

## Public Notice

Central Texas MHMR Center dba Center for Life Resources is now accepting sealed packets for the Request for Proposal for Annual Financial and Compliance Audit.

In order to be eligible to submit a proposal, firms must:

- Maintain membership in an external quality control review organization
- Have had a peer review conducted within the past 3 years and an unqualified report issued or rating of pass received
- Have verifiable experience in performing Community MHMR Center audits within the past 3 years
- Not be under the terms of a public or private reprimand by the Texas State Board of Public Accountancy and/or licensing boards of other states
- Be eligible to do business in the State of Texas

If your firm meets the above eligibility requirements and you are interested in conducting the work, the application document can be downloaded from the Center for Life Resources website:

Website: <http://cflr.us>

Requests for the application documents by e-mail can be sent to [contracts@cflr.us](mailto:contracts@cflr.us)

The proposal must be emailed according to instructions in the RFP. Completed applications will be due no later than **12:00 p.m. Friday, April 23<sup>rd</sup>, 2021.**

No proposal shall be accepted after this deadline.

CTMHMR reserves the right to reject any or all proposals, to waive formalities and reasonable irregularities in submitted documents as it deems to be in its best interest and is not obligated to accept the lowest proposal. CTMHMR will not be responsible for any proposals lost in the mail or not delivered by the stated deadline for any reason.

**Central Texas MHMR Center**

**dba**



**Request for Proposal (RFP)**

**FINANCIAL AUDITING SERVICES**

**RFP #2021-21**

Issue Date: April 9, 2021

Due Date: April 23, 2021 by 12:00 PM

- I. BACKGROUND INFORMATION
  - A. Purpose of the Audit
  - B. Independent Auditor
  - C. Term of the Audit Engagement
  - D. Dispute Resolution

- II. TECHNICAL PROPOSAL CONTENT

**NOTE: THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COST INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.**

- A. Cover Letter
  - B. Technical Component
  - C. Management Component
  - D. Task/Activity Plan
  - E. Evaluation
- III. SEALED DOLLAR COST BID
    - A. Total All-Inclusive Maximum Price
    - B. Manner of Payment

- IV. CONDITIONS FOR SUBMISSIONS OF PROPOSAL

- V. PROCEDURES FOR SUBMITTING PROPOSALS

- A. Delivery
- B. Number of Copies of Proposal

- VI. ASSISTANCE TO PROPOSERS

- VII. STATEMENT OF REQUIREMENTS

- VIII. BOARD OF TRUSTEES APPROVAL

# Central Texas MHMR Center dba CENTER FOR LIFE RESOURCES

## Contracts Management Department

### Request for Proposal – FY21 Annual Financial and Compliance Audit

Central Texas MHMR Center dba CENTER FOR LIFE RESOURCES (“CTMHMR”) is requesting proposals from public accounting firms to perform its annual financial and compliance audit for fiscal year 2021.

#### I. BACKGROUND INFORMATION

Auditing requirements for CTMHMR’s fiscal year (FY) 2021 audit are contained in the current *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*.

CTMHMR’s FY 2021 operating budget was \$13,148,582. CTMHMR received federal and state financial assistance for numerous programs, the more significant of which include contracts for the Department of State Health Services for Mental Health (DSHS), the Department of Aging and Disability Services for services to Individuals with Intellectual and Developmental Disabilities (DADS), Substance Abuse, the Department of Assistive and Rehabilitative Services for Early Childhood Intervention and Medicaid. Included as part of this Request for Proposal packet are copies of the financial and compliance audits for the previous fiscal year (see Attachment A) and relevant excerpts of the current fiscal year operating budget (see Attachment B).

#### A. Purpose of the Audit

The purpose of this Request for Proposal is to obtain the services of a public accounting firm for the annual financial and compliance audit for fiscal year 2021. The organization-wide audit will encompass the general-purpose financial statements, combining statements and other schedules for CTMHMR for the fiscal year ending August 31, 2021. The audit is to be performed in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Grant Management Standards, the Single Audit Act of 1996, OMB Circular A-133, the *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*, and the *State of Texas Single Audit Circular*.

The purpose of the audit is to determine whether: (1) the financial statements fairly present CTMHMR’s financial position, results of operations and cash flows in accordance with generally accepted accounting principles; and (2) whether CTMHMR has complied with laws and regulations for those transactions and events that may have a material effect on the financial statements. The audit will also include determining whether (1) financial reports and related items are fairly presented, and (2) financial information is presented in accordance with established or stated criteria.

As a part of the audit of the general-purpose financial statements, the annual audit will also include the independent auditor obtaining an understanding of CTMHMR's internal control structure and identifying any reportable conditions relating to the internal control systems coming to the attention of the auditor. Any reportable condition or material weakness noted during the study and evaluation of internal accounting and administrative controls must be reported.

As part of the audit of the general-purpose financial statements, transactions and records pertaining to federal and state programs will be tested for material compliance with applicable federal and state laws, rules, and regulations. Any and all instances of noncompliance required to be reported under *Government Auditing Standards* will be reported as required. The independent auditor will inform CTMHMR of the reportable item, prior to its submission.

The compliance audit, commonly referred to as the single audit, subjects to testing all federal and state financial assistance. Federal and state financial assistance must be treated as separate populations for the determination of major programs. Major Type A and Type B financial assistance programs (as defined by OMB Circular A-133 and TSAC) will be tested for compliance with laws and regulations, as well as compliance with specific requirements of the grants or contracts. All instances of noncompliance must be reported to CTMHMR.

B. Independent Auditor

The proposer must demonstrate the ability to perform the annual financial and compliance audit in accordance with generally accepted government auditing standards.

C. Term of the Audit Engagement

The contract term for the audit services based upon Board of Trustee's approval of the proposal will be for the fiscal year ending August 31, 2021. The Center may request to extend this agreement for up to six additional one-year terms through fiscal year ending August 31, 2027 following satisfactory delivery of the services specified in the proposal and engagement letter. The agreement can be terminated for cause.

D. Dispute Resolution

Disputes concerning the terms of contracted services that cannot be resolved may be brought before an independent mediation center, whose decision will be binding upon both parties. CTMHMR reserves the right to decide whether a dispute will be taken to mediation.

II. TECHNICAL PROPOSAL CONTENT

**NOTE: THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COST INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.**

A. Cover Letter

See conditions for submission of proposal in Section IV.

## B. Technical Component

To describe clearly the public accounting firm's understanding of the work to be performed, the proposer will:

1. Provide a definition of the term "generally accepted government auditing standards" with clear distinctions between these standards and generally accepted auditing standards for non-governmental engagements;
2. Explain the proposer's approaches to performing an annual financial and compliance audit, including the methodology, nature and extent of audit procedures to be performed;
3. Describe how the approach to performing the audit would be affected if this were a multiyear contract; and
4. Make a statement concerning the independence of the proposer, including direct and indirect financial interest, and the relationship of the proposed audit team members to Executive Staff of CTMHMR and any of the CTMHMR Board of Trustees members. (See Attachment C for a full roster.)

## C. Management Component

The proposer will furnish satisfactory evidence of ability to provide, in a professional and timely manner, the services stated in this Request for Proposal. To meet this requirement, the proposer will:

1. Provide the name of the external quality control review organization of which the proposer is a member and the proposer's length of membership. Also, state the review organization's planned frequency of peer reviews;
2. State whether the proposer has received a peer review within the past 36 months and whether, in the most recent review, an unqualified report was issued or a rating of "pass" was received (a copy of the peer review report must be provided to CTMHMR);
3. State whether the proposer is a national, regional or local public accounting firm;
4. Provide evidence that the proposer has experience in performing annual financial and compliance audits for community mental health and individuals with intellectual/developmental disability centers within the past three (3) years. List current and past audit clients along with the names and telephone numbers of contact persons and the dates audit services were provided;
5. State whether the proposer is currently under the terms of a public or private reprimand by the Texas State Board of Public Accountancy and/or licensing boards of other states;
6. Describe the proposed audit team; identify the proposer's staff member who will direct the overall audit throughout the duration of the engagement. In addition, identify those staff members who will be responsible for planning,

directing and conducting substantial portions of the fieldwork or reporting on this audit engagement. Include the educational background of all staff members named and professional licenses held;

7. Describe continuing professional education in governmental accounting and auditing received by the proposed audit team during the last two (2) years;
8. Provide the names and qualifications of any needed outside specialists and consultants necessary to assist the proposer's staff members;
9. Describe the level of assistance that will be expected from CTMHMR personnel.

D. Task/Activity Plan

The proposer must specify time lines and sequence for audit procedures, including names of staff to be assigned.

E. Evaluation

Proposer's methodologies, products and services will be evaluated, using a standardized evaluation/score sheet. (See Attachment E).

III. SEALED DOLLAR COST BID

A. Total All-Inclusive Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this Request for Proposal. CTMHMR is not responsible for any expense incurred in preparing and/or submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The first page of the sealed dollar cost bid should include the following information:

1. Legal name of proposer's firm;
2. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid and authorized to sign a contract/engagement letter with CTMHMR;
3. A total all-inclusive maximum price for the fiscal year 2021 engagement as described in this Request for Proposal, including a description of how pricing would be affected if the engagement was for a multi-year time period.

B. Manner of Payment

Payments will be made in accordance with the contract/engagement letter.

IV. CONDITIONS FOR SUBMISSIONS OF PROPOSAL

CTMHMR reserves the right to withdraw this Request for Proposal at any time without award. All proposals in response to this request must meet the following conditions in order to be considered:

- A. Proposals must meet all requirements contained in this Request for Proposal. Failure to meet any of the requirements contained in this Request for Proposal could result in a proposal not being considered. CTMHMR reserves the sole right to determine whether a proposal meets the stated requirements.
- B. Proposals must include a cover letter clearly stating the legal name of the firm and the name, address, telephone number and e-mail address of the proposer's authorized representative;
- C. CTMHMR reserves the right to select any proposal, considering the quoted estimated fee and other factors;
- D. Proposers shall furnish additional information CTMHMR may reasonably require;
- E. CTMHMR will not be liable for any cost incurred in the preparation of proposals;
- F. Proposers shall, upon request, send a representative for an oral interview prior to Board of Trustees approval of a proposal. CTMHMR will not be liable for the costs incurred by the proposer in connection with such interview.
- G. A Proposer, if selected for engagement, must be willing to attend a one-day seminar (to be held in Austin, conducted by the Texas Health & Human Services Commission) regarding the current audit guidelines. Out of pocket expenses related to this seminar will be the responsibility of CTMHMR and will be appropriated according to its Policy and Procedures. At the time of this writing, no seminar is anticipated for FY2021.

## V. PROCEDURES FOR SUBMITTING PROPOSALS

### A. Delivery

Email completed "Technical Proposal" file and "Sealed Bid" file to

[contracts@cflr.us](mailto:contracts@cflr.us)

Proposals must be received no later than 12:00 p.m., Friday, April 23<sup>rd</sup>, 2021

**NO PROPOSALS WILL BE ACCEPTED VIA FAX OR MAIL.**

### B. Number of Copies of Proposal

Proposers must submit one (1) file for technical proposal and one (1) file for sealed dollar cost bid. Each file must be clearly marked as "Technical Proposal" or "Sealed Dollar Cost Bid."

## VI. ASSISTANCE TO PROPOSERS

Proposers may email any questions to [contracts@cflr.us](mailto:contracts@cflr.us) by noon on 4-14-21. A FAQ will be posted with answers to all questions by noon on 4-16-21 on our website at [cflr.us](http://cflr.us).

## VII. STATEMENT OF REQUIREMENTS

- A. Fieldwork will be at the mutual convenience of CTMHMR's and the independent auditor's schedules.
- B. On or before December 28, 2021, the preliminary draft of the reports will be presented to CTMHMR for review and comment.
- C. Satisfactory delivery of the services specified in this Request for Proposal and the engagement letter shall be accomplished in time for CTMHMR's January Board of Trustees' meeting (approximately January 24<sup>th</sup>, 2022.)
- D. The independent auditor will be required to present the reports to the Board of Trustees at the January meeting.
- E. The independent auditor will be required to provide a management letter containing comments oriented toward constructive improvements if any items are considered necessary.
- F. The independent auditor will provide CTMHMR with 12 bound copies, one (1) unbound copy and one electronic Portable Document Format of the audit report, following the standards outlined herein.
- G. Copies of the independent auditor's work papers will be made available to CTMHMR and to its coordinating agencies upon request.

## VIII. BOARD OF TRUSTEES APPROVAL

A proposal will be selected on or before May 24<sup>th</sup>, 2021, barring decision by the Board of Trustees to reject all proposals submitted or some unforeseen circumstance.

# **ATTACHMENT A**



Financial Statements  
August 31, 2020

Central Texas Mental Health and  
Mental Retardation Center  
dba Center for Life Resources

Central Texas Mental Health and Mental Retardation Center  
dba Center for Life Resources

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Certificate of Board Approval  
Year Ended August 31, 2020

I, Shane Britton, Chair of the Board of Trustees of Central Texas Mental Health and Mental Retardation Center dba Center for Life Resources, do hereby certify that this accompanying audit report for fiscal year ended August 31, 2020, from Eide Bailly LLP was reviewed and approved at a meeting of the Board of Trustees held on the 25th day of January 2021.



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Shane Britton  
Chair, Board of Trustees

Central Texas Mental Health and Mental Retardation Center  
dba Center for Life Resources  
Listing of Officials  
Year Ended August 31, 2020

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**Board of Trustees**

|                     |            |
|---------------------|------------|
| Shane Britton       | Chair      |
| Danny Armstrong     | Vice-Chair |
| David A. Smith      | Secretary  |
| Lisa Dick           | Member     |
| Keri Roberts        | Member     |
| Doyle Russell       | Member     |
| Manuel Salazar, Jr. | Member     |
| David M. Williams   | Member     |
| Kay Shackelford     | Member     |

**Executive Staff**

|                |                         |
|----------------|-------------------------|
| Dion White     | Chief Executive Officer |
| Jessica Willey | Chief Financial Officer |



## Independent Auditor's Report

The Board of Trustees  
Central Texas Mental Health and Mental Retardation Center  
dba Center for Life Resources  
Brownwood, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Central Texas Mental Health and Mental Retardation Center dba Center for Life Resources (the Center) as of and for the year ended August 31, 2020, 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 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 misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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, and the *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Center as of August 31, 2020, and the respective changes in financial position 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**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 19 and 20 be presented to supplement the basic financial statements. Such information, although not a 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 an appropriate operational, economic, or historical context. We 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 financial statements. The introductory section, supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of state and federal awards is presented for purposes of additional analysis as required by 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), and the State of Texas Single Audit Circular (TSASC) and is also not a required part of the financial statements.

The schedule of expenditures of state and federal awards and other supplementary information 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 to 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 schedule of expenditures of state and federal awards and other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements taken 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 also issued our report dated January 20, 2021, 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, grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

January 20, 2021  
Abilene, Texas

As management of Central Texas Mental Health and Mental Retardation Center dba Center For Life Resources (Center), we offer readers of the Center's financial statements this overview and analysis of the financial activities of the Center for the fiscal year ended August 31, 2020.

### Financial Highlights

- The assets of the Center exceeded its liabilities at the close of the most recent fiscal year by \$3,569,055 (net position). Of this amount, \$1,972,121 (unrestricted net position) may be used to meet the Center's ongoing obligations.
- The Center's total net position (government-wide) decreased by \$1,012,044.
- As of the close of the current fiscal year, the Center's General Fund reported combined ending fund balances of \$4,039,466, an increase of \$974,268 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,160,424 or 17.27 percent 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 basic financial statements comprise 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 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 position of the Center is improving or deteriorating.

The *Statement of Activities* presents information showing how the Center's net position has changed during the most recent fiscal year. 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The accrual basis of accounting is used, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the Center that are principally supported by funds provided from federal, state and local funding sources. The governmental activities of the Center include Mental Health-Adult, Mental Health-Child and Adolescents, Intellectual and Developmental Disabilities, Substance Abuse programs, Early Childhood Intervention, Medicaid 1115 Waiver programs and other non-priority population programs. The Center does not have any business-type activities.

The government-wide financial statements can be found on pages 13-14 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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 cash resources flow into and out of those funds and balances remaining at the year-end that are available for spending. These funds are reported using an accounting method called modified accrual basis of accounting, that requires the recognition of revenue when earned, only so long as the funds are collected within the period or soon enough afterwards to be used to pay liabilities of the current period.

It is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. 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 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 basic governmental fund financial statements can be found on pages 15-20 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 on pages 21-33 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information and statistical information concerning the Center that is required by the Texas Health and Human Services Commission Audit Guidelines, the Uniform Guidance, and the State of Texas Single Audit Circular. This other supplementary information and statistical information can be found on pages 34-56 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Center, assets exceeded liabilities by \$3,569,055 at the close of the most recent fiscal year.

A portion of the Center's net position (45 percent) reflects its investment in capital assets (e.g., land, buildings, vehicles, furniture, and equipment). The Center uses these capital assets to provide services to the individuals we serve; consequently, these assets are not available for future spending.

Central Texas Mental Health and Mental Retardation Center  
 dba Center for Life Resources  
 Management's Discussion and Analysis  
 August 31, 2020

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The Board of Trustees voted to designate \$1,823,265 (92% percent) of the unrestricted net position for capital improvements. However, generally accepted accounting principles (GAAP) do not allow for designations to be presented on the face of the statement of net position. Therefore, these Board-designated funds are reported on the governmental funds balance sheet as committed fund balance.

Additionally, a significant portion of the Center's net position (55 percent) represents unrestricted financial resources available for future operations.

**Condensed Statement of Net Position**

|                              | Governmental Activities |              |
|------------------------------|-------------------------|--------------|
|                              | 2020                    | 2019         |
| Current and Other Assets     | \$ 5,731,198            | \$ 4,855,972 |
| Capital Assets               | 1,596,934               | 1,711,091    |
| Total assets                 | 7,328,132               | 6,567,063    |
| Long-Term Liabilities        | 1,118,414               | 195,190      |
| Other Liabilities            | 2,640,663               | 1,790,774    |
| Total liabilities            | 3,759,077               | 1,985,964    |
| Net Position                 |                         |              |
| Investment in capital assets | 1,596,934               | 1,711,091    |
| Unrestricted                 | 1,972,121               | 2,870,008    |
| Total net position           | \$ 3,569,055            | \$ 4,581,099 |

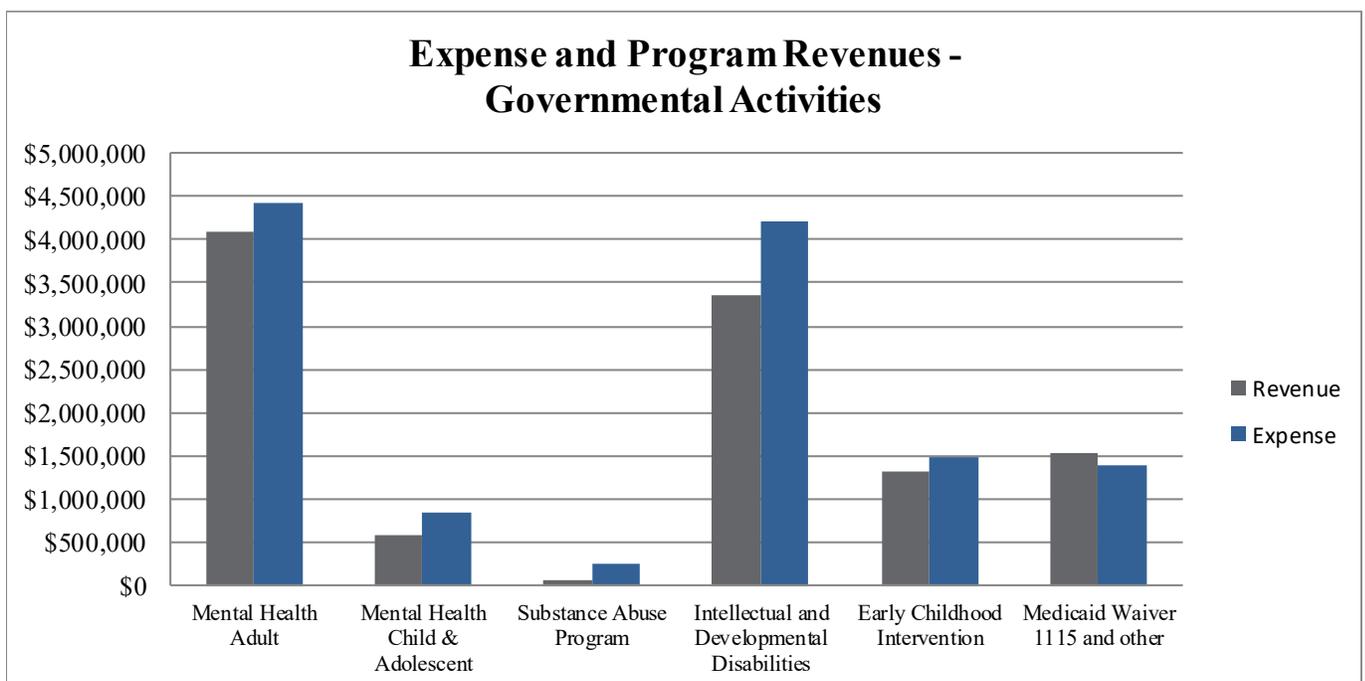
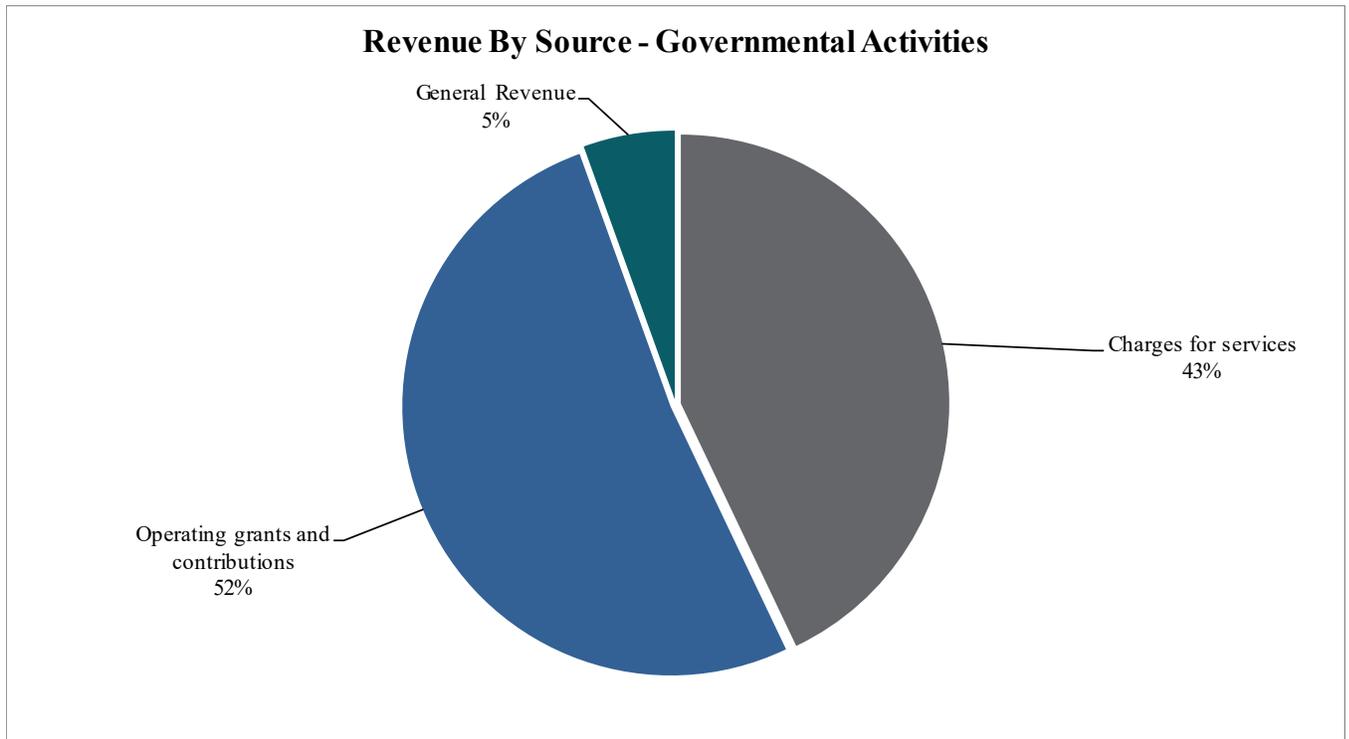
Central Texas Mental Health and Mental Retardation Center  
 dba Center for Life Resources  
 Management's Discussion and Analysis  
 August 31, 2020

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**Condensed Statement of Activities**

|   | Governmental Activities |              |
|---|-------------------------|--------------|
|   | 2020                    | 2019         |
| Revenues                                    |                         |              |
| Program Revenues                            |                         |              |
| Charges for services                        | \$ 4,975,785            | \$ 5,603,308 |
| Operating grants and contributions          | 5,977,125               | 5,710,874    |
| General Revenues                            | 638,775                 | 845,706      |
| Total revenues                              | 11,591,685              | 12,159,888   |
| Expenses                                    |                         |              |
| Mental Health Adult                         | 4,422,767               | 4,389,343    |
| Mental Health Child/Adolescent              | 849,156                 | 995,729      |
| Intellectual and Developmental Disabilities | 4,219,545               | 4,439,094    |
| Substance Abuse Program                     | 253,361                 | 239,522      |
| Early Childhood Intervention                | 1,480,959               | 1,577,189    |
| Medicaid 1115 Waiver                        | 211,584                 | 208,365      |
| Other Non-Priority Population               | 1,166,357               | 1,016,085    |
| Total expenses                              | 12,603,729              | 12,865,327   |
| Change in Net Position                      | (1,012,044)             | (705,439)    |
| Net Position - Beginning                    | 4,581,099               | 5,286,538    |
| Net Position - Ending                       | \$ 3,569,055            | \$ 4,581,099 |

**Governmental activities.** Governmental activities decreased the Center's net position by \$1,012,044. Key elements of this decrease are as follows:



**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 spendable resources. Such information is useful in assessing the Center's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the Center completed the year, its governmental funds, as presented in the balance sheet on page 15, reported a combined fund balance of \$4,039,466 which is an increase of \$974,268 from last year's total of \$3,065,198.

The General Fund is the chief operating fund of the Center. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,160,424 while total fund balance was \$4,039,466. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 17.27 percent of total General Fund expenditures.

**Budgetary Analysis.** Minor budget adjustments were made to the original approved Fiscal Year 20 budget as reflected on pages 19 and 20.

**Capital Assets and Debt Administration**

**Capital Assets.** The Center's investment in capital assets for its governmental activities as of August 31, 2020, amounts to \$1,596,934 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and vehicles.

Additional information regarding the Center's capital assets can be found in Note 8 on page 29 of this report.

|                               | Governmental Activities |              |
|-------------------------------|-------------------------|--------------|
|                               | 2020                    | 2019         |
| Land                          | \$ 99,196               | \$ 99,196    |
| Buildings and Improvements    | 2,953,507               | 2,953,507    |
| Furniture and Equipment       | 132,108                 | 144,315      |
| Vehicles                      | 699,909                 | 736,945      |
| Less Accumulated Depreciation | (2,287,786)             | (2,222,872)  |
| Total capital assets          | \$ 1,596,934            | \$ 1,711,091 |

**Long-term Debt.** At the end of the current year, the only long-term debt held by the Center is a PPP loan in the amount of \$1,895,000 and compensated absences in the amount of \$172,345. The loan is expected to be forgiven in FY 2021.

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

- COVID-19 restrictions have and continue to dramatically impacted our ability to provide traditional face-to-face services in almost every program and category in many cases forcing the Center to rely on Zoom or other non-traditional forums to provide services. Demand has remained high in some service areas, while dramatically falling in others. This fluctuation, coupled with increased costs and decreased revenue and funding, has had a negative impact to the Center's overall bottom line.
- The Medicaid 1115 Waiver Program continues to allow the Center to deliver healthcare and new services to underserved areas via Telemedicine. The 1115 Transformation Waiver will continue to phase out for the DSRIP portion being fully phased out in FY 22. In anticipation of the loss of funding, the Center is working on attaining Certified Community Behavioral Health Clinic (CCBHC) certification. Application for CCBHC certification was submitted to HHSC on October 31, 2020. We anticipate being contacted by HHSC during the 3rd quarter of FY21 for submission of all policies and procedures and other documents to support our meeting the CCBHC criteria. At this time HHSC has not provided guidance regarding payment for CCBHC services and the alternative payment methodology that will be used by the Medicaid Managed Care insurance companies to ensure that as a CCBHC we will not incur greater losses in the provision of services but are adequately compensated. On January 15, 2021, the Centers for Medicare & Medicaid Services approved an extension of the 1115 Waiver in Texas through September 30, 2030. A portion of the extension includes an initial \$500,000,000 Public Health Providers Charity Care Pool (PHP-CCP) which includes publicly owned and operated community mental health clinics in participation. The PHP-CCP along with the Directed Payment Program for Behavioral Health Services being proposed by Health and Human Services Commission give a path to provide financial stability through the transition of the 1115 Waiver.
- During FY21 the Center expects to receive \$594,646.46 funding for Demonstration Year 9 under the Medicaid 1115 Waiver program. This projected value is contingent on FMAP values set in relation to COVID-19 emergency declaration status that will be released March 2021.
- In the first quarter of FY21, the Center-wide reduction in revenue was \$336,377 (11.75% reduction from FY20 Q1). COVID-19-related sickness and quarantine have negatively affected several behavioral health programs, with some programs (Adult, ACT, CA, Crisis, Respite) facing multiple instances of each.

### **Request for Information**

This financial report is designed to provide a general overview of the Center's finances for all those with an interest in the Center's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Center's Business Office, P.O. Box 250, Brownwood, Texas 76804.

Central Texas Mental Health and Mental Retardation Center  
 dba Center for Life Resources  
 Statement of Net Position (Exhibit A-1)  
 August 31, 2020

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>Assets</b>  |                            |
| Cash   | \$ 1,013,222               |
| Investments  | 3,832,478                  |
| Accounts Receivable  | 139,469                    |
| Receivables from Other Governments                           | 690,252                    |
| Prepaid Items  | 55,777                     |
| Capital Assets, Net  | 1,596,934                  |
| Total assets   | 7,328,132                  |
| <b>Liabilities</b>   |                            |
| Accounts Payable   | 155,886                    |
| Accrued Payroll and Payroll Taxes                            | 636,508                    |
| Other Current Liabilities                                    | 42,070                     |
| Due to Other Governments                                     | 665,325                    |
| Unearned Program Revenues                                    | 191,943                    |
| Paycheck Protection Program Loan - due in one year           | 948,931                    |
| Noncurrent Liabilities                                       |                            |
| Accrued Compensated Balances                                 | 172,345                    |
| Paycheck Protection Program Loan - due in more than one year | 946,069                    |
| Total liabilities  | 3,759,077                  |
| <b>Net Position</b>  |                            |
| Investment in Capital Assets                                 | 1,596,934                  |
| Unrestricted   | 1,972,121                  |
| Total net position   | \$ 3,569,055               |

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| Function/Programs                           | Expenses             |                              | Expenses after<br>Allocation of<br>Administration |
|---|----------------------|------------------------------|---|
|   | Expenses             | Administration<br>Allocation |   |
| Governmental Activities                     |                      |                              |   |
| Mental health adult                         | \$ 3,901,146         | \$ 521,621                   | \$ 4,422,767                                      |
| Mental health child and adolescents         | 748,970              | 100,186                      | 849,156   |
| Intellectual and developmental disabilities | 3,721,711            | 497,834                      | 4,219,545   |
| Substance abuse programs                    | 223,469              | 29,892                       | 253,361   |
| Early childhood intervention                | 1,306,231            | 174,728                      | 1,480,959   |
| Medicaid 1115 waiver                        | 186,621              | 24,963                       | 211,584   |
| Other non-priority population               | 1,028,747            | 137,610                      | 1,166,357   |
| Administration                              | 1,486,834            | (1,486,834)                  | -   |
| Total governmental activities               | <u>\$ 12,603,729</u> | <u>\$ -</u>                  | <u>\$ 12,603,729</u>                              |

Central Texas Mental Health and Mental Retardation Center  
 dba Center for Life Resources  
 Statement of Activities (Exhibit A-2)  
 Year Ended August 31, 2020

| Charges<br>for Services    | Program Revenues                         |  | Net (Expense) Revenue<br>and Changes in Net Position |                     |
|----------------------------|--|--|--|---------------------|
|                            | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Total               |
| \$ 500,914                 | \$ 3,600,173                             | \$ -                                   | \$ (321,680)   | \$ (321,680)        |
| 362,421                    | 230,953                                  | -                                      | (255,782)  | (255,782)           |
| 2,684,294                  | 663,067                                  | -                                      | (872,184)  | (872,184)           |
| 6,582                      | 61,661                                   | -                                      | (185,118)  | (185,118)           |
| 514,516                    | 807,136                                  | -                                      | (159,307)  | (159,307)           |
| 800,252                    | -  | -                                      | 588,668  | 588,668             |
| 106,806                    | 614,135                                  | -                                      | (445,416)  | (445,416)           |
| -                          | -  | -                                      | -  | -                   |
| <u>\$ 4,975,785</u>        | <u>\$ 5,977,125</u>                      | <u>\$ -</u>                            | <u>(1,650,819)</u>                                   | <u>(1,650,819)</u>  |
| General Revenue            |  |  |  |                     |
| Investment earnings        |  |  | 37,471   | 37,471              |
| Other local income         |  |  | 601,819  | 601,819             |
| Loss on disposal of assets |  |  | (515)  | (515)               |
| Total General Revenue      |  |  | <u>638,775</u>                                       | <u>638,775</u>      |
| Change in Net Position     |  |  | (1,012,044)  | (1,012,044)         |
| Net Position - Beginning   |  |  | <u>4,581,099</u>                                     | <u>4,581,099</u>    |
| Net Position - Ending      |  |  | <u>\$ 3,569,055</u>                                  | <u>\$ 3,569,055</u> |

Central Texas Mental Health and Mental Retardation Center  
dba Center for Life Resources

Balance Sheet – Governmental Funds (Exhibit B-1)

August 31, 2020

|  | General             | Total<br>Governmental<br>Funds |
|--|---------------------|--------------------------------|
| <b>Assets</b>                              |                     |                                |
| Cash                                       | \$ 1,013,222        | \$ 1,013,222                   |
| Investments                                | 3,832,478           | 3,832,478                      |
| Accounts Receivable                        | 139,469             | 139,469                        |
| Receivables from Other Governments         | 690,252             | 690,252                        |
| Prepaid Items                              | 55,777              | 55,777                         |
|  | <b>\$ 5,731,198</b> | <b>\$ 5,731,198</b>            |
| <b>Liabilities</b>                         |                     |                                |
| Accounts Payable                           | \$ 155,886          | \$ 155,886                     |
| Accrued Payroll and Payroll Taxes          | 636,508             | 636,508                        |
| Other Current Liabilities                  | 42,070              | 42,070                         |
| Unearned program revenues                  | 191,943             | 191,943                        |
| Due to Other Governments                   | 665,325             | 665,325                        |
|  | <b>1,691,732</b>    | <b>1,691,732</b>               |
| <b>Fund Balances</b>                       |                     |                                |
| Nonspendable                               |                     |                                |
| Prepaid items                              | 55,777              | 55,777                         |
| Committed                                  |                     |                                |
| Capital improvements                       | 1,823,265           | 1,823,265                      |
| Unassigned                                 | 2,160,424           | 2,160,424                      |
|  | <b>4,039,466</b>    | <b>4,039,466</b>               |
| <b>Total fund balances</b>                 | <b>\$ 4,039,466</b> | <b>\$ 4,039,466</b>            |
| <b>Total liabilities and fund balances</b> | <b>\$ 5,731,198</b> | <b>\$ 5,731,198</b>            |

Central Texas Mental Health and Mental Retardation Center  
dba Center for Life Resources

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Exhibit B-2)  
Year Ended August 31, 2020

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|   |                            |
|---|----------------------------|
| Total Fund Balance  | \$ 4,039,466               |
| Amounts reported for <i>governmental activities</i> in the statement of net position (Exhibit A-1) are different because:   |                            |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.  | 1,596,934                  |
| Long-term liabilities for compensated absences (\$172,345) and notes payable (\$1,895,000) are not due and payable in the current period, and therefore are not reported in the governmental funds. | <u>(2,067,345)</u>         |
| Net position of governmental activities   | <u><u>\$ 3,569,055</u></u> |

Central Texas Mental Health and Mental Retardation Center  
dba Center for Life Resources

Statement of Revenues, Expenditures, and Changes in Fund Balance—Governmental Funds (Exhibit B-3)  
Year Ended August 31, 2020

|  | General             | Total<br>Governmental<br>Funds |
|--|---------------------|--------------------------------|
| Revenues   |                     |                                |
| Local funds  | \$ 5,918,791        | \$ 5,918,791                   |
| State programs                                       | 4,399,904           | 4,399,904                      |
| Federal programs                                     | 1,236,035           | 1,236,035                      |
| Investment earnings                                  | 37,471              | 37,471                         |
|  | <u>11,592,201</u>   | <u>11,592,201</u>              |
| Total revenues                                       |                     |                                |
| Expenditures   |                     |                                |
| Current  |                     |                                |
| Mental Health Adult                                  | 3,890,247           | 3,890,247                      |
| Mental Health Child and Adolescents                  | 749,038             | 749,038                        |
| Intellectual and Developmental Disabilities          | 3,643,340           | 3,643,340                      |
| Substance Abuse Programs                             | 223,469             | 223,469                        |
| Early Childhood Intervention                         | 1,311,256           | 1,311,256                      |
| Medicaid 1115 Waiver                                 | 186,621             | 186,621                        |
| Other Non-Priority Population                        | 1,028,748           | 1,028,748                      |
| Administration                                       | 1,475,114           | 1,475,114                      |
| Capital Outlay                                       | 5,100               | 5,100                          |
|  | <u>12,512,933</u>   | <u>12,512,933</u>              |
| Total expenditures                                   |                     |                                |
| Excess (Deficit) of Revenues Over Expenditures       | <u>(920,732)</u>    | <u>(920,732)</u>               |
| Other Financing Sources (Uses)                       |                     |                                |
| Proceeds from Paycheck Protection Program (PPP) Loan | 1,895,000           | 1,895,000                      |
|  | <u>1,895,000</u>    | <u>1,895,000</u>               |
| Total other financing sources                        |                     |                                |
| Net Change in Fund Balance                           | 974,268             | 974,268                        |
| Fund Balance, September 1, 2019                      | <u>3,065,198</u>    | <u>3,065,198</u>               |
| Fund Balance, August 31, 2020                        | <u>\$ 4,039,466</u> | <u>\$ 4,039,466</u>            |

Central Texas Mental Health and Mental Retardation Center  
dba Center for Life Resources

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities (Exhibit B-4)  
Year Ended August 31, 2020

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Amounts reported for *governmental activities* in the statement of activities (Exhibit A-2) are different because:

|   |                              |
|---|------------------------------|
| Net change in fund balances - total governmental funds (Exhibit B-3)  | \$ 974,268                   |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are capitalized and depreciated over their useful lives. Thus, net position is decreased by the amount in which Depreciation (\$118,742) exceeded Capital Outlay (\$5,100).                 | (113,642)                    |
| In the statement of activities only the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets disposed of. | (515)                        |
| Decreases in the long-term liability for compensated absences are not reflected in governmental funds but decrease long-term liabilities in the statement of net position. This is the net decrease in compensated absences liability.  | 22,845                       |
| Additional principal on long-term debt is revenue in the governmental funds, but the receipt of funds increases long-term liabilities in the Statement of Net Position. This is the amount of funds received in the current year for the PPP loan.  | <u>(1,895,000)</u>           |
| Change in net position of governmental activities (Exhibit A-2)   | <u><u>\$ (1,012,044)</u></u> |

Central Texas Mental Health and Mental Retardation Center  
dba Center for Life Resources

Statement of Revenues, Expenditures, and Changes in Fund Balances Budget to Actual (Exhibit B-5)  
Year Ended August 31, 2020

|  | Budgeted Amounts  |                   | Actual<br>Amounts | Variance<br>with Final<br>Budget |
|--|-------------------|-------------------|-------------------|----------------------------------|
|  | Original          | Final             |                   |                                  |
| <b>Local Revenues</b>                        |                   |                   |                   |                                  |
| City and county funds                        | \$ 52,000         | \$ 52,800         | \$ 75,331         | \$ 22,531                        |
| Patient fees and insurance                   | 1,469,073         | 1,485,614         | 946,307           | (539,307)                        |
| Medicare and Medicaid                        | 1,516,646         | 1,340,293         | 1,037,521         | (302,772)                        |
| Medicaid 1115 Waiver                         | 550,000           | 622,923           | 800,252           | 177,329                          |
| TIBH/TxDOT                                   | 255,000           | 277,500           | 267,242           | (10,258)                         |
| Texas Home Living                            | 109,500           | 109,500           | 105,896           | (3,604)                          |
| Home & Community Based Services              | 1,152,090         | 1,154,090         | 1,056,928         | (97,162)                         |
| Intermediate Care Facilities                 | 763,932           | 766,932           | 786,448           | 19,516                           |
| Miscellaneous income                         | 1,241,048         | 1,133,444         | 842,866           | (290,578)                        |
| Total local revenues                         | <u>7,109,289</u>  | <u>6,943,096</u>  | <u>5,918,791</u>  | <u>(1,024,305)</u>               |
| <b>State Program Revenues</b>                |                   |                   |                   |                                  |
| General revenue - MH/adults                  | 1,725,490         | 1,937,866         | 1,937,866         | -                                |
| General Revenue - Crisis                     | 326,681           | 326,681           | 326,681           | -                                |
| General revenue - MH/children                | 118,369           | 155,993           | 155,993           | -                                |
| General revenue - IDD                        | 490,406           | 490,406           | 490,827           | 421                              |
| Psychiatric Emergency Service Centers (PESC) | 125,592           | 154,910           | 125,834           | (29,076)                         |
| Private psychiatric beds                     | 279,543           | 344,799           | 282,779           | (62,020)                         |
| MH Deputy - HB13                             | 140,000           | 140,000           | 133,306           | (6,694)                          |
| Jail Diversion - SB292                       | 328,302           | 328,302           | 223,827           | (104,475)                        |
| Substance abuse programs                     | 29,089            | 29,089            | 17,201            | (11,888)                         |
| Early childhood intervention                 | 276,818           | 315,129           | 315,435           | 306                              |
| Veterans services                            | 70,000            | 70,000            | 63,765            | (6,235)                          |
| Mental health first aid                      | 38,328            | 38,328            | 6,000             | (32,328)                         |
| Crisis - IDD                                 | 149,194           | 149,194           | 97,123            | (52,071)                         |
| Autism                                       | 243,620           | 243,620           | 203,036           | (40,584)                         |
| OBRA   | 350               | 350               | 350               | -                                |
| PASRR  | 32,400            | 40,250            | 16,813            | (23,437)                         |
| TCOOMMI                                      | 6,100             | 5,610             | 3,068             | (2,542)                          |
| Total state program revenues                 | <u>4,380,282</u>  | <u>4,770,527</u>  | <u>4,399,904</u>  | <u>(370,623)</u>                 |
| <b>Federal Program Revenues</b>              |                   |                   |                   |                                  |
| Mental health block grant                    | 187,324           | 187,324           | 186,742           | (582)                            |
| Mental health first aid                      | 56,722            | 56,722            | 56,722            | -                                |
| Social Services Block Grant-Title XX         | 34,497            | 34,497            | 22,725            | (11,772)                         |
| TANF to Title XX - Block Grant               | 85,881            | 85,881            | 37,665            | (48,216)                         |
| Substance abuse programs                     | 75,187            | 75,187            | 44,460            | (30,727)                         |
| Early childhood intervention                 | 375,360           | 427,309           | 427,723           | 414                              |
| Medicaid administrative claiming             | 304,000           | 335,000           | 285,642           | (49,358)                         |
| Medicaid administrative claiming - ECI       | 47,000            | 47,000            | 52,165            | 5,165                            |
| Money Follows the Person                     | 2,029             | 2,029             | 2,029             | -                                |
| Provider Relief Funds                        | -                 | -                 | 112,066           | 112,066                          |
| Covid19 Disaster Crisis Counseling           | -                 | -                 | 8,096             | 8,096                            |
| Total federal program revenues               | <u>1,168,000</u>  | <u>1,250,949</u>  | <u>1,236,035</u>  | <u>(14,914)</u>                  |
| Investment Earnings                          | <u>62,168</u>     | <u>76,629</u>     | <u>37,471</u>     | <u>(39,158)</u>                  |
| <b>Total Revenues</b>                        | <u>12,719,739</u> | <u>13,041,201</u> | <u>11,592,201</u> | <u>(1,449,000)</u>               |

Central Texas Mental Health and Mental Retardation Center  
dba Center for Life Resources

Statement of Revenues, Expenditures, and Changes in Fund Balances Budget to Actual (Exhibit B-5)  
Year Ended August 31, 2020

|  | Budgeted Amounts    |                     | Actual<br>Amounts   | Variance<br>with Final<br>Budget |
|--|---------------------|---------------------|---------------------|----------------------------------|
|  | Original            | Final               |                     |                                  |
| Expenditures                                   |                     |                     |                     |                                  |
| Current  |                     |                     |                     |                                  |
| Personnel                                      | \$ 7,292,905        | \$ 7,408,260        | \$ 7,124,443        | \$ 283,817                       |
| Employee benefits                              | 2,423,051           | 2,442,766           | 2,205,112           | 237,654                          |
| Travel   | 45,189              | 49,750              | 29,972              | 19,778                           |
| Office supplies                                | 33,813              | 30,850              | 29,510              | 1,340                            |
| Other consumables                              | 12,600              | 12,609              | 11,975              | 634                              |
| Pharmaceutical & Medical                       | 47,250              | 43,871              | 20,750              | 23,121                           |
| New Gen Meds                                   | 18,140              | 17,405              | 20,006              | (2,601)                          |
| Medical supplies                               | 3,250               | 2,980               | 3,781               | (801)                            |
| Lab expense                                    | 4,432               | 4,161               | 3,698               | 463                              |
| Consultants-Direct care                        | 1,299,081           | 1,438,466           | 1,538,619           | (100,153)                        |
| Other contracts                                | 99,080              | 94,301              | 90,987              | 3,314                            |
| Equipment and furniture cost                   | 34,387              | 53,283              | 101,052             | (47,769)                         |
| Data processing                                | 66,604              | 66,969              | 71,532              | (4,563)                          |
| Rent, repair and maintenance                   | 121,230             | 111,846             | 99,335              | 12,511                           |
| Utilities                                      | 136,483             | 139,318             | 150,335             | (11,017)                         |
| Telephone                                      | 138,257             | 138,798             | 142,066             | (3,268)                          |
| Insurance                                      | 106,148             | 106,186             | 111,596             | (5,410)                          |
| Vehicle operating                              | 138,123             | 146,806             | 130,001             | 16,805                           |
| Advertising and promotion                      | 14,925              | 14,925              | 15,193              | (268)                            |
| Educational material and Subscriptions         | 17,360              | 16,136              | 14,184              | 1,952                            |
| Dues   | 23,690              | 29,341              | 23,805              | 5,536                            |
| Postage and freight                            | 13,271              | 13,156              | 15,073              | (1,917)                          |
| Consumer support                               | 57,034              | 58,039              | 45,080              | 12,959                           |
| Consumer program support                       | 42,610              | 40,535              | 54,818              | (14,283)                         |
| Consumer vocational support                    | 151,000             | 151,000             | 124,313             | 26,687                           |
| External transportation                        | 41,000              | 41,000              | 23,319              | 17,681                           |
| Adaptive aids                                  | 35,000              | 35,000              | 13,667              | 21,333                           |
| JCI State Contracts                            | 48,420              | 48,540              | 45,563              | 2,977                            |
| JCI TIBH                                       | 225,000             | 225,000             | 208,482             | 16,518                           |
| Miscellaneous expense                          | 25,406              | 22,767              | 39,566              | (16,799)                         |
| Capital outlay                                 | 5,000               | 5,000               | 5,100               | (100)                            |
| Total expenditures                             | <u>12,719,739</u>   | <u>13,009,064</u>   | <u>12,512,933</u>   | <u>496,131</u>                   |
| Excess (Deficit) of Expenditures over Revenues | -                   | 32,137              | (920,732)           | (952,869)                        |
| Other Financing Sources (uses)                 |                     |                     |                     |                                  |
| Paycheck Protection Program (PPP) loan         | -                   | -                   | 1,895,000           | 1,895,000                        |
| Total other financing sources (Uses)           | <u>-</u>            | <u>-</u>            | <u>1,895,000</u>    | <u>1,895,000</u>                 |
| Net change in fund balance                     | -                   | 32,137              | 974,268             | 942,131                          |
| Fund Balance                                   |                     |                     |                     |                                  |
| August 31, 2019                                | <u>3,065,198</u>    | <u>3,065,198</u>    | <u>3,065,198</u>    | <u>-</u>                         |
| Fund Balance, August 31, 2020                  | <u>\$ 3,065,198</u> | <u>\$ 3,097,335</u> | <u>\$ 4,039,466</u> | <u>\$ 942,131</u>                |

**Note 1 - Reporting Entity**

Central Texas Mental Health and Mental Retardation Center dba Center for Life Resources (the “Center”) is a public entity that was established under the provisions of the Texas Mental Health Mental Retardation Act of 1965. The Center provides community-based mental health and intellectual and development disability services in Brown, Coleman, Comanche, Mills, Eastland, San Saba and McCulloch Counties. Substance Abuse treatment services are provided in Brown, Eastland, Coleman and Comanche Counties.

In determining the financial reporting entity, the Center complies with the provisions of Government Accounting Standards Board Statement No. 14 and 39, as amended, which requires inclusion of all component units of which the Center appointed a voting majority of the units’ board and the Center is either able to impose its will on the unit, or a financial benefit-relationship or burden-relationship exists. There are no component units or entities for which the Center is considered to be financially accountable.

The Center receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

**Note 2 - Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support to external users. The Center does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to consumers or responsible third parties who purchase, use, or directly benefit from services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues. Administrative expenses are allocated among the Center’s programs, based on each program’s proportionate share of total expenses.

Separate financial statements are provided for the governmental funds. The major individual governmental fund is reported as a separate column in the fund financial statements.

**Note 3 - Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period except for grant and Medicaid Administrative Claim revenue from the State of Texas that the Center considers available if collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Grant revenues are recognized only as grant expenditures are incurred to the extent that the expenditures are allowable and eligible for reimbursement. Grant revenue, patient fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Center.

The Center has one major governmental fund, which is the Center's General Fund. It is the Center's primary and only operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

The Center allocates indirect expenses primarily comprised of administrative services to operating functions and programs benefiting from those services. Administrative services include: overall management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, and other central administrative services. Allocations are charged to programs based on use of central services determined by various allocation methodologies.

When both restricted and unrestricted resources are available for use, it is the Center's policy to use restricted resources first, then unrestricted resources as they are needed. Additionally, the Center would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**Note 4 - Assets, Liabilities and Net Assets or Equity**

**Cash and Investments** – The Center’s cash and investments are considered to be cash on hand, demand deposits, short term investments with original maturities of three months or less from date of acquisition and public funds investment pools. The investments in the public funds investment pool are stated at cost which approximates fair value.

The Board of Trustees of the Center authorizes the Center to invest with certain stipulations in items as stated in an investment policy which is approved on an annual basis. During the year ended August 31, 2020, the Center did not own any types of securities other than those permitted by statute and by the Center’s investment policy.

**Accounts Receivables** – Accounts receivables consist mainly of patient receivables that are uncollateralized noninterest bearing patient and third-party payor obligations. Payments of patient receivables are allocated to the specific claims identified in the remittance advice or, if unspecified, are applied to the earliest unpaid claim. Consumers pay their portion at the time the service is rendered. Management has not recorded an allowance on accounts receivables as amounts are expected to be fully collected with the year.

**Receivables from Other Governments** – Receivables from other governments include receivables that represent contractual exchange transactions that are recognized as revenue as the services are performed or nonexchange operational grants. They also include amounts from State of Texas Medicaid and Medicaid Waiver Programs. Management has not recorded an allowance on receivables from other governments as amounts are expected to be fully collected within the year. See Note 7 for detail of these receivables.

**Prepaid Items** – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and governmental fund financial statements.

**Capital Assets** – Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Center as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

|                           |               |
|---------------------------|---------------|
| Building and improvements | 10 - 40 years |
| Furniture and equipment   | 3 -10 years   |
| Vehicles                  | 5 years       |

**Source of Funds** – Some funds from federal and other state sources represent fee for service reimbursements, as well as project grants. The funds that are specifically for the individual patient service reimbursements are reported as local funds as directed by the Texas Health and Human Services Commission.

**Accrued Compensated Balances** – Employees earn paid time off (PTO) at the rate of 16 hours per month for the first two years of employment, 17 hours per month for the third year, 18 hours per month for the fourth year, 19 hours per month for the fifth to seventh year, 20 hours per month for the eighth to tenth year, and 22 hours per month after ten years of service. For employees who have completed at least six months of continuous service, accrued vacation can be accumulated to specified levels, and allows for 80 hours of accrued vacation time to be rolled over from one fiscal year to the next.

In 2013 the Center changed its PTO policy to the above policy. As of September 2013, employees that have annual leave accrual balances may choose to put up to 80 hours into their PTO Bank and have the remaining accruals placed in their “own” retirement bank to be paid upon exiting employment with the Center and their current hourly rate. This is a one time option to place accruals into this account, but the employee can withdraw hours at any time. In accordance with Governmental Accounting Standards Board Statement 16, “Accounting for Compensated Absences,” the Center accrues its liability for such accumulated unpaid benefits. The estimated current portion of the liability is recorded as an expenditures and liability in the General Fund.

**Net Patient and Client Service Revenue** – The Center has agreements with third-party payors that provide for payments to the Center at contractually agreed upon rates. Net patient and client service revenue is reported at the estimated net realizable amounts from patients, clients, and third-party payors, and others for services rendered. The Center also entered into payment agreements with Medicare, certain commercial insurance carriers (managed care organizations) and other organizations. The basis for payment under these agreements is mostly based on fee for service arrangements. For uninsured patients, the Center recognizes revenue on the basis of its standard rates for services provided, adjusted for the minimum monthly fee provisions as mandated by the state of Texas. Revenue from Medicaid Waiver programs (such as 1115, Home Community Services, Texas Home Living, YES) are recognized when services are rendered. These programs are billed based on state negotiated rates.

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

**Grants** – The Center receives grants from private organizations and state and federal agencies. Revenues from grants are recognized when all eligibility requirements, including time requirements are met.

**Other Revenues** – Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

**Deferred Inflows of Resources** – In addition to liabilities, the governmental funds balance sheet at times will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow or resources (revenue) in the governmental funds until that time. The Center has no deferred inflows at August 31, 2020.

**Deferred Outflows of Resources** – The statement of net position reports a separate section for deferred outflows of resources which follows the asset section. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Center has no items that qualify for reporting in this category.

**Fund Balance** – In the fund financial statements, governmental funds reported the following classifications of fund balance:

- **Nonspendable** – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as Nonspendable at August 31, 2020, are nonspendable in form. The Center has not reported any amounts that are legally or contractually required to be maintained intact.
- **Restricted** – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- **Committed** – includes amounts that can be used only for the specific purposes as established by the Board’s resolution. The Board of Trustees is the Center’s highest level of decision-making authority. The Board has committed \$1,823,265 for future capital replacement expenditures and major maintenance expenditures.
- **Assigned** – includes amounts that are intended to be used for specific purposes, but which do not meet the criteria to be classified as restricted or committed.
- **Unassigned** – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

**Tax-Exempt Status** – The Internal Revenue Service has issued a determination letter dated March 25, 2002, stating that the Center qualifies as an organization described in Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from Federal income taxes.

**Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Fair Value** – 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; Level 3 inputs are significant unobservable inputs. The Center’s investments in the General Fund are not measured at fair value but rather measured at amortized cost for the public funds investment pools.

**Note 5 - Stewardship, Compliance, and Accountability**

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 for the General Fund is prepared on an accounting basis consistent with generally accepted accounting principles. The budget is submitted to the Board of Trustees and the budget must have the Board of Trustees’ approval. The budget must also be approved by the State. All annual appropriations lapse at the fiscal year end.

Budgetary control is maintained at the program level. Revisions that alter total revenue or total expenditures must be approved by the Board of Trustees.

**Note 6 - Deposits and Investments**

**Cash and time deposits**

Custodial credit risk – deposits. The Center’s cash deposits were fully secured at August 31, 2020 by federal deposit insurance and by pledged securities held by the Center’s agent in the Center’s name. Such total collateralization and insurance coverage is required by the Rules of the Commissioner of the Health and Human Services Commission (HHSC) and the Board of Trustees of the Center.

**Investments**

The Center’s investment policies and types of investments are governed by the Public Funds Investment Act (PFIA). These policies authorize the Center to invest in 1) obligations of the U.S. or its agencies and instrumentalities; 2) obligations of the State of Texas or its agencies; 3) other obligations guaranteed by the U.S. or the State of Texas or their agencies and instrumentalities; 4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than “A” or its equivalent; 5) guaranteed or secured certificates of deposit issued by state or national banks domiciled in Texas, savings banks domiciled in Texas, or state or federal credit unions domiciled in Texas; 6) fully collateralized repurchase agreements; 7) local government investment pools; and 8) other securities as described in the PFIA.

As August 31, 2020, the Center had the following investments:

| Type of Investments | Amortized Cost | Due in           |             |
|---------------------|----------------|------------------|-------------|
|                     |                | Less than 1 Year | 1 - 5 Years |
| TexPool             | \$ 3,832,478   | \$ 3,832,478     | \$ -        |

Interest rate risk – In accordance with its investment policy, the Center manages its exposure to declines in fair values by limiting the maximum allowable stated maturity of any individual investment owned by the Center to two years. The weighted average maturity of the Center’s portfolio shall be limited to one year. TexPool manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 90 days.

Credit risk – State law and Center policy limit investments in public funds investment pools to those rated no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service. As of August 31, 2020, the Center’s investment in TexPool was rated AAAM by Standard & Poor’s, the highest rating a local government investment pool can achieve.

Concentration of credit risk – investments – Diversification will be achieved by varying maturities and distributing investment instruments among various institutions, or types of investment instruments to protect the Center’s funds.

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the amortized cost of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor’s Office and by the Internal Auditor of the Comptroller’s Office

**Note 7 - Receivables from Other Governments**

Receivables from other governments are for reimbursement of expenditures and fees for service provided under various programs and grants. All amounts are expected to be collected within the next year. A summary of these receivables as of August 31, 2020, is as follows:

|                                     | Amount     |
|-------------------------------------|------------|
| Local funds                         |            |
| HCS/TxHmL                           | \$ 84,303  |
| Medicaid (TMHP)                     | 58,153     |
| Title XIX (ICF/MR)                  | 73,982     |
| TXDOT                               | 21,524     |
| State Awards                        |            |
| Mental Health Adult General Revenue | 60,139     |
| TCOOMMI                             | 581        |
| Substance Abuse                     | 1,132      |
| Early Childhood Intervention        | 7,420      |
| Autism Grant                        | 34,104     |
| House Bill 13                       | 22,898     |
| Senate Bill 292                     | 56,621     |
| Mental Health First Aid             | 12,367     |
| Federal Awards                      |            |
| FEMA CCP                            | 8,096      |
| Money Follows Person                | 152        |
| Medicaid Administrative Claiming    | 248,780    |
|                                     | \$ 690,252 |
| Total                               | \$ 690,252 |

Central Texas Mental Health and Mental Retardation Center  
 dba Center for Life Resources  
 Notes to Financial Statements  
 August 31, 2020

**Note 8 - Capital Assets**

A summary of changes in capital asset balances for the year ended August 31, 2020, is as follows:

|                                | Balance<br>September 1,<br>2019 | Additions                   | Retirements                 | Balance<br>August 31,<br>2020 |
|--------------------------------|---------------------------------|-----------------------------|-----------------------------|-------------------------------|
|                                | <u>                    </u>     | <u>                    </u> | <u>                    </u> | <u>                    </u>   |
| Governmental activities        |                                 |                             |                             |                               |
| Nonpreciable assets            |                                 |                             |                             |                               |
| Land                           | \$ 99,196                       | \$ -                        | \$ -                        | \$ 99,196                     |
|                                | <u>99,196</u>                   | <u>-</u>                    | <u>-</u>                    | <u>99,196</u>                 |
| Depreciable assets             |                                 |                             |                             |                               |
| Buildings and improvements     | 2,953,507                       | -                           | -                           | 2,953,507                     |
| Furniture and equipment        | 144,315                         | 5,100                       | (17,307)                    | 132,108                       |
| Vehicles                       | 736,945                         | -                           | (37,036)                    | 699,909                       |
| Total depreciable assets       | <u>3,834,767</u>                | <u>5,100</u>                | <u>(54,343)</u>             | <u>3,785,524</u>              |
| Less accumulated depreciation  |                                 |                             |                             |                               |
| Buildings and improvements     | (1,431,573)                     | (88,346)                    | -                           | (1,519,919)                   |
| Furniture and equipment        | (135,071)                       | (891)                       | 17,307                      | (118,655)                     |
| Vehicles                       | (656,228)                       | (29,505)                    | 36,521                      | (649,212)                     |
| Total accumulated depreciation | <u>(2,222,872)</u>              | <u>(118,742)</u>            | <u>53,828</u>               | <u>(2,287,786)</u>            |
| Total capital assets           | <u>\$ 1,711,091</u>             | <u>\$ (113,642)</u>         | <u>\$ (515)</u>             | <u>\$ 1,596,934</u>           |

In the government-wide financial statements, depreciation expense of \$118,742 was charged to the Center's programs as follows:

|   |                   |
|---|-------------------|
| Governmental activities                     |                   |
| Mental Health Adult                         | \$ 15,396         |
| Intellectual and Developmental Disabilities | 81,110            |
| Early Childhood Intervention                | 1,076             |
| Administration                              | <u>21,160</u>     |
| Total depreciation expense                  | <u>\$ 118,742</u> |

**Note 9 - Lease Obligations**

The Center leases land and buildings of certain facilities currently utilized in its operations under short-term operating leases. Some of these leases have renewal options. Certain office equipment was also leased during the year. Total lease expenditures were \$76,701 for year ended August 31, 2020. The future payments of all lease obligations are as follows:

| Year Ended August 31, | Amount     |
|-----------------------|------------|
| 2021                  | \$ 87,339  |
| 2022                  | 64,277     |
| 2023                  | 60,827     |
|                       | \$ 212,443 |

**Note 10 - Long-Term Obligations**

The following is a summary of changes in long-term liabilities of the Center for the year ended August 31, 2020:

| Governmental Activities | Obligations<br>Outstanding<br>September 1,<br>2019 | Additions    | Retirements | Obligations<br>Outstanding<br>August 31,<br>2020 | Amount Due<br>Within One<br>Year |
|-------------------------|--|--------------|-------------|--|----------------------------------|
| PPP Loan                | \$ -   | \$ 1,895,000 | \$ -        | \$ 1,895,000                                     | \$ 948,931                       |
| Compensated absences    | 195,190  | -            | (22,845)    | 172,345  | -                                |
|                         | \$ 195,190   | \$ 1,895,000 | \$ (22,845) | \$ 2,067,345                                     | \$ 948,931                       |

The Center was granted a \$1,895,000 loan under the Paycheck Protection Plan (PPP) administered by an approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Center is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Center has initially recorded the loan as other financing sources and will record the forgiveness in accordance with guidance for conditional revenues when there is no longer a measurable performance or other barrier and a right of return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Center maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. The Center will be required to repay any remaining balance, plus interest accrued at 1 percent, in monthly payments commencing on December 1, 2020. Principal and interest payments will be required through the maturity date May 1, 2022. The balance of the note is \$1,895,000 at August 31, 2020. On January 19, 2021, the Center was notified that the full amount of debt and accrued interest relating to the PPP loan was forgiven. The Center will record the forgiveness in their FY 2021 financial statements.

The following is a summary of debt service requirements as of August 31, 2020:

| Year Ending<br>August 31, | Principal           | Interest         | Total<br>Requirements |
|---------------------------|---------------------|------------------|-----------------------|
| 2021                      | \$ 948,931          | \$ 11,054        | \$ 959,985            |
| 2022                      | 946,069             | 3,913            | 949,982               |
| Totals                    | <u>\$ 1,895,000</u> | <u>\$ 14,967</u> | <u>\$ 1,909,967</u>   |

**Note 11 - Employees' Retirement Plan**

The Center provides retirement benefits for all of its full-time employees through a defined contribution pension plan partially in lieu of non-participation in the Social Security system. In this type of plan, benefits depend solely on amounts contributed to the plan and earnings thereon. Employees are eligible to participate at the beginning of the next month after the date of employment. The Center contributes an amount equal to 12% of the full-time employee's annual salary. The Center contributed \$806,455 for the year ended August 31, 2020. The Center does not have fiduciary responsibility for the pension plan and therefore it is not reported as a pension trust fund in the Center's financial statements

Employer contributions for each employee (and earnings allocated to the employee's accounts) are generally fully vested after six years of continuous service. Forfeitures consist of amounts returned to the plan for the fiscal year ended for the non-vested portion of benefits for terminated employees. Center contributions and earnings on accounts forfeited by employees who leave employment before six years of service are used by the Center to pay administration fees and at the discretion of management can be used to pay monthly contributions for employees. The plan is administered by ISC Group, Inc.

**Note 12 - Risk Management**

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Center's liability, professional liability, and worker's compensation insurance coverage is provided through the purchase of commercial insurance. The Center retains risk on only a small deductible amount and any amounts over the limit of coverage. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in any of the past three fiscal years. The Center's employee health care is also provided by commercial insurance with no risk retained by the Center. The management of the Center has not been notified and is not aware of any significant claims against the Center not covered by insurance.

**Note 13 - Concentrations of Credit Risk**

A substantial portion of the Center's revenues are in the form of performance contracts with the Texas Health and Human Services Commission (State). As a result, the Center's overall exposure to credit risk is contingent upon future funding by the State. Historically, the Center's uncollectible accounts receivable have been immaterial. The Center does not require collateral for its receivables.

**Note 14 - Commitments and Contingencies**

The Center has participated in a number of federal and state assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives and regulatory authorities. The purpose of these audits is to ensure compliance with conditions relating to the granting of funds and other reimbursement regulations. The Center's management believes that any liability for reimbursement which may arise as a result of these audits is not believed to be material to the financial position of the Center. The Center is subject to certain penalties in the event that performance targets are not met. Patient Assistance Program

Consumers periodically receive prescription medications through a program known as the Patient Assistance Program (PAP). These prescriptions are provided at no cost to the consumer. These items do not meet the criteria for recognition on the Center's financial statements; however, they do provide significant assistance to the consumers the Center serves. Management estimates that consumers received prescription medications through this program valued at \$1,616 during the year ending August 31, 2020.

**Note 15 - Medicaid 1115 Waiver**

The State of Texas has been approved for a five-year Medicaid demonstration waiver (through September 30, 2016) that will enable hospitals and other providers to earn up to \$11.4 billion in funds for Delivery System Reform Incentive Payment (DSRIP) projects. DSRIP projects are designed to improve Texas' health care delivery system, including access to care, quality of care, and health outcomes. Texas has allocated a minimum of 10% of the DSRIP funds to the community mental health centers that serve mentally ill Medicaid and indigent patients throughout the state. The state received a 15 month extension of the program through December 31, 2017. Even though the state received the extension the program ended on October 31, 2017. On December 21, 2017, the Center's for Medicare & Medicaid Services (CMS) approved Texas HHSC's request to extend Texas's section 1115(a) demonstration project effective from January 1, 2018 through September 30, 2022. Under the new terms, there are two years of level funding, followed by two years funding which will decrease each year. The fifth year of the extension, from October 1, 2021 through September 30, 2022, will not include any funding.

Currently the Center reports twice a year on milestone and outcome achievement in order to earn DSRIP funds. The revenue is recognized as the milestones are achieved and after review and approval by CMS.

**Note 16 - Economic Dependence**

The Center receives a substantial portion of its revenues in the form of annual performance contracts with the Texas Health and Human Services Commission (HHSC) for services relating to mental health and intellectual and developmental disabilities, to provide these services in its service area. The Center is economically dependent on the continuation of these contracts. At August 31, 2020, these contracts have been continued through August 31, 2021.

The following revenue sources represent more than 10% of the overall total revenues for the Center.

|   |           |     |
|---|-----------|-----|
| General Revenue - MH Services<br>(includes State and Federal General Revenue) | 3,076,285 | 27% |
|---|-----------|-----|

**Note 17 - Coronavirus Pandemic**

During the year ended August 31, 2020, the Center has been impacted by the effects of the world-wide coronavirus pandemic, The Center continues to closely monitor its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Center's financial position is not known.



Other Supplementary Information  
August 31, 2020

Central Texas Mental Health and  
Mental Retardation Center  
dba Center for Life Resources

Central Texas Mental Health and Mental Retardation Center  
 dba Center for Life Resources  
 Capital Assets Used in the Operation of Government Funds Schedule by Source  
 August 31, 2020

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|   | Total        |
|---|--------------|
| Governmental Funds Capital Assets                         |              |
| Land  | \$ 99,196    |
| Buildings and Improvements                                | 2,953,507    |
| Furniture and Equipment                                   | 132,108      |
| Vehicles  | 699,909      |
| Total governmental funds capital assets                   | \$ 3,884,720 |
| Investment in Governmental Funds Capital Assets by Source |              |
| General Fund  | \$ 3,884,720 |
| Total investment in governmental funds capital assets     | \$ 3,884,720 |

Central Texas Mental Health and Mental Retardation Center  
dba Center for Life Resources

Capital Assets Used in the Operation of Government Funds Schedule by Function and Activity  
August 31, 2020

| Function                                     | Land<br>and CIP  | Buildings<br>and<br>Improvements | Furniture<br>and<br>Equipment | Vehicles          | Total               |
|--|------------------|----------------------------------|-------------------------------|-------------------|---------------------|
| Mental Health                                | \$ 13,230        | \$ 233,807                       | \$ 10,319                     | \$ 198,900        | \$ 456,256          |
| Intellectual and Development<br>Disabilities | 72,680           | 978,082                          | 44,830                        | 214,487           | 1,310,079           |
| Early Childhood Intervention                 | 5,320            | 35,869                           | -                             | -                 | 41,189              |
| JCI Workshops                                | -                | 1,160,457                        | 1,356                         | -                 | 1,161,813           |
| Administrative                               | <u>7,966</u>     | <u>545,292</u>                   | <u>75,603</u>                 | <u>286,522</u>    | <u>915,383</u>      |
| Total Governmental Funds<br>Capital Assets   | <u>\$ 99,196</u> | <u>\$ 2,953,507</u>              | <u>\$ 132,108</u>             | <u>\$ 699,909</u> | <u>\$ 3,884,720</u> |

Central Texas Mental Health and Mental Retardation Center  
dba Center for Life Resources

Capital Assets Used in the Operation of Government Funds Schedule of Changes by Function and Activity  
August 31, 2020

| Function                                     | September 1,<br>2019 | Additions       | Transfers and<br>Retirements | August 31,<br>2020  |
|--|----------------------|-----------------|------------------------------|---------------------|
| Mental Health                                | \$ 474,060           | \$ 3,459        | \$ (21,263)                  | \$ 456,256          |
| Intellectual and Development<br>Disabilities | 1,308,438            | 1,641           | -                            | 1,310,079           |
| Early Childhood Intervention                 | 41,189               | -               | -                            | 41,189              |
| JCI Workshops                                | 1,161,813            | -               | -                            | 1,161,813           |
| Administrative                               | <u>948,463</u>       | <u>-</u>        | <u>(33,080)</u>              | <u>915,383</u>      |
| Total Governmental Funds<br>Capital Assets   | <u>\$ 3,933,963</u>  | <u>\$ 5,100</u> | <u>\$ (54,343)</u>           | <u>\$ 3,884,720</u> |



Statistical Section (Unaudited)  
August 31, 2020

Central Texas Mental Health and  
Mental Retardation Center  
dba Center for Life Resources

| Fund Source   | Total Revenue        | Total Mental Health Adult Expenditures | Total Mental Health Child and Adolescent Expenditures |
|---|----------------------|--|---|
| Objects of Expense  |                      |  |   |
| Salaries  |                      | \$ 2,159,293                           | \$ 479,115  |
| Employee Benefits   |                      | 644,198                                | 143,430   |
| Professional and Consultant                                 |                      | 937,867                                | 65,962  |
| Training and Travel   |                      | 9,738                                  | 710   |
| Debt Service  |                      | -                                      | -   |
| Capital Outlay  |                      | 1,220                                  | 421   |
| Non-Capitalized Equipment                                   |                      | 21,066                                 | 1,432   |
| Pharmaceutical Expense                                      |                      | 39,368                                 | 695   |
| Pharmaceutical Expense-PAP                                  |                      | 1,616                                  | -   |
| Other Operating Expense                                     |                      | <u>265,337</u>                         | <u>57,696</u>   |
| Total Direct Consumer Expense                               |                      | <u>4,079,703</u>                       | <u>749,461</u>  |
| General and Administrative                                  |                      | 427,603                                | 78,553  |
| Authority Administrative                                    |                      | <u>117,535</u>                         | <u>21,592</u>   |
| Total Expenditures  |                      | <u>\$ 4,624,841</u>                    | <u>\$ 849,606</u>                                     |
| Method of Finance   |                      |  |   |
| MH: General Revenue   | \$ 1,937,866         | \$ 1,937,866                           | \$ -  |
| MH: GR: Crisis  | 326,681              | 326,681                                | -   |
| VET: Military Veteran Peer Network (MVPN)                   | 63,765               | -                                      | -   |
| MH: Crisis Jail [SB292]                                     | 223,827              | 223,827                                | -   |
| MH: Child & Adolescent [C&A]                                | 155,993              | -                                      | 155,993   |
| Mental Health First Aid Grant Program                       | 62,722               | -                                      | -   |
| IDD: General Revenue  | 490,827              | -                                      | -   |
| IDD: Crisis & Behavioral Supports (CIS)                     | 95,017               | -                                      | -   |
| IDD: Behavioral Crisis Respite In/Out of Home               | 2,106                | -                                      | -   |
| TANF Transfer to Title XX [CFDA 93.558.667]                 | 37,665               | 5,703                                  | 31,962  |
| IDD: PASRR  | 105,449              | -                                      | -   |
| MH: Title XX, Social Services [CFDA 93.667]                 | 22,725               | 22,725                                 | -   |
| MH: Mental Health Deputy Program [HB13]                     | 133,306              | 133,306                                | -   |
| MH: Mental Health Block Grant [CFDA 93.958]                 | 186,742              | 143,744                                | 42,998  |
| Crisis: Psychiatric Emergency Service Centers [PESC]        | 125,834              | 125,834                                | -   |
| Crisis: Project Private Beds [PPB]                          | 282,779              | 282,779                                | -   |
| IDD: Home & Community-Based Svcs [HCS]                      | -                    | -                                      | -   |
| IDD: Intermediate Care Facilities [ICF]                     | -                    | -                                      | -   |
| IDD: Texas Home Living [TxHmL] Waiver                       | -                    | -                                      | -   |
| Medicaid / Medicare   | 3,706,854            | 996,863                                | 9,578   |
| MFP Enhanced Coordination                                   | 2,029                | -                                      | -   |
| Medicaid Administrative Claiming [MAC]                      | 337,807              | 285,642                                | -   |
| Early Childhood Intervention [ECI]                          | 743,158              | -                                      | -   |
| FEMA CCP Crisis Counseling                                  | 8,096                | -                                      | -   |
| Substance Abuse   | 61,661               | -                                      | -   |
| MH: Tx Correctional Office on Offenders w/ Medical or Ment: | 3,068                | -                                      | -   |
| Autism Program  | 203,036              | -                                      | -   |
| Provider Relief Funds                                       | 112,066              | 112,066                                | -   |
| JCI: TxDoT Contracts thru TIBH                              | 267,242              | -                                      | -   |
| MH: Medicaid 1115 Transf. Waiver                            | -                    | -                                      | -   |
| Required Local Match-Program                                | 362,318              | 281,739                                | -   |
| Additional Local Funds                                      | 1,531,560            | 111,526                                | 352,958   |
| PAP Contributions   | 1,616                | 1,616                                  | -   |
| Transfers From Reserves                                     | <u>920,732</u>       | <u>390,946</u>                         | <u>47,626</u>   |
| Total Expended Sources                                      | <u>\$ 12,514,547</u> | <u>\$ 5,382,863</u>                    | <u>\$ 641,115</u>                                     |
| Remove: Transfer from reserves                              | \$ (920,732)         |  |   |
| Remove: PAP Contributions                                   | (1,616)              |  |   |
| Rounding  | <u>2</u>             |  |   |
| Audited Revenues per Exhibit B-3                            | <u>\$ 11,592,201</u> |  |   |

Central Texas Mental Health and Mental Retardation Center  
 dba Center for Life Resources  
 Schedule of Revenue and Expenditures by Source of Funds – General Fund (Unaudited)  
 Year Ended August 31, 2020

| Total<br>Intellectual and<br>Development<br>Disabilities | Total Other<br>Services<br>Expenditures | Total<br>Center<br>Expenditures |
|--|---|---------------------------------|
| \$ 1,758,747   | \$ 1,722,180                            | \$ 6,119,335                    |
| 632,010  | 482,493                                 | 1,902,131                       |
| 437,954  | 96,837                                  | 1,538,620                       |
| 3,327  | 9,302                                   | 23,077                          |
| -  | -                                       | -                               |
| 3,212  | 246                                     | 5,099                           |
| 27,145   | 20,767                                  | 70,410                          |
| 321  | 371                                     | 40,755                          |
| -  | -                                       | 1,616                           |
| <u>783,834</u>   | <u>231,523</u>                          | <u>1,338,390</u>                |
| <u>3,646,550</u>   | <u>2,563,719</u>                        | <u>11,039,433</u>               |
| 382,204  | 268,709                                 | 1,157,069                       |
| <u>105,057</u>   | <u>73,861</u>                           | <u>318,045</u>                  |
| <u>\$ 4,133,811</u>                                      | <u>\$ 2,906,289</u>                     | <u>\$ 12,514,547</u>            |
| \$ -   | \$ -                                    | \$ 1,937,866                    |
| -  | -                                       | 326,681                         |
| -  | 63,765                                  | 63,765                          |
| -  | -                                       | 223,827                         |
| -  | -                                       | 155,993                         |
| -  | 62,722                                  | 62,722                          |
| 490,827  | -                                       | 490,827                         |
| 95,017   | -                                       | 95,017                          |
| 2,106  | -                                       | 2,106                           |
| -  | -                                       | 37,665                          |
| 105,449  | -                                       | 105,449                         |
| -  | -                                       | 22,725                          |
| -  | -                                       | 133,306                         |
| -  | -                                       | 186,742                         |
| -  | -                                       | 125,834                         |
| -  | -                                       | 282,779                         |
| -  | -                                       | -                               |
| -  | -                                       | -                               |
| -  | -                                       | -                               |
| 2,476,328  | 224,086                                 | 3,706,854                       |
| 2,029  | -                                       | 2,029                           |
| -  | 52,165                                  | 337,807                         |
| -  | 743,158                                 | 743,158                         |
| -  | 8,096                                   | 8,096                           |
| -  | 61,661                                  | 61,661                          |
| -  | 3,068                                   | 3,068                           |
| -  | 203,036                                 | 203,036                         |
| -  | -                                       | 112,066                         |
| 75,118   | 192,124                                 | 267,242                         |
| -  | -                                       | -                               |
| 38,541   | 42,038                                  | 362,318                         |
| 573,196  | 493,880                                 | 1,531,560                       |
| -  | -                                       | 1,616                           |
| <u>309,644</u>   | <u>172,516</u>                          | <u>920,732</u>                  |
| <u>\$ 4,168,255</u>                                      | <u>\$ 2,322,315</u>                     | <u>\$ 12,514,547</u>            |
| Remove PAP Contributions                                 |   | \$ (1,616)                      |
| Rounding   |   | <u>2</u>                        |
| Audited Expenditures per Exhibit B-3                     |   | <u>\$ 12,512,933</u>            |

Central Texas Mental Health and Mental Retardation Center  
 dba Center for Life Resources  
 Schedule of Indirect Costs (Unaudited)  
 Year Ended August 31, 2020

|                                   | Total<br>Costs       | Nonallowable<br>Costs | Depreciation      | Total<br>Adjusted<br>Costs | Direct<br>Costs      | Indirect<br>Costs   |
|-----------------------------------|----------------------|-----------------------|-------------------|----------------------------|----------------------|---------------------|
| Expenditures                      |                      |                       |                   |                            |                      |                     |
| Current                           |                      |                       |                   |                            |                      |                     |
| Personnel                         | \$ 7,124,443         | \$ (24,470)           | \$ -              | \$ 7,099,973               | \$ 6,094,865         | \$ 1,005,108        |
| Employee Benefits                 | 2,205,112            | (6,351)               | -                 | 2,198,761                  | 1,895,780            | 302,981             |
| Travel                            | 29,972               | (50)                  | -                 | 29,922                     | 23,027               | 6,895               |
| Office Supplies                   | 29,510               | (2)                   | -                 | 29,508                     | 19,264               | 10,244              |
| Other Consumables                 | 11,975               | (1)                   | -                 | 11,974                     | 5,617                | 6,357               |
| Drugs                             | 40,755               | -                     | -                 | 40,755                     | 40,755               | -                   |
| Medical Supplies                  | 3,182                | -                     | -                 | 3,182                      | 3,182                | -                   |
| Lab Expense                       | 3,698                | -                     | -                 | 3,698                      | 3,356                | 342                 |
| Telemedicine                      | 599                  | -                     | -                 | 599                        | 599                  | -                   |
| Consultants-Direct Care           | 1,538,619            | -                     | -                 | 1,538,619                  | 1,538,619            | -                   |
| Other Contracts                   | 345,033              | (24)                  | -                 | 345,009                    | 340,703              | 4,306               |
| Equipment & Furniture Cost        | 101,052              | -                     | -                 | 101,052                    | 70,410               | 30,642              |
| Data Processing                   | 71,532               | (353)                 | -                 | 71,179                     | 54,700               | 16,479              |
| Rent, Repair & Maintenance        | 99,335               | (48)                  | -                 | 99,287                     | 95,395               | 3,892               |
| Utilities                         | 150,335              | (146)                 | -                 | 150,189                    | 138,407              | 11,782              |
| Telephone                         | 142,066              | (1,313)               | -                 | 140,753                    | 120,405              | 20,348              |
| Insurance                         | 111,597              | (85)                  | -                 | 111,512                    | 101,390              | 10,122              |
| Vehicle Operating                 | 130,001              | -                     | -                 | 130,001                    | 122,920              | 7,081               |
| Subscriptions                     | 3,555                | -                     | -                 | 3,555                      | 510                  | 3,045               |
| Advertising & Promotion           | 15,194               | (6,321)               | -                 | 8,873                      | 4,427                | 4,446               |
| Educational Material              | 10,628               | -                     | -                 | 10,628                     | 9,332                | 1,296               |
| Dues                              | 23,804               | (19,490)              | -                 | 4,314                      | 2,309                | 2,005               |
| Postage & Freight                 | 15,073               | -                     | -                 | 15,073                     | 11,204               | 3,869               |
| Consumer Support                  | 45,080               | -                     | -                 | 45,080                     | 45,080               | -                   |
| Consumer Program Support          | 54,817               | -                     | -                 | 54,817                     | 54,817               | -                   |
| Consumer Vocational Support       | 124,312              | -                     | -                 | 124,312                    | 124,312              | -                   |
| External Transportation           | 23,319               | -                     | -                 | 23,319                     | 23,319               | -                   |
| Adaptive Aids                     | 13,667               | -                     | -                 | 13,667                     | 13,667               | -                   |
| Miscellaneous Expense             | 33,494               | (10,373)              | -                 | 23,121                     | 20,099               | 3,022               |
| Depreciation                      | -                    | -                     | 118,742           | 118,742                    | 97,581               | 21,161              |
| PPP Loan Interest                 | 6,074                | (6,074)               | -                 | -                          | -                    | -                   |
| <b>Total Current</b>              | <b>12,507,833</b>    | <b>(75,101)</b>       | <b>118,742</b>    | <b>12,551,473</b>          | <b>11,076,050</b>    | <b>1,475,422</b>    |
| Capital Outlay                    | 5,100                | -                     | -                 | 5,100                      | 5,100                | -                   |
| <b>Total Expenditures</b>         | <b>\$ 12,512,933</b> | <b>\$ (75,101)</b>    | <b>\$ 118,742</b> | <b>\$ 12,556,573</b>       | <b>\$ 11,081,150</b> | <b>\$ 1,475,422</b> |
| Computation of Indirect Cost Rate |                      |                       |                   | Indirect costs             | 1,475,422            | 13.32%              |
|                                   |                      |                       |                   | Direct costs               | 11,076,050           |                     |

Central Texas Mental Health and Mental Retardation Center  
 dba Center for Life Resources  
 Schedule of Leases in Effect (Unaudited)  
 Year Ended August 31, 2020

| Lessor                 | Location                                     | Period Covered  | Terms  |
|------------------------|--|---|--|
| Hank Hunter            | P. O. Box 12<br>Brownwood, TX                | 2/1/17-12/31/19<br>month to month   | \$1,265/m<br>\$1,265/m   |
| Elsie Millican Estate  | 111 N. Cherokee<br>San Saba, TX              | month to month  | \$112.50/m   |
| Elsie Millican Estate  | 113-115 N. Cherokee<br>San Saba, TX          | month to month  | \$612.50/m   |
| Kirbo's Office Systems | P.O. Box 2249<br>Brownwood, TX 76801         | 10/16/18-10/16/21   | \$2,035/m  |
| Pitney Bowes           | P. O. Box 856179<br>Louisville, KY           | 12/29/16-12/29/19<br>3/30/20-3/29/23  | \$146.28/m<br>\$79.50/m  |
| City of San Saba       | 2005 W Wallace Street<br>San Saba, Tx 76877  | 2/1/19-2/1/20<br>2/1/20-2/1/21  | \$403/m  |
| KWK Rentals            | P.O. Box 473<br>Goldthwaite, TX 76844        | month to month  | \$300/m  |
| Winn Property [VET]    | 2222 S. Hwy 377 #12<br>Brownwood, Tx 76801   | month to month  | \$495/m  |
| Virgil Justice [ECI]   | 123 Commerce St Ste A<br>Kerrville, TX 78029 | month to month  | \$1,000/m  |
| ECI Kerrville [Cars]   | 123 Commerce St Ste A<br>Kerrville, TX 78029 | 4/15/19-3/23/22<br>4/23/19-3/23/22<br>4/23/19-3/23/22<br>4/23/19-3/23/22  | \$315.40/m<br>\$314.43/m<br>\$315.33/m<br>\$315.91/m   |
| Enterprise [Cars]      | P.O. BOX 800089<br>Kansas, MO 6180-0089      | 2/13/20-2/28/25<br>2/13/20-2/28/25<br>2/13/20-2/28/25<br>2/13/20-2/28/25<br>2/13/20-2/28/25<br>2/28/20-2/28/25<br>10/31/19-10/31/24 | \$305.06/m<br>\$305.06/m<br>\$305.06/m<br>\$304.78/m<br>\$304.78/m<br>\$449.63/m<br>\$569.21/m |
| BISD                   | 901 Avenue B<br>Brownwood, TX 76801          | 3/1/18-3/1/28   | \$0/m  |

Central Texas Mental Health and Mental Retardation Center  
dba Center for Life Resources  
Schedule of Space Occupied in a State-Owned Facility (Unaudited)  
Year Ended August 31, 2020

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| Location                           | Building Utilization | Cost    |        |
|------------------------------------|----------------------|---------|--------|
|                                    |                      | Monthly | Annual |
| No State Owned Facilities Occupied |                      |         |        |

Central Texas Mental Health and Mental Retardation Center  
 dba Center for Life Resources  
 Schedule of Insurance in Force (Unaudited)  
 Year Ended August 31, 2020

| Insurer                            | Policy Period  | Coverage                              | Limits or Amounts   |
|------------------------------------|----------------|---------------------------------------|---|
| Texas Council Risk Management Fund | 9/1/19-8/31/20 | Worker's Compensation                 | Statutory   |
| Texas Council Risk Management Fund | 9/1/19-8/31/20 | Automobile Liability                  | \$1,000,000 Limit<br>\$1,000 Deductible   |
| Texas Council Risk Management Fund | 9/1/19-8/31/20 | General Liability                     | \$1,000,000 Limit<br>\$1,000 Deductible   |
| Texas Council Risk Management Fund | 9/1/19-8/31/20 | Professional Liability                | \$1,000,000 Per Claim<br>\$3,000,000 Annual Aggregate<br>\$1,000 Deductible   |
| Texas Council Risk Management Fund | 9/1/19-8/31/20 | Errors & Omissions Liability Coverage | \$1,000,000 Per Claim<br>\$1,000,000 Aggregate<br>\$1,000 Deductible  |
| Texas Council Risk Management Fund | 9/1/19-8/31/20 | Property Coverages                    | \$8,167,042 Buildings<br>\$1,463,578 Contents<br>\$90,408 EDP Equipment<br>\$27,500 Property of Others<br><br>Replacement Real or Personal Property<br>\$2,500 Deductible |
| Texas Council Risk Management Fund | 9/1/19-8/31/20 | Automobile Physical Damages Coverage  | Actual Cash Value<br>Varies by Vehicle  |
| Beazley                            | 9/1/19-8/31/20 | Cyber Insurance/Network Secur         | \$1,000,000 Per Claim<br>\$2,000,000 Annual Aggregate<br>\$5,000 Deductible   |
| Beazley                            | 9/1/19-8/31/20 | Cyber Insurance                       | \$2,000,000 Limit<br>\$2,000,000 Network Security<br>\$5,000 Deductible   |
| Beazley                            | 9/1/19-8/31/20 | eCrime                                | \$100,000 Fraudulent Instruction<br>\$100,000 Funds Transfer Fraud<br>\$100,000 Telephone Fraud<br>\$50,000<br>\$150,000  |
|                                    |                | Criminal Reward<br>Reputational Loss  | \$50,000<br>\$150,000   |
|                                    |                | Breach Response                       | \$50,000 Notified Individuals<br>\$1,000,000 Legal, Forensic, Crisis Mgmt   |

Central Texas Mental Health and Mental Retardation Center  
 dba Center for Life Resources  
 Schedule of Bond Coverage (Unaudited)  
 Year Ended August 31, 2020

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| Title  | Surety Company | Scope of Coverage   | Bond      |
|--|----------------|---------------------|-----------|
| All Employees                                | Western Surety | Employee Dishonesty | \$2,500   |
| Following Positions have Additional Coverage |                |                     |           |
| Executive Director                           | Western Surety | Employee Dishonesty | \$100,000 |
| Chief Financial Officer                      | Western Surety | Employee Dishonesty | \$100,000 |
| Comptroller                                  | Western Surety | Employee Dishonesty | \$100,000 |
| Accounting Clerk (4)                         | Western Surety | Employee Dishonesty | \$100,000 |
| Human Resources Director                     | Western Surety | Employee Dishonesty | \$100,000 |
| Human Resources Clerk (1)                    | Western Surety | Employee Dishonesty | \$100,000 |
| JCI Business Services Staff                  | Western Surety | Employee Dishonesty | \$50,000  |

Central Texas Mental Health and Mental Retardation Center  
dba Center for Life Resources

Schedule of Professional and Consulting Fees (Unaudited)  
Year Ended August 31, 2020

| Name                          | City              | Type of Service                  | Amount    |
|-------------------------------|-------------------|----------------------------------|-----------|
| Aldersgate Enrichment Center  | Brownwood         | Day Habilitation Services        | \$ 14,205 |
| Anderson, Orinda              | Bangs             | Foster Care Provider             | 15,372    |
| Apollo Computers              | Early             | Computer Backup Plan             | 4,221     |
| Armstrong, Danny              | Comanche          | Foster Care Provider             | 15,372    |
| Armentrout, Pagen Rhey        | Brownwood         | ECI Respite Foster Care Services | 8,784     |
| Avail Solutions Inc.          | Corpus Christi    | Crisis Answering Phone           | 28,800    |
| Brown County Sheriff's Office | Brownwood         | Mental Health Deputy: Fuel /     | 2,149     |
| Brown County Treasurer        | Brownwood         | Mental Health Deputy Salary      | 131,832   |
| Cedar Crest Hospital          | Belton            | In-Patient Psychiatric Care      | 64,350    |
| City of Cisco                 | Cisco             | Mental Health Deputy Salary      | 54,376    |
| Claim MD                      | Pecos, New Mexico | Billing Service                  | 1,320     |
| Colbert, Herbert              | Early             | Foster Care Provider             | 43,920    |
| Coleman County Treasurer      | Coleman           | Mental Health Deputy Salary      | 15,741    |
| Concho Valley MHMR Services   | San Angelo        | IDD Psychological Evaluations    | 350       |
| Cross Creek Hospital          | Austin            | In-Patient Psychiatric Care      | 3,150     |
| Dept. of Aging & Disability   | Austin            | Quality Assurance Fees           | 43,905    |
| Dominguez, Rosa               | Eastland          | Foster Care Provider             | 19,032    |
| Dr. Victor A. Gutierrez       | Plainview         | Physician Services               | 97,624    |
| DrFirst.com, Inc.             | Baltimore, MD     | Psychiatric E-Scribe Service     | 1,150     |
| EIDE BAILLY LLP               | Abilene           | Audit Services                   | 24,500    |
| Evans, Joann                  | Brownwood         | Foster Care Provider             | 14,640    |
| Faspsych, LLC.                | Scottsdale, AZ    | Telemed Psychiatric Services     | 187,320   |
| Garza, Bobby                  | Brownwood         | Foster Care Provider             | 13,400    |
| Hale, Marcia                  | Cisco             | Foster Care Provider             | 14,640    |
| Hernandez, Maria              | Bangs             | Foster Care Provider             | 19,084    |
| Jernigan, Barbara             | Mullin            | Foster Care Provider             | 15,330    |
| Jimenez, Everisto             | Eastland          | Foster Care Provider             | 25,640    |
| Kelly, Michael                | Brownwood         | Foster Care Provider             | 45,424    |
| Klein, Karen                  | Fredericksburg    | RN/EIS/Social Services           | 9,288     |
| Matthews, Rosemarie           | Comanche          | Foster Care Provider             | 6,800     |
| Mills County Treasurer        | Goldthwaite       | Mental Health Deputy Salary      | 75,805    |
| Murphy, Cynthia               | Fredericksburg    | Occupational Therapist (OT)      | 26,502    |
| Niell, Jimmy                  | Bangs             | Foster Care Provider             | 15,372    |
| Nutrition Therapy Associates  | Boerne            | Dietician Services               | 12,583    |
| Oceans Hospital               | Abilene           | In-Patient Psychiatric Care      | 90,280    |
| Pack, Tammy                   | Eastland          | Foster Care Provider             | 15,372    |
| Parrott, Greg                 | Bangs             | Transport Services               | 3,460     |
| Patek, Brenda                 | Leander           | Nutrition Assessments            | 1,040     |
| Pipkin, Rhonda                | Cisco             | Counseling Services              | 7,875     |
| Ratliff, Chelsea              | Comfort           | ECI Respite Foster Care Services | 600       |
| Rice, Benjamin Scott          | Zephyr            | Transport Services               | 1,278     |
| River Crest Hospital          | Wichita Falls     | In-Patient Psychiatric Care      | 244,375   |
| Rock House Support Services   | Stephenville      | Day Habilitation Services        | 3,523     |
| Saldana, Vivian               | Comanche          | Foster Care Provider             | 15,372    |
| Schumann, Ashley              | Corpus Christi    | Foster Care Provider             | 120       |
| Sellman, Jadene               | Brady             | Foster Care Provider             | 15,372    |

Central Texas Mental Health and Mental Retardation Center  
 dba Center for Life Resources  
 Schedule of Professional and Consulting Fees (Unaudited)  
 Year Ended August 31, 2020

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| Name                      | City        | Type of Service              | Amount   |
|---------------------------|-------------|------------------------------|----------|
| Sober, Rosa Lee           | Brownwood   | Foster Care Provider         | \$ 9,720 |
| Taylor, Jennifer          | Brownwood   | Foster Care Provider         | 14,640   |
| Taylor, Michael Z.        | Bangs       | Transport Services           | 1,702    |
| Taylor, Pennissi          | Brownwood   | Evaluations/DIDDS/Endorsemen | 6,375    |
| Thomas, Alesia            | Comanche    | Foster Care Provider         | 4,880    |
| Thompson, Stephen         | Rising Star | Transport Services           | 10,430   |
| Turner, Bobby             | Early       | Foster Care Provider         | 13,440   |
| Trejo, Sotera             | Eastland    | Foster Care Provider         | 30,744   |
| Turner, Geraldine         | Brownwood   | Foster Care Provider         | 1,200    |
| TX Daycare Licensing      | Dallas      | Child Care Licensing (CCL)   | 929      |
| Vallejo, Jonathan         | Goldthwaite | Transport Services           | 1,173    |
| Western Behavioral Health | Midland     | MHMR Center Network /        | 17,977   |
| Wheat, Debbie             | Cisco       | Foster Care Provider         | 15,456   |
| Zirkel, Dianne            | Medina      | Occupational Therapist (OT)  | 20,150   |

Central Texas Mental Health and Mental Retardation Center  
dba Center for Life Resources  
Schedule of Legal Services (Unaudited)  
Year Ended August 31, 2020

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| <u>Name</u>                         | <u>City</u>       | <u>Type of Service</u> | <u>Amount</u> |
|-------------------------------------|-------------------|------------------------|---------------|
| Taylor, Olso, Adkins, Srclia & Elam | Fort Worth, Texas | Consulting             | n/a           |



Federal and State Awards Section  
August 31, 2020

Central Texas Mental Health and  
Mental Retardation Center  
dba Center for Life Resources



**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Board of Trustees  
Central Texas Mental Health and Mental Retardation Center  
dba Center for Life Resources  
Brownwood, Texas

We have audited, 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, the financial statements of the governmental activities and the major fund of Central Texas Mental Health and Mental Retardation Center dba Center for Life Resources (the Center) as of and for the year ended August 31, 2020, 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 20, 2021.

**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) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Center’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a 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 a 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 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 financial statements. 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 results 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

January 20, 2021  
Abilene, Texas



**Independent Auditor’s Report on Compliance for Each Major Federal and State Program, Report on Internal Control over Compliance Required by the Uniform Guidance and the State of Texas Single Audit Circular**

The Board of Trustees  
Central Texas Mental Health and Mental Retardation Center  
dba Center for Life Resources  
Brownwood, Texas

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

We have audited Central Texas Mental Health and Mental Retardation Center dba Center for Life Resources’ compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, *State of Texas Single Audit Circular (TSAC)* and *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers* 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, 2020. The Center’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the Center’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*; *State of Texas Single Audit Circular and Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers*. Those standards, the Uniform Guidance, TSAC, and the Audit Guidelines 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 compliance 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, 2020.

### **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 each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and TSAC, 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 and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 a 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 and TSAC. Accordingly, this report is not suitable for any other purpose.



January 20, 2021  
Abilene, Texas

Central Texas Mental Health and Mental Retardation Center  
dba Center for Life Resources

Schedule of Expenditures of State and Federal Awards  
Year Ended August 31, 2020

|  | Federal<br>CFDA<br>Number |   | Pass-through<br>Entity Identifying<br>Number | Expenditures        |
|--|---------------------------|---|--|---------------------|
| <b>Federal Awards</b>  |                           |   |  |                     |
| U.S. Department of Homeland Security   |                           |   |  |                     |
| Passed through Texas Health and Human Services Commission                            |                           |   |  |                     |
| Covid19 Disaster Crisis Counseling Immediate Services Program                        | 97.032                    |   | HHS000434500040                              | \$ 8,096            |
| Total U.S. Department of Homeland Security   |                           |   |  | <u>8,096</u>        |
| U.S. Department of Health and Human Services   |                           |   |  |                     |
| Passed through Texas Health and Human Services Commission                            |                           |   |  |                     |
| Medicaid Administrative Claiming (Medicaid, Title XIX) - Medicaid Cluster            | 93.778                    | * | 529-09-0032-00064                            | 285,642             |
| Local Mental Health Authority  |                           |   |  |                     |
| Mental Health Block Grant  | 93.958                    | # | HHS000513200001                              | 158,705             |
| Mental Health Block Grant -Supportive Housing  | 93.958                    | # | HHS000513200001                              | 28,037              |
| Mental Health First Aid - Outreach   | 93.958                    | # | HHS000183100001                              | 56,722              |
| TANF to Title XX - Block Grant - TANF Cluster  | 93.558                    | & | HHS000513200001                              | 37,665              |
| Social Services Block Grant-Title XX   | 93.667                    |   | HHS000513200001                              | 22,725              |
| Substance Abuse Programs   |                           |   |  |                     |
| Mental Health Block Grant (TCO - COPSD)  | 93.958                    | # | 2016-048370-003                              | 6,011               |
| Block Grants for Prevention and Treatment of Substance Abuse                         |                           |   |  |                     |
| TCO - COPSD  | 93.959                    | ^ | 2016-048370-003                              | 144                 |
| TRA - Adult  | 93.959                    | ^ | 2016-048265-003                              | 38,305              |
| Total Local Mental Health Authority  |                           |   |  | <u>348,314</u>      |
| Early Childhood Intervention Services (ECI)  |                           |   |  |                     |
| Temporary Assistance for Needy Families (TANF) - TANF Cluster                        | 93.558                    | & | HHS000191200039                              | 51,236              |
| Medicaid Administrative Claiming (Medicaid, Title XIX) - Medicaid Cluster            | 93.778                    | * | 529-11-0040-00010                            | 52,165              |
| Total ECI  |                           |   |  | <u>103,401</u>      |
| LIDDA  |                           |   |  |                     |
| Enhanced Community Coordination (MFP)  | 93.791                    |   | HHS000607200001                              | 2,029               |
| Total U.S. Department of Health and Human Services                                   |                           |   |  | <u>747,482</u>      |
| U.S. Department of Education   |                           |   |  |                     |
| Passed through Texas Health and Human Services Commission                            |                           |   |  |                     |
| Early Childhood Intervention Services (ECI)  |                           |   |  |                     |
| Special Education Grants for Infants and Families with Disabilities (IDEA, Part C)   | 84.181                    |   | HHS000191200039                              | 353,807             |
| Special Education-Grants to States (IDEA, Part B) - Special Education Cluster (IDEA) | 84.027                    |   | HHS000191200039                              | 22,680              |
| Total U.S. Department of Education   |                           |   |  | <u>376,487</u>      |
| Total Federal Awards   |                           |   |  | <u>\$ 1,123,969</u> |

\* Total expenditures for Medicaid Cluster CFDA #93.778 is \$337,807.

& Total expenditures for TANF Cluster CFDA #93.558 is \$88,901.

# Total expenditures for CFDA #93.958 is \$249,475.

^ Total expenditures for CFDA #93.959 is \$38,449.

Central Texas Mental Health and Mental Retardation Center  
 dba Center for Life Resources  
 Schedule of Expenditures of State and Federal Awards  
 Year Ended August 31, 2020

|  | <u>Entity Identifying<br/>Number</u> | <u>Expenditures</u> |
|--|--------------------------------------|---------------------|
| State Awards   |                                      |                     |
| Texas Health and Human Services Commission                   |                                      |                     |
| Local Mental Health Authority                                |                                      |                     |
| General Revenue-Mental Health Adult                          | HHS000513200001                      | \$ 1,937,866        |
| General Revenue-Mental Health Child                          | HHS000513200001                      | 155,993             |
| Crisis Services (including transitional and ongoing)         | HHS000513200001                      | 326,681             |
| Psychiatric Emergency Service Centers (PESC)                 | HHS000513200001                      | 125,834             |
| Veterans Services  | HHS000513200001                      | 63,765              |
| Mental Health First Aid - Training                           | HHS000183100001                      | 6,000               |
| Private Psychiatric Beds                                     | HHS000513200001                      | 282,779             |
| Mental Health Crisis - Jail Diversion SB292                  | HHS000134400017                      | 133,306             |
| Mental Health Deputy - HB13                                  | HHS000149700011                      | 223,827             |
| Substance Abuse Programs (#12766)                            |                                      |                     |
| Block Grants for Prevention and Treatment of Substance Abuse |                                      |                     |
| TCO - COPSD  | 2016-048370-003                      | 4,437               |
| TRA - Adult  | 2016-048265-003                      | 12,764              |
| Total DSHS   |                                      | <u>3,273,252</u>    |
| Local IDD Authority (LIDDA)                                  |                                      |                     |
| General Revenue-IDD  | HHS000607200001                      | 490,827             |
| OBRA   | HHS000607200001                      | 350                 |
| Crisis   | HHS000607200001                      | 95,017              |
| PASRR Living Skill/ Dayhab                                   | HHS000607200001                      | 16,813              |
| Behavioral Crisis Respite In/Out of Home                     | HHS000607200001                      | 2,106               |
| Total Local IDD Authority                                    |                                      | <u>605,113</u>      |
| Early Childhood Intervention Services                        | HHS000191200039                      | 315,435             |
| Autism Grant   | 538-16-9680                          | 203,036             |
| Total State Awards   |                                      | <u>4,396,836</u>    |
| Total Federal and State Awards                               |                                      | <u>\$ 5,520,805</u> |

Central Texas Mental Health and Mental Retardation Center  
dba Center for Life Resources

Notes to the Schedule of Expenditures of State and Federal Awards  
Year Ended August 31, 2020

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**Note 1 - General**

The Schedule of Expenditures of State and Federal Awards presents the activity of all applicable federal and state awards of Central Texas Mental Health and Mental Retardation Center dba Center for Life Resources (the "Center"). The Center's reporting entity is defined in Note 1 of the basic financial statements. State and federal awards received directly from federal and state agencies, as well as federal and state awards passed through other governmental agencies, are included on the Schedule of Expenditures of State and Federal Awards.

The information in the Schedule of Expenditures of State and Federal Awards is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule of Expenditures of State and Federal Awards presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Center.

**Note 2 - Basis of Accounting**

The Schedule of Expenditures of State and Federal Awards is prepared on the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 3 of the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or State of Texas Uniform Grant Management Standards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. State and federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

**Note 3 - Relationship to Basic Financial Statements**

Certain state and federal programs have been excluded from the Schedule of Expenditures of State and Federal Awards, including monies received under vendor contract for Title XIX ICF/MR and Title XIX HCS/MR, and other Medicaid/Medicare funding for providing patient services. The state and federal monies excluded from the Schedule of Expenditures of State and Federal Awards are not considered federal or state awards as defined in the Uniform Guidance and are reported as local revenues in the basic financial statements.

Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) passed through the Texas Department of Criminal Justice has been excluded from the Schedule of Expenditures of Federal and State Awards because they are considered contract revenues and not state awards. Residential Treatment Center Integration (yes) has been excluded from the Schedule of Expenditures of Federal and State Awards because they are considered Medicaid funds.

Provider Relief Funds have been excluded from the Schedule of Expenditures of Federal and State Awards in accordance with the OMB 2020 Compliance Supplement Addendum. Provider Relief Funds expended in FY20 are to be reported on the Schedule of Expenditures of Federal and State Awards in FY21.

**Note 4 - State Award Guidelines**

State awards are subject to HHSC's *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers* (21st Revision) as well as the Office of the Governor's State of Texas Single Audit Circular. Such guidelines are consistent with those required under the Single Audit Act of 1996, the Uniform Guidance and *Government Auditing Standards*, issued by the Comptroller General of the United States

**Note 5 - Split Funded Programs**

The Early Childhood Intervention, Substance Abuse and Enhanced Community Coordination-Money Follows the Person programs are administered with both pass-through federal funds and state funds. The Schedule of Expenditures of State and Federal Awards has been prepared reflecting this funding allocation provided by the pass-through state agency.

**Note 6 - Indirect Costs**

The Center elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance because the Center has not been able to negotiate an indirect cost rate for its federal awards.

**Note 7 - Subrecipients**

The Center has not passed through any of its federal and state programs awards to subrecipients.

Central Texas Mental Health and Mental Retardation Center  
 dba Center for Life Resources  
 Schedule of Findings and Questioned Costs  
 Year Ended August 31, 2020

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

|  |               |
|--|---------------|
| Type of auditor’s report issued  | Unmodified    |
| Internal control over financial reporting:                                   |               |
| Material weaknesses identified   | No            |
| Significant deficiencies identified not considered to be material weaknesses | None Reported |
| Noncompliance material to financial statements noted?                        | No            |

**FEDERAL AND STATE AWARDS**

|  |               |
|--|---------------|
| Internal control over major program:   |               |
| Material weaknesses identified   | No            |
| Significant deficiencies identified not considered to be material weaknesses                                     | None Reported |
| Type of auditor’s report issued on compliance for major programs:  | Unmodified    |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516: | No            |

**Identification of major programs:**

|   |             |
|---|-------------|
| Name of Federal Program   | CFDA Number |
| Medicaid Administrative Claiming – Medicaid Cluster   | 93.778      |
| Dollar threshold used to distinguish between type A and type B programs for federal awards: | \$750,000   |
| Name of State Programs  |             |
| General Revenue - Mental Health<br>(Adult, Child, Crisis, PESC & PPB)                       | N/A         |
| General Revenue Intellectual and Developmental Disabilities                                 | N/A         |
| Dollar threshold used to distinguish between type A and type B programs for state awards:   | \$300,000   |
| Auditee qualified as a low-risk auditee?  | Yes         |

Central Texas Mental Health and Mental Retardation Center  
dba Center for Life Resources  
Schedule of Findings and Questioned Costs  
Year Ended August 31, 2020

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**Section II – Financial Statement Findings**

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The audit disclosed no findings required to be reported.

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**Section III – Federal Award Findings and Questioned Costs**

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The audit disclosed no findings or questioned costs required to be reported.

Central Texas Mental Health and Mental Retardation Center  
dba Center for Life Resources  
Schedule of Prior Year Findings and Questioned Costs  
Year Ended August 31, 2020

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**Financial Statement Findings**

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The prior year audit disclosed no findings required to be reported.

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**Federal Award Findings and Questioned Costs**

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The prior year audit disclosed no findings or questioned costs required to be reported.

# **ATTACHMENT B**

## **Attachment B – Operating History and Current Year Budget**

### **I.**

#### **CENTRAL TEXAS MHMR dba CENTER for LIFE RESOURCES**

##### **BACKGROUND/HISTORY OF CENTER**

The mental health and mental retardation needs of Central Texas residents are provided by outcome-based programs under the direction of the Central Texas Mental Health Mental Retardation Center dba Center for Life Resources (the Center). The Center is located at 408 Mulberry Street, Brownwood, Texas. The counties included in the service delivery area consist of Brown, Coleman, Comanche, Eastland, Mills, McCulloch, and San Saba. A nine-member board governs the Center, eight are appointed by the County Commissioners and the Brownwood City Council appoints one. These members represent the respective counties served.

The Center is a publicly funded agency of the State of Texas governed by the rules and regulations of the Texas Department of Mental Health and Mental Retardation (TDMHMR). The agency is a result of the Community Mental Health and Mental Retardation Facilities Act (Public Law 88-164). This act provided for the creation of local boards of trustees that would develop and implement community based mental health and mental retardation services. Such service systems are designed for those persons who can be effectively treated in their own community and who do not require long term institutional care.

In 1970, the Center was established, after long range planning by several community advocates, for the mentally challenged, i.e. Janie Clements, Reverend John Darden, and W. Lee Watson. Reverend Darden assumed the duties as Chairman of the Board, and Jackson King, an Abilene college professor, was appointed as Executive Director. The staff, which consisted of a psychiatrist, social worker, and business manager, secured an office at 100 Melwood Avenue in Brownwood. During the next few years the staff grew and services improved. In early 1972, a new training facility for vocational training was dedicated. The workshop was named after Janie Clements in appreciation of her efforts on behalf of individuals with mental retardation.

In 1974 the Center had outgrown its old facilities and moved to its present location at 408 Mulberry Street in Brownwood. In 1976, it was decided that the Center would open regional offices so caseworkers could be in each of the six other counties. This plan was implemented in 1977. Later that same year, sheltered workshops were begun in Eastland, Comanche, McCulloch, and Coleman counties. A workshop was opened later in Mills County.

The Center is now an integral part of the communities it serves. Two significant actions by the governing board have been taken to prepare the Center for its role as a Local Authority. The Center's governing board approved and obtained a 501(c)(3) status to allow the Center to pursue alternative funding through grants, foundations, and endowments. The board also approved action for the Center to do business as "The Center for Life Resources" to enhance the Center's image in the seven-county service delivery area.

The Center provides a wide array of comprehensive services to individuals designed to promote dignity, self-worth, and self-reliance. These include mental health, residential programs, vocational programs, service coordination, medication services, infant stimulation services, supportive outpatient counseling, drug and alcohol services, and family support services.

In addition to funding awarded through contracts with the Texas Department of State Health Services for mental health services, the Texas Department of Aging and Disability Services for intellectual/developmental disability services, and local funds, the Center currently operates programs funded from the Texas Department of Assistive and Rehabilitative Services for Early Childhood Intervention, and the Department of State Health Services for Substance Abuse Services.

## II.

### **Business Structure**

#### **1) Annual Center for Life Resources Budget Information:**

For Fiscal Year ending August 31, 2021 the Center budget is \$13,148,582, (See attachment B, Item1).

#### **2) Bank Relationships:**

Texas Bank; 400 Fisk Ave.; Brownwood, TX 76801

Citizens National Bank; 1 Carnegie Street; Brownwood, TX 76801

#### **3) Number of Bank Accounts:**

Texas Bank – 13 accounts

Citizens National Bank – 1 account (payroll)

#### **4) Timelines of Bank Account Reconciliations:**

All bank accounts are reconciled on a monthly basis as soon as the statements are received. Reconciliation is part of the standard monthly closing procedure.

#### **5) Cash Management Structure:**

Cash Management and investment decisions are the responsibility of the Chief Financial Officer.

#### **6) Management Information Systems Structure:**

**Financial Services and Clinical Services** – The financial accounting software Software Business Solutions based out of Minneapolis, MN and the clinical tracking system is Anasazi, based out of Tempe, Arizona.

#### **7) Miscellaneous:**

Number of Employees: 216

Number of Client Workers: 91

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**Attachment B, Item 1**  
**Central Texas MHMR dba Center for Life Resources**  
**Total Center Budget**  
**Fiscal Year 2021**

| <b>Acct Description</b>              | <b>Budget</b>        |
|--------------------------------------|----------------------|
| 1115 Waiver                          | \$ 594,646           |
| Autism Grant                         | \$ 214,677           |
| Counselling                          | \$ 8,000             |
| DADS General Revenue                 | \$ 493,766           |
| DARS Records Requests                | \$ 3,700             |
| Daycare Program                      | \$ 110,161           |
| Deputy Grant                         | \$ 472,757           |
| Direct Patient Fees                  | \$ 854,152           |
| Donations                            | \$ 44,925            |
| DSHS - TANF - Title XX [CFDA 93.558] | \$ 85,881            |
| DSHS Crisis General Revenue          | \$ 326,681           |
| DSHS General Revenue                 | \$ 2,804,190         |
| DSHS MH Block Grant                  | \$ 187,324           |
| DSHS Title XX [CFDA 93.667]          | \$ 34,497            |
| DSHS Vet Grant                       | \$ 70,000            |
| Earned Income                        | \$ 875,676           |
| ECI Grant                            | \$ 747,749           |
| FEMA CCP Grant                       | \$ 95,569            |
| HCS/TXHML                            | \$ 1,173,780         |
| ICFMR                                | \$ 788,000           |
| Interest                             | \$ 6,620             |
| Local Government                     | \$ 121,330           |
| Medicaid                             | \$ 1,483,935         |
| Medicaid Administrative Claiming     | \$ 445,751           |
| MHFA - Federal                       | \$ 89,050            |
| MHFA - State                         | \$ 6,000             |
| PASRR Form 1048                      | \$ 17,950            |
| PPP Loan                             | \$ 860,189           |
| Substance Abuse                      | \$ 125,000           |
| TCOOMMI                              | \$ 6,627             |
| <b>TOTAL REVENUES</b>                | <b>\$ 13,148,582</b> |

| <b>Acct Description</b>                  | <b>Budget</b>        |
|--|----------------------|
| SALARIES                                 | \$ 7,175,010         |
| FRINGE BEBEBITS                          | \$ 2,424,301         |
| TRAVEL                                   | \$ 18,923            |
| CONSUMABLE SUPPLIES                      | \$ 36,712            |
| PHARMACEUTICALS                          | \$ 50,360            |
| LABORATORY EXPENSES                      | \$ 3,986             |
| CONSULTANTS/PROFESSIONAL: INTERNAL       | \$ 440,650           |
| CONTRACT W/ORGANIZATATIONS: INTERNAL     | \$ 322,935           |
| CONTRACT W/ ORGANIZATATIONS: EXTERNAL    | \$ 873,309           |
| CONTRACTS: NON-CLINICAL                  | \$ 96,726            |
| FURNITURE/EQUIPMENT: GREATER THAN \$5000 | \$ 6,250             |
| CAPITAL OUTLAY: COMPUTERS/RELATED        | \$ -                 |
| FURNITURE/EQUIPMENT: LESS THAN \$5000    | \$ 142,721           |
| BLDG RENT, REPAIR, MAINTENANCE           | \$ 109,852           |
| DEBT SERVICE                             | \$ 9,397             |
| NON-CLIENT UTILITIES                     | \$ 146,503           |
| TELEPHONE                                | \$ 147,610           |
| INSURANCE COSTS                          | \$ 115,836           |
| VEHICLE OPERATING COSTS                  | \$ 134,306           |
| OTHER OPERATING COSTS                    | \$ 555,549           |
| CONSUMER SUPPORT COSTS                   | \$ 86,902            |
| <b>TOTAL EXPENDITURES</b>                | <b>\$ 12,897,839</b> |

# ATTACHMENT C

**CENTRAL TEXAS MENTAL HEALTH AND MENTAL RETARDATION CENTER  
dba CENTER FOR LIFE RESOURCES**

**Board of Trustees**

|                    |               |                   |
|--------------------|---------------|-------------------|
| Shane Britton      | Chairman      | Brown County      |
| Danny Armstrong    | Vice-Chairman | Comanche County   |
| Dr. David A. Smith | Secretary     | Brown County      |
| Kay Shackelford    | Member        | McCullough County |
| Vacant             | Member        | San Saba County   |
| Doyle Russell      | Member        | Eastland County   |
| Lisa Dick          | Member        | City of Brownwood |
| Keri Roberts       | Member        | Mills County      |
| JR Salazar         | Member        | Coleman County    |

**Staff**

|                |                         |
|----------------|-------------------------|
| Dion White     | Executive Director      |
| Jessica Willey | Chief Financial Officer |
| Austin Burrus  | Comptroller             |