Crisis/Peer Support Services	50,000
Healthcare for the Homeless	Houston, TX	Behavioral Health Services - Jail Diversion	837,022
HIPAA Solutions, LC	Sugar Land, TX	HIPAA Compliance Audit	4,000
Houston Discovery Community	Houston, TX	Co-Occurring Disorders Services	61,532

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

**SCHEDULE OF PROFESSIONAL AND CONSULTING FEES  
AND CONTRACTED PROVIDER SERVICES (UNAUDITED) (CONTINUED)**

**For the Year Ended August 31, 2016**

<b>NAME</b>	<b>CITY</b>	<b>TYPE OF SERVICE</b>	<b>AMOUNT</b>
Integra Realty Resources	Houston, TX	Real Estate Appraisal Services	10,000
Jackson and Coker Locum Tenens	Atlanta, GA	Temporary Staffing - Psychiatrists	6,061
KES Care Learning and Developmental Center	Houston, TX	Day Habilitation Services	3,465
Language Line Services	Monterrey, CA	Interpreting Services	147,714
Laval, Ramon, Ph.D.	Houston, TX	Psychologist	121,100
Livingmind Project, Inc.	Houston, TX	Day Habilitation Services	5,108
Locum Tenens Holdings, LLC	Atlanta, GA	Temporary Staffing - Psychiatrists	43,795
Mann, Thomas H., Ph.D.	Richmond, TX	Psychologist	8,475
Masterword Services, Inc.	Houston, TX	Interpreting Services	320,441
Mental Health America of Greater Houston	Houston, TX	Oversight of Peer-to-Peer Counseling	100,086
Morales, Laura	Houston, TX	Speech/Language Pathologist	43,505
Morgan & Associates Dental	Houston, TX	Dental Services	9,917
NAMI Metropolitan Houston	Houston, TX	Community Support Services	22,000
National Council for Behavioral Health	Warrensville Heights, OH	Mental Health First Aid Training	31,500
New York University	New York, NY	Clinician Training (Just Do You)	3,943
Nightingale Adult Day Center	Houston, TX	Interpreting Services	39,860
Nixon Adult Day Center	Houston, TX	Day Habilitation Services	176,361
Novogradac & Company, LLP	Austin, TX	Accounting Services	6,088
Pace Opportunity Center, Inc.	Houston, TX	Day Habilitation Services	8,126
Parker Place Property Owners Association	Houston, TX	Respite Services	54,475
Passages, Inc.	Houston, TX	Co-Occurring Disorders Services	98,433
Pathway to Serenity	Houston, TX	Housing/Transition Services	193,655
Patrick O'Connor and Associates	Houston, TX	Real Estate Appraisal Services	2,500
Pattillo Brown & Hill, LLP	Waco, TX	Audit Services	88,740
PDG, Inc.	Houston, TX	Architectural Services	47,300
Phantastic Dental Place	Pasadena, TX	Dental Services	1,510
Pre-Check, Inc.	Houston, TX	Pre-employment Testing	31,642
Pringle, Sherry, D.D.S.	Houston, TX	Dental Services	1,051
Prosumers International	San Antonio, TX	Peer Support Training Services	13,601
Reach Unlimited, Inc.	Houston, TX	Respite and Day Habilitation Services	18,214
Robert Bradley and Associates	Houston, TX	Real Estate Appraisal Services	2,500
Santa Maria Hostel, Inc.	Houston, TX	Substance Abuse Treatment	81,042
Scott, Saralyn	Houston, TX	Speech Therapy Services	27,905
Soliant Health, Inc.	Houston, TX	Temporary Staffing - Pharmacy	32,021
Stericycle, Inc.	Lake Forest, IL	Hazardous Waste Disposal	2,107

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

**SCHEDULE OF PROFESSIONAL AND CONSULTING FEES  
AND CONTRACTED PROVIDER SERVICES (UNAUDITED) (CONTINUED)  
For the Year Ended August 31, 2016**

<b>NAME</b>	<b>CITY</b>	<b>TYPE OF SERVICE</b>	<b>AMOUNT</b>
Sue Davis Communications	Houston, TX	Public Relations Consulting	1,763
Texas Medical Center Hospital Laundry Co-op	Houston, TX	Linen Service	48,623
Texas West Oaks Hospital	Houston, TX	Inpatient Psychiatric Bed Services	905,525
The Center	Houston, TX	Residential and Day Habilitation Services	35,119
The Council on Recovery	Houston, TX	Counseling, Case Management, and Assessment Services	2,845,864
The Healthy Lunch Box	Houston, TX	Consumer Food Service	36,894
Turning Point Center	Houston, TX	Housing/Transition Services	38,874
U. S. Healthworks	Houston, TX	Employee Drug Screening	4,532
Ultra Staff	Houston, TX	Temporary Staff - Nursing	2,064
University of Houston-Clear Lake	Houston, TX	Behavioral Therapy Services	133,367
University of Texas Health Science Center	Houston, TX	Contract Psychiatrists	167,645
University of Texas Health Science Center	Houston, TX	Psychiatric Residents	76,453
Westchase Dental	Houston, TX	Dental Services	6,729
X-Ray X-Press	Houston, TX	X-Ray Services	5,960
Zimac Care Center	Houston, TX	Day Habilitation and Respite Services	1,945

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

**SCHEDULE OF LEGAL SERVICES (UNAUDITED)**

**For the Year Ended August 31, 2016**

<b>Name</b>	<b>City</b>	<b>Type of Service</b>	<b>Amount</b>
Fulbright & Jaworski, L.L.P	Houston, TX	Employee benefits and general representation	\$ 21,286
Richard Hightower, P.C.	Houston, TX	Board training	3,900
Rogers, Morris & Grover, L.L.P.	Houston, TX	Employment and general representation	45,313
The Feldman Firm, P.C.	Houston, TX	Employment and general representation	54,290

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**SINGLE AUDIT SECTION**

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

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

To the Board of Trustees  
 Mental Health and Mental Retardation  
 Authority of Harris County

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, 2016, 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 23, 2017. Our report includes a reference to other auditors who audited the financial statements of Pasadena Cottages, Inc., Pecan Village, Inc., Villas at Bayou Park, Inc., Pear Grove, Inc., and Acres Homes Gardens, Inc., as described in our report on the Center’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

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

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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 23, 2017



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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
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**

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

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

We have audited the compliance of The Harris Center for Mental Health and IDD (the “Center”) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement*, the Texas Health and Human Services Commission’s *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers (21<sup>st</sup> Revision)* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the Center’s major federal and state programs for the year ended August 31, 2016. The Center’s major federal and state programs are identified in the summary of auditors’ 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.

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## ***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 (21<sup>st</sup> 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 (21<sup>st</sup> Revision)* and the *State of Texas Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, 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, 2016.

## **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 (21<sup>st</sup> Revision)* and the *State of Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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 (21<sup>st</sup> Revision)* and the *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

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

Waco, Texas  
January 23, 2017

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Year Ended August 31, 2016**

Program Title	Federal CFDA #	Pass-through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
Federal Awards:				
U.S. Department of Housing and Urban Development				
Transitional Housing Program-Safe Havens	14.235	TX0191L6E00 1306 and TX0191L6E00 1407	\$ 360,869	\$ —
Total U.S. Dept. of Housing and Urban Development			<u>360,869</u>	<u>—</u>
U.S. Department of Education:				
Passed-through Texas Department of Assistive and Rehabilitative Services (DARS):				
Special Education Grants for Infants and Families with Disabilities (IDEA, Part C)	84.181	5382001541	263,019	—
Special Education Grants to States (IDEA, Part B)	84.027	5382001541	<u>287,215</u>	<u>—</u>
Total Passed-through Texas Department of Assistive and Rehabilitative Services (DARS)			<u>550,234</u>	<u>—</u>
Total U.S. Department of Education			<u>550,234</u>	<u>—</u>
U.S. Dept. of Health and Human Services:				
Passed-through Texas Department of State Health Services:				
Mental Health Block Grant	93.958	--	3,081,806	—
Mental Health Block Grant (CSC)	93.958	2016-048711	<u>822,716</u>	<u>—</u>
Subtotal			<u>3,904,522</u>	<u>—</u>
Social Services Block Grant (Title XX)	93.667	--	618,113	—
TANF Transfer to Title XX Block Grant	93.667	--	<u>1,521,022</u>	<u>—</u>
Subtotal			<u>2,139,135</u>	<u>—</u>
MH Block Homeless PATH Grant	93.150	2016-048164	1,101,472	—
Substance Abuse Prevention & Treatment Block Grant	93.959	2016-048251	651,361	522,837
Enhanced Community Coordination	93.791	--	<u>160,074</u>	<u>—</u>
Total Passed-through Texas Department of State Health Services:			<u>7,956,564</u>	<u>522,837</u>
Passed-through Texas Health and Human Services Commission:				
Delivery System Reform Incentive Payments (DSRIP)	93.778	--	32,782,283	—
Medicaid Administrative Claiming Program	93.778	--	<u>4,935,068</u>	<u>—</u>
Total-Passed-through Texas Health and Human Services Commission			<u>37,717,351</u>	<u>—</u>

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)  
Year Ended August 31, 2016**

Program Title	Federal CFDA #	Contract #	Federal Expenditures	Passed Through to Subrecipients
Passed-through the University of Texas Health Science Center at Houston:				
Leadership Education in Neurodevelopmental and Related Disorders Training Program	93.110	1T73MC22236 -05	4,887	—
Total Passed-through the University of Texas Health Science Center at Houston			<u>4,887</u>	<u>—</u>
Passed-through Texas Department of Assistive and Rehabilitative Services (DARS):				
Temporary Assistance for Needy Families (TANF):	93.558	5382001541	567,937	—
Medicaid Administrative Claiming Program	93.778	5382001541	145,835	—
Total Passed-through Texas Department of Assistive and Rehabilitative Services (DARS)			<u>713,772</u>	<u>—</u>
Total U.S. Department of Health and Human Services			<u>46,392,574</u>	<u>—</u>
U.S. Dept. of Homeland Security				
Passed-through Texas Department of State Health Services:				
Disaster Assistance - Immediate Services	97.032	2015-048699	219,388	—
Disaster Assistance - Regular Services	97.032	2016-048903	1,532,227	—
Total Passed-through Texas Department of State Health Services:			<u>1,751,615</u>	<u>—</u>
Total U.S. Department of Homeland Security			1,751,615	—
Total Expenditures of Federal Awards			<u>\$ 49,055,292</u>	<u>\$ 522,837</u>

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)  
Year Ended August 31, 2016**

Program Title	Contract #	State Expenditures	Passed Through to Subrecipients
State Awards			
Texas Department of State Health Services:			
General Revenue-- Mental Health	537-16-0124-0025	\$ 64,157,464	\$ —
General Revenue--Psychiatric Hospitals	537-16-0124-0025	30,800,496	—
Total Texas Department of State Health Services		<u>94,957,960</u>	<u>—</u>
Texas Department of Aging and Disability Services:			
General Revenue-Intellectual and Development Disabilities	539-12-0143-0001	8,777,092	—
General Revenue--Permanency Planning	539-12-0143-0001	140,090	—
Total Texas Department of Aging and Disability Services		<u>8,917,182</u>	<u>—</u>
Texas Department of Assistive and Rehabilitative Services (DARS)			
Early Childhood Intervention (State only)	5382001541	2,994,853	—
Services to Children of Autism	5382001408	418,290	—
Total Texas Department of Aging and Disability Services		<u>3,413,143</u>	<u>—</u>
Texas Department of Criminal Justice:			
Parole--MH Offenders Program	696-TC-14-15-LO12	246,000	—
Substance Abuse--MH Offenders Program	696-TC-14-15-LO12	200,000	—
Total Texas Department of Criminal Justice		<u>446,000</u>	<u>—</u>
Total Expenditures of State Awards		<u>107,734,285</u>	<u>—</u>
Total Expenditures of Federal and State Awards		<u>\$ 156,789,577</u>	<u>\$ 522,837</u>

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

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

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

**AUGUST 31, 2016**

**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, 2016. The Center's reporting entity is defined in Note 1 of the basic financial statements. Federal and state financial awards received directly from federal and state agencies, as well as federal financial awards passed through other governmental agencies, are included on the Schedule of Expenditures of Federal and State Awards.

**Note 2 – Basis of Accounting**

The Schedule of Expenditures of Federal and State Awards is prepared on the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the basic financial statements. The information in this schedule is presented in accordance with the requirements of 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.

**THE HARRIS CENTER FOR MENTAL HEALTH AND IDD**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

**Summary of Auditors' Results**

**Financial Statements:**

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

**Federal and State Awards:**

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

Identification of major programs:

Federal:

- U.S. Department of Homeland Security:
  - Crisis Counseling, CFDA #97.032:
  - Disaster Assistance
- U.S. Department of Health and Human Services:
  - Social Services Block Grant , CFDA #93.667
  - TANF Transfer to Title XX Block Grant
  - Social Service Block Grant (Title XX)
- Medical Assistance Program , CFDA #93.778:
  - Delivery System Reform Incentive Payments (DSRIP)
  - Medicaid Administrative Claiming Program
- Block Grants for Community Mental Health Services, CFDA #93.958:
  - Mental Health Block Grant
  - Mental Health Block Grant (CSC)

State:

- Texas Department of of State Health Services:
  - General Revenue:
  - Mental Health
  - Psychiatric Hospitals
- Texas Department of Aging and Disability Services:
  - General Revenue:
  - Intellectual Development Disabilities
  - Permanency Planning

Dollar threshold used to distinguish between type A and type B federal programs	1,471,659
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