

Addendum 1
Community Healthcore
Request for Proposals
RFP 1003-19, Addendum 1
In House Pharmacy, Services & Pharmaceuticals
August 7, 2019

This Addendum is made up of two documents each an outcome from the Question and Answer Meeting held January 12, 2021 @ 1:30 PM. The two documents are:

1. RFP QUESTIONS. Questions were submitted in writing or posed during the call. This attachment lists the questions and the official answers. Please use these responses to assist in your proposal.
2. Financial Statement Audit. The FY2019 Financial Statement Audit is provided to assist responders in seeing the depth and breadth of Community Healthcore. Community Healthcore is currently in the final stages of the FY2020 Financial Statement Audit but it will not be available until after responses are due.

All other information in the RFP remains the same.

Continued on Next Page

RFP QUESTIONS from Bidders on Tuesday, January 12th for RFP #1005-21 - FQHC Cost Report and Rate Setting

Is this for a new facility that is opening?

This is not a new facility, however, we are in the process of making our first application to become a Federally Qualified Health Center (FQHC).

What is the fiscal year end for Community Healthcore?

Community Healthcore's Fiscal Year runs from September 1 – August 31.

Is there only going to be one site for the FQHC?

We are applying for one site at this time and hope for additional sites in the future

Are the reporting dates in the RFP consistent with your FY as well as state and federal requirements?

To the best of our knowledge these dates are accurate given the timeframe that we expect/plan to receive designation as an FQHC. However, we understand that the application process can take anywhere from three to six months. We are appreciative of any guidance that the vendor can lend. We want to ensure that we are prepared to meet all required due dates related to preparing and filing an initial cost report in order to set an appropriate base rate with Texas Medicaid & Healthcare Partnership as quickly as possible.

Is there a Cost Report in PDF format available?

As a well-established Local Mental Health Authority (LMHA) and Local Intellectual and Developmental Disability Authority (LIDDA), Community Healthcore regularly files complex cost reports with the State of Texas. However, the cost reports have historically been related to services for Mental and Behavioral Health, Early Childhood Intervention, and Intellectual and Developmental Disability services. Community Healthcore staff have not had the opportunity to prepare or submit a cost report specific to FQHC services. We will look to the chosen vendor to work closely with us to gain a thorough understand of Community Healthcore and the wide array of services that we offer to ensure that the initial cost report is prepared on a comprehensive basis and accurately represents all costs associated with the FQHC operations.

Community Healthcore adheres to a formal cost allocation plan that meets both State and Federal requirements. We maintain strong accounting systems that allow for specific costs to be gathered and reported for any of our programs. In addition, our program staff and accounting staff have a long history with the organization and thorough understanding of costs, operations and allocations.

We are providing a copy of our latest Financial Statement Audit to give responders a better understanding of Community Healthcore's programs and financial status.



**SABINE VALLEY REGIONAL
MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE**

LONGVIEW, TEXAS

ANNUAL FINANCIAL
AND
COMPLIANCE REPORT

YEAR ENDED AUGUST 31, 2019

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**SABINE VALLEY REGIONAL
MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
AUGUST 31, 2019**

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INTRODUCTION

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CERTIFICATE OF BOARD APPROVAL

Year Ended August 31, 2019

I, Glyn Crane, Chairperson of the Board of Trustees of Sabine Valley Regional Mental Health Mental Retardation Center dba Community Healthcore, do hereby certify that this accompanying audit report for the fiscal year 2019 from Squyres, Johnson, Squyres & Co. LLP, was reviewed and approved at a meeting of the Board of Trustees held on the 23rd day of January, 2020.


Chairperson, Board of Trustees
1-23-20
Date

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**SABINE VALLEY REGIONAL
MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
AUGUST 31, 2019
BOARD OF TRUSTEES**

Glyn Crane	Chair
Tom Stamper	Vice-chair through 12/31/2018
Linda Hooks	Secretary/Treasurer
Shirley Baker	Member
Sidney Burns	Member
Rosalee Floyd	Member
Randi Leffall	Member
Frances McGregor	Member
Letha Northcutt	Member
Judy Stiles	Member
Judge L.D. Williamson	Member
Bridget Fowler	Member since 4/25/2019

ADMINISTRATIVE STAFF

Inman White	Executive Director
Marilyn Wyman	Director of Operations
Sue Rathbun	Chief Financial Officer
Susan McDaniel	Director of Fiscal Services
Lee Brown	Director of Contracts Management
Rick Roberts	Director of Integrated Health Services
Troy Johnson	Director of Information Technology
Sandra Taylor	Director of Developmental Disabilities Services

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FINANCIAL SECTION

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SQUYRES, JOHNSON, SQUYRES

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Sabine Valley Regional Mental Health Mental Retardation Center
dba Community Healthcore

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sabine Valley Regional Mental Health Mental Retardation Center dba Community Healthcore (the "Center"), as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Center's 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, and 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 MHMR 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sabine Valley Regional Mental Health Mental Retardation Center dba Community Healthcore as of August 31, 2019, and the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and DSRIP 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 on pages 13-21 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 Sabine Valley Regional Mental Health Mental Retardation Center dba Community Healthcore's basic financial statements. The introductory section, other supplementary information section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information section and Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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, other supplementary information section, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2020, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control of financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Aguayo, Johnson, Aguayo & Co., P.C.
Certified Public Accountants

Tyler, Texas
January 23, 2020



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of Community Healthcore (CHC), we offer readers of CHC's financial statements this narrative overview and analysis of the financial activities of CHC for the fiscal year ended August 31, 2019.

Financial Highlights

- The assets of CHC exceeded its liabilities at the close of the most recent fiscal year by \$24,353,711 (net position). Of this amount, \$21,780,316 (unrestricted net position) may be used to meet CHC's ongoing obligations to consumers and creditors. This is an increase in CHC's total net position of \$3,821,121. This change consists of an increase of \$4,411,019 to the unrestricted net position over last year and a decrease in capital assets of \$589,898.
- The increase in CHC's total net position of \$3,821,121 is due to the increase of \$2,910,193 in the DSRIP (Delivery System Reform Incentive Payments) fund balance and the increase of \$1,249,114 to the General Fund Balance. The Internal Service Fund provided an additional increase of 296,619. These increases were offset by an increase to the Center's total liabilities of \$1,252,199. The operations of the DSRIP Fund are included in CHC's governmental funds reporting. Last year, total net position of the DSRIP Fund increased by \$3,727,507 and the General Fund by \$739,260.
- As of the close of the current fiscal year, CHC's governmental funds reported an ending fund balance of \$18,274,631. The amount that is available for spending is \$18,081,623 or 51.14% of total Governmental Fund expenditures. At the end of FY18, the amount available for spending was 37.6% of total Governmental Fund expenditures. This is an increase of 13.54% over last year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to CHC's basic financial statements. CHC's basic financial statements consist of three components:

- 1) Government – wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *Statement of Activities* presents information showing how the Agency's net position 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 (e.g. earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of CHC that are principally supported by funds provided from federal, state, and local funding sources. The governmental activities of CHC include *Mental Health – Adult, Intellectual Developmental Disability, Mental Health – Child and Adolescent, Addiction Services, and Early Childhood Intervention*.

The government-wide financial statements can be found on pages 25-27 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. CHC, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of CHC can be divided in three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how cash resources flow into and out of those funds and the balances remaining at the year-end that are available for spending. These funds are reported on using an accounting method called *modified accrual 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 funds* with similar information presented for *governmental activities* in the government-wide financial statements. This will present readers with a better understanding of 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*.

CHC 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 financial statements can be found on pages 28-32 of this report.

Proprietary funds. CHC maintains five proprietary funds referred to as *Internal Service Funds*. The internal service fund predominantly benefits the governmental rather than business-type functions, and is included within *governmental activities* in the government-wide financial statements. CHC uses *Internal Service Funds* to account for the Center operated self-insured employee group medical insurance plan, workers compensation, building maintenance, information technology and vehicle fund.

The basic proprietary fund financial statements can be found on pages 36-38 of this report.

Fiduciary fund. *Fiduciary Funds* are used to account for resources held for the benefit of parties outside CHC. *Fiduciary Funds* are not reflected in the government-wide financial statements because the resources of those funds are not available to support CHC's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 39 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* that is required by Texas' Health and Human Services Commission, OMB Uniform Guidance 2.CFR.200 and the State of Texas Single Audit Circular.

Required supplementary information can be found on pages 57-69 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 CHC, assets exceeded liabilities by \$24,353,711 at the close of the most recent fiscal year. This is an increase of \$3,821,121 over the previous year. This increase is mainly attributed to the excess of revenue over expense in the General and DSRIP funds.

The largest portion of CHC's net position, \$21,780,316 (89.43%) represents unrestricted financial resources available for future operations. This is an increase of \$4,411,019 (25.4%) over last year's \$17,369,297. It has been determined that the Delivery System Reform Incentive Payments (DSRIP) programs in the 1115 waiver do not meet the definition of a restricted fund and are now included in the unrestricted portion of net position. Unrestricted funds increased 4.84% over last year's 84.59%.

The remaining balance of CHC's net position \$2,573,395 or 10.57% as compared to 15.41% last year, represents its investments in capital assets (e.g. land, buildings, vehicles, furniture, equipment and leasehold improvements), less any accumulated depreciation and related outstanding debt used to acquire those assets. CHC uses these assets to provide services to the consumers that we serve; therefore, these assets are not available for future spending.

Net Position

The following table summarizes the changes in Net Position between FY19 and FY18.

	FY 19 Governmental Activities	FY 18 Governmental Activities	Variance
Current and other assets	\$ 26,355,151	\$ 20,691,933	\$ 5,663,218
Capital assets	2,573,395	3,163,293	(589,898)
Total assets	28,928,546	23,855,226	5,073,320
Non-current liabilities	1,070,153	1,041,147	29,006
Other liabilities	3,504,682	2,281,489	1,223,193
Total liabilities	4,574,835	3,322,636	1,252,199
Net position			
Invested in capital assets	2,573,395	3,163,293	(589,898)
Restricted	-	-	-
Unrestricted	21,780,316	17,369,297	4,411,019
Total net position	\$ 24,353,711	\$ 20,532,590	\$ 3,821,121

GOVERNMENT WIDE ACTIVITIES

Revenues reported in government-wide activities were \$39,173,093 while total expenses were \$35,351,972. The change in net position is an increase of \$3,821,121. The revenue in the General fund of \$36,389,466 exceeded expenditures of \$35,140,352 by \$1,249,114 while the revenue in the DSRIP Fund exceeded expenses by \$2,910,193; thereby, increasing the fund balance from \$3,051,557 to \$5,961,750. The change in net position of the Internal Service funds contributed \$296,619. Capital outlays, depreciation, disposition of assets, compensated absences payable and retirement plan forfeitures are reported differently in government-wide and governmental financial statements. These combined reporting differences netted a decrease in the government-wide net position of \$634,805. These stated fund increases and reporting differences total the \$3,821,121 change in Net Position.

In comparing the previous year's schedule of government-wide data as it pertains to Net Position the following items were noted:

Assets increased \$5,073,320. Cash, cash equivalents, prepaid expenses and inventories increased \$5,975,477. There were decreases to investments, accounts receivable, and due from other government accounts for a total decrease of \$312,259. Capital assets decreased \$589,898. Capital Assets are stated net of accumulated depreciation and this year's depreciation expense is \$546,482 or \$90,865 less than last year. CHC's liabilities increased \$1,252,199. Current liabilities increased \$1,223,193 and non-current liabilities increased by \$29,006. CHC's non-current liabilities consist of accrued compensated absences. While Accounts Payable decreased \$278,941, the other current liabilities increased \$1,502,134. The largest increase was \$1,283,806 in Unearned Income and was due to grant monies being received in FY19 to pay for expenses to be incurred in FY20.

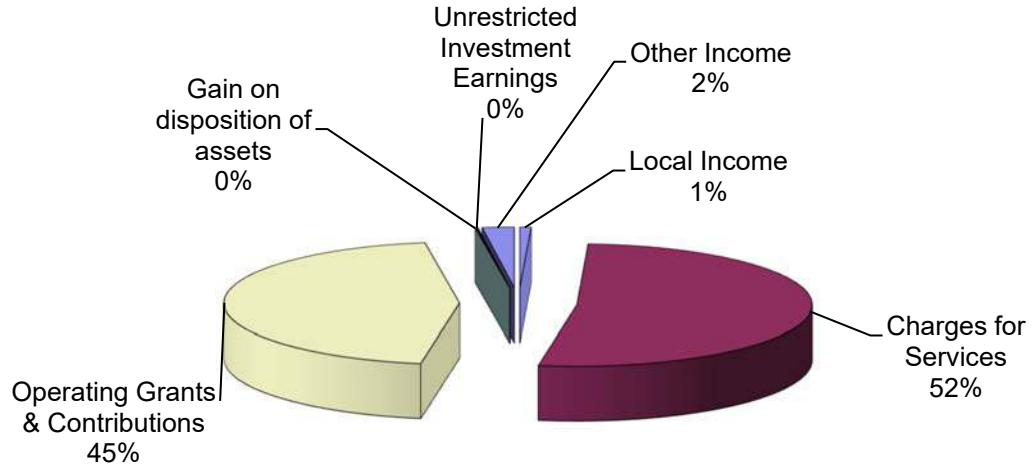
Changes in Net Position

The following table provides a summary of operation between FY19 and FY18:

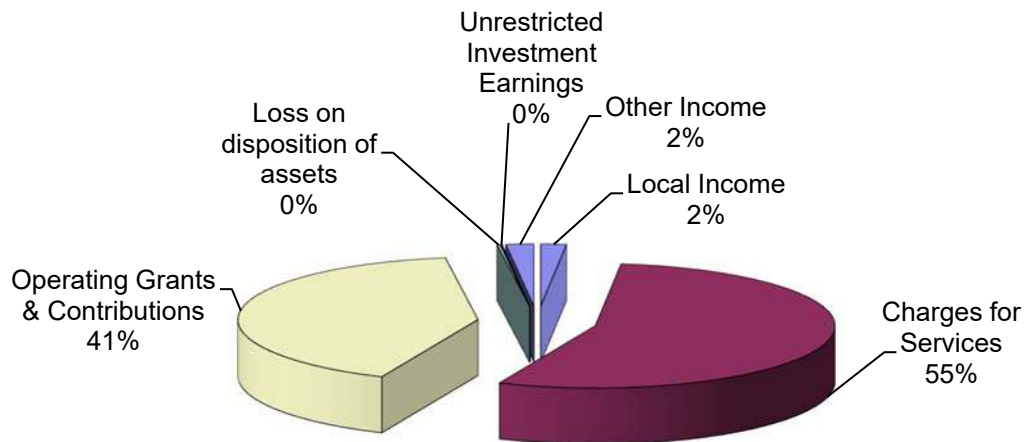
Changes in Net Position

REVENUES	FY19	FY18	Variance
Program revenues			
Charges for services	\$ 20,310,747	\$ 23,146,526	\$ (2,835,779)
Operating grant and contributions	17,640,339	17,440,499	199,840
General revenue			
Local income	301,712	728,507	(426,795)
Unrestricted investment earnings	44,743	45,295	(552)
Gain (loss) on disposition of assets	18,524	(80,531)	99,055
Other income	857,028	787,476	69,552
Total revenue	<u>39,173,093</u>	<u>42,067,772</u>	<u>(2,894,679)</u>
EXPENSES			
Mental health-adult	15,504,255	14,020,182	1,484,073
Mental health - child and adolescent	5,416,656	4,900,282	516,374
Intellectual developmental disabilities	7,759,056	7,282,557	476,499
Addiction treatment services	3,830,067	3,472,733	357,334
Early childhood intervention	2,615,828	2,498,632	117,196
Delivery System Reform Incentive Payments (DSRIP)	226,110	3,241,046	(3,014,936)
Total expense	<u>35,351,972</u>	<u>35,415,432</u>	<u>(63,460)</u>
Increase (decrease) in net assets	3,821,121	6,652,340	(2,831,219)
Net position, beginning	<u>20,532,590</u>	<u>13,880,250</u>	<u>6,652,340</u>
Net position, ending	<u>\$ 24,353,711</u>	<u>\$ 20,532,590</u>	<u>\$ 3,821,121</u>

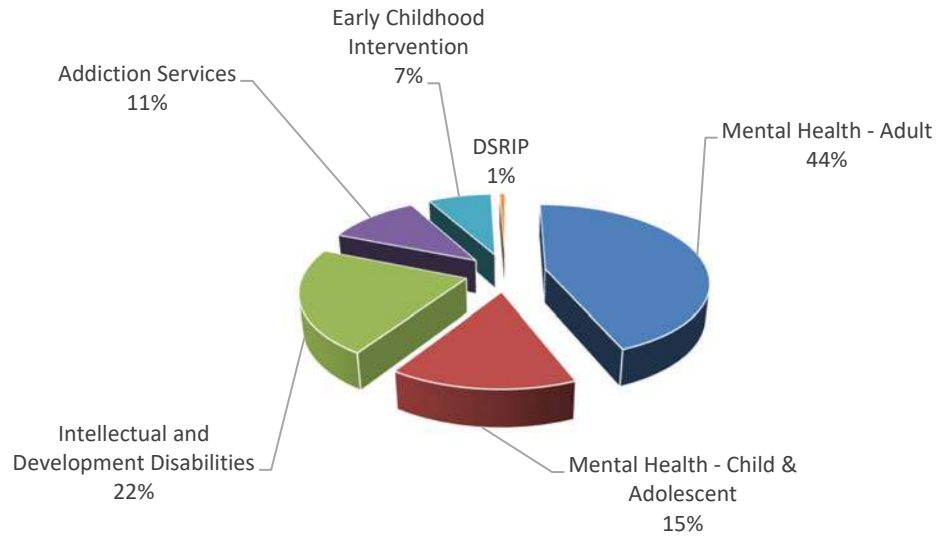
Revenue by Source - Governmental Activities FY19



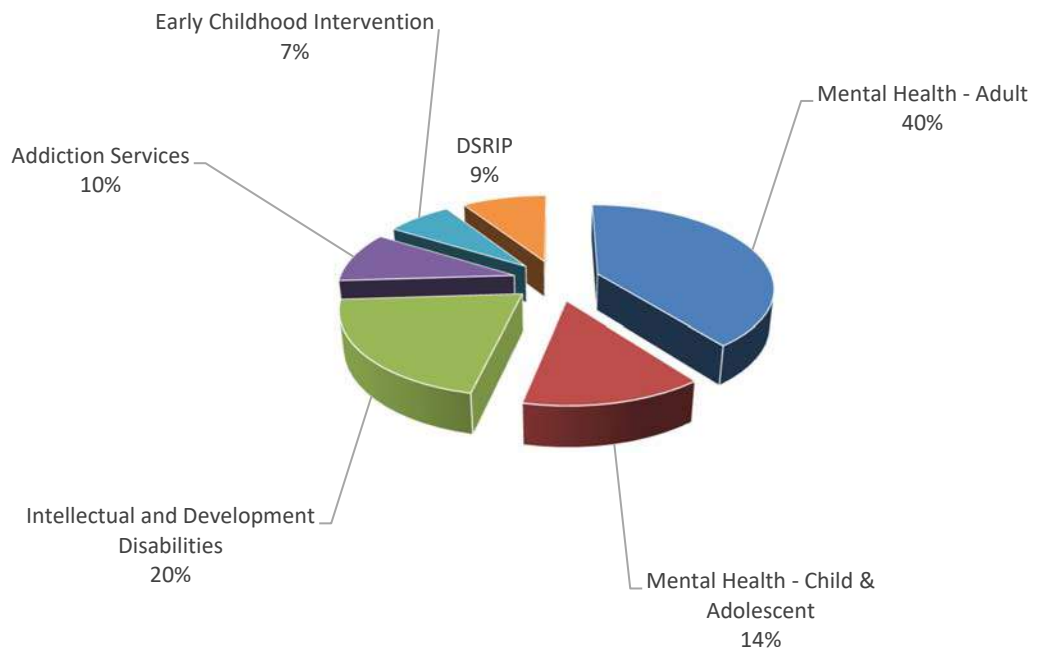
Revenue by Source - Governmental Activities FY18



Expenditures by Program FY19



Expenditures by Program FY18



Financial Analysis of the Agency's Funds

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

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

At the close of the year CHC's fund balance (as presented in the balance sheet on page 28-29) is \$18,274,631. The beginning balance was \$14,115,324 making an increase in the fund of \$4,159,307.

The general fund is the chief operating fund of CHC. At the end of the current fiscal year, the unreserved and undesignated fund balance was \$11,938,159. The DSRIP fund had a fund balance of \$5,961,750 and the Non-major Capital Projects fund had a fund balance of \$181,714 making a combined Governmental Fund balance of \$18,081,623. As a measure of the Center's liquidity, it may be useful to compare these unassigned and committed fund balances to total General and DSRIP fund expenditures. Unreserved fund balances represent 51.14% of total General Fund expenditures. This is an increase of \$3,999,022 over last year's unassigned fund balance after transfer.

CHC experienced a decrease in revenues this year in the amount of \$2,562,628. This large decrease in revenue is due to the DSRIP project requirements changing from metrics to outcomes and the timing of payments. The decrease in local funding of \$2,512,935 is due to the decrease in DSRIP project revenue of \$2,657,499 and to the increase in local funding in the general fund of \$144,564. State funding increased \$135,665 and Federal funding decreased \$184,805. Changes in the focus of DSRIP funding contributed to a decrease in expenditures of 2,969,781 but an increase of \$1,129,576 in transfers to the General Fund. Major expenditure changes were in the following areas: Mental Health – Adult decreased \$2,690,092, Intellectual and Developmental Disabilities decreased \$139,474, Addiction Treatment Services increased \$58,734, Early Childhood Intervention decreased \$92,013, Administration increased \$791,267 and Mental Health – Child increased \$95,500. Capital outlay decreased \$151,485.

Proprietary funds. CHC's *proprietary fund* provides the same type of information found in the government-wide financial statements.

There was a \$296,619 increase in the Proprietary Fund's net position with a \$496,273 increase in unrestricted funds and a decrease of \$199,654 in capital assets. The Internal Service funds consist of health and life insurance, worker's compensation, building maintenance, information technology and vehicle funds. The Health and Life Fund increased \$282,300, Worker's Compensation decreased \$13,798, Building Maintenance increased \$73,517, and Information Technology decreased \$45,400. The Health and Life Insurance's charges for services were \$3,877,472 while premiums, claims and fees paid (net of reimbursement) were \$3,605,172. In FY18, charges for services were \$5,457,675 or \$1,570,203 more than the current year. In FY18 the goal was to rebuild the needed reserves but after meeting that goal, the charges were lowered in FY19. The total fund balance for these five funds at year end is \$5,126,075 which is \$296,619 more than last year.

GENERAL FUND BUDGETARY HIGHLIGHTS

CHC operated within the approved overall General Fund budget. Some line items fluctuated within the budget.

Revenue was less than the final budget in the amount of \$1,639,885 and expenses were \$1,635,513. These were primarily due to vacant positions of revenue producing staff and the change in funding health care benefits. DSRIP revenue and expense had a variance of only \$894.

General Fund revenue increased \$94,871 over the prior year with local revenue increasing \$144,564 and state revenue increasing \$135,665 while federal revenue decreased \$184,805. Total expense for general fund increased \$842,218 over the prior year. DSRIP revenue decreased \$2,657,499 while expenditures decreased \$2,969,781. The large decrease in DSRIP funding during FY19 is due to changes in the DSRIP program and the timing of payments. Funding moved from meeting metrics during six-month periods and being paid twice yearly to funding outcomes and being paid annually on the previous year's outcomes. DSRIP funds are now transferred into the General Fund to pay for the additional expenses associated with meeting these outcomes. This year DSRIP funds in the amount of \$1,660,359 were transferred into the General Fund. The combined governmental funds resulted in an increase in fund balance of \$4,159,307.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. CHC's investment in capital assets for its governmental activities as of August 31, 2019 is \$2,573,395 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and furniture, and leasehold improvements.

Long-term Debt. The Center has no long-term debt as of August 31, 2019.

Economic Factors and Next Year's Budget and Rate

- Sustainability
- Rate Stagnation
- 1115 Waiver Funding Changes
- Revenue Cycle Management
- Match Requirements
- Cash Flow
- Expansion of Service Array
- Certified Community Behavioral Health Clinics
- Primary Health Clinics
- Assessment Center
- FQHC

- In-House Pharmacy
- Medicaid Managed Care Expansion
- Collaboration and Contractual Agreements with Partnerships
- Upgrading IT
 - Electronic Health Record
 - Business Intelligence
 - Telemedicine Expansion
 - Budget and Forecasting Software
- Provider Recruitment and Compensation Strategies for Remaining Competitive in the Labor Market
- Infrastructure Planning for Future Operations.
- Political and Economic Instability.

The Center continues to pursue new funding sources and the expansion of services through grants. The budget will be adjusted accordingly.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of CHC's finances and its accountability for the money it receives. If you have questions about this report or need additional financial information, contact Community Healthcore, Fiscal Services, P.O. Box 6800, Longview, TX 75608.

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BASIC FINANCIAL STATEMENTS

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SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
STATEMENT OF NET POSITION
AUGUST 31, 2019

	Governmental Activities
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 22,687,947
Investments	492,587
Accounts receivable	396,560
Due from other governments	2,585,049
Prepaid Expenses	186,970
Inventories	6,038
Capital assets, net of accumulated depreciation	2,573,395
	<hr/>
Total Assets	28,928,546
	<hr/>
LIABILITIES	
Accounts payable	823,833
Due to other governments	370,915
Accrued expenses	567,522
Unearned Income	1,742,412
Noncurrent liabilities:	
Due within one year	203,329
Due in more than one year	866,824
	<hr/>
Total Liabilities	4,574,835
	<hr/>
NET POSITION	
Invested in capital assets, net of related debt	2,573,395
Unrestricted	21,780,316
	<hr/>
Total Net Position	\$ 24,353,711
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019

FUNCTIONS/PROGRAMS:	EXPENSES		
	Expenses	Administration Allocation	Expenses After Allocation of Administration
Governmental Activities:			
Mental Health Adult	\$ 15,010,884	\$ 493,371	\$ 15,504,255
Mental Health Children	5,244,289	172,367	5,416,656
Intellectual Developmental Disabilities	7,512,150	246,906	7,759,056
Addiction Treatment Services	3,718,336	122,214	3,840,550
Early Childhood Intervention	2,522,439	82,906	2,605,345
Delivery System Reform Incentive Payments (DSRIP)	218,909	7,201	226,110
Administration	1,124,965	(1,124,965)	-
Total Governmental Activities	\$ 35,351,972	\$ -	\$ 35,351,972

The accompanying notes are an integral part of these financial statements.

PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
		Primary Government	
Charges for Services	Operating Grants and Contributions	Governmental Activities	Total
\$ 4,404,935	\$ 10,001,911	\$ (1,097,409)	\$ (1,097,409)
2,888,175	1,047,307	(1,481,174)	(1,481,174)
5,556,422	1,797,876	(404,758)	(404,758)
1,479,895	2,130,093	(230,562)	(230,562)
1,186,956	1,039,052	(379,337)	(379,337)
4,789,461	-	4,563,351	4,563,351
4,903	1,624,100	1,629,003	1,629,003
<u>\$ 20,310,747</u>	<u>\$ 17,640,339</u>	<u>2,599,114</u>	<u>2,599,114</u>

General Revenues:

Local income	301,712	301,712
Unrestricted investment earnings	44,743	44,743
Gain (loss) on disposal of capital assets	18,524	18,524
Other Income	857,028	857,028
Total General Revenues	<u>1,222,007</u>	<u>1,222,007</u>

Change in Net Position	3,821,121	3,821,121
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Net Position - Beginning of Year	<u>20,532,590</u>	<u>20,532,590</u>
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Net Position - End of Year	<u>\$ 24,353,711</u>	<u>\$ 24,353,711</u>
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The accompanying notes are an integral part of these financial statements.

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2019

	General Fund	DSRIP Fund	Non-major Capital Projects Fund
ASSETS			
Cash and cash equivalents	\$ 11,790,774	\$ 5,961,750	\$ 181,714
Investments	492,587	-	-
Receivables:			
Accounts Receivable	396,560	-	-
Due from other governments	2,585,049	-	-
Prepaid expenses	186,970	-	-
Inventories	6,038	-	-
Total Assets	15,457,978	5,961,750	181,714
LIABILITIES			
Accounts payable	645,962	-	-
Due to other governments	370,915	-	-
Accrued expenses	567,522	-	-
Unearned income	1,742,412	-	-
Total Liabilities	3,326,811	-	-
FUND BALANCES			
Nonspendable Fund Balance:			
Prepaid items and inventories	193,008	-	-
Unassigned Fund Balance	11,938,159	5,961,750	181,714
Total Fund Balances	12,131,167	5,961,750	181,714
Total Liabilities, Deferred Inflows and Fund Balances	\$ 15,457,978	\$ 5,961,750	\$ 181,714

Amounts presented for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources, and, therefore are not reported in the governmental funds.

Internal Service Funds are used by management to charge the costs of health and life insurance, as well as worker's compensation, to individual funds. In addition, the funds are used to charge for the use of maintenance of buildings, vehicles, and information technology equipment and software. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Long-term liabilities for compensated absences are not payable in the current period and, therefore, are not reported in the governmental fund.

Net Position of Governmental Activities

The accompanying notes are an integral part of these financial statements.

**Total
Governmental
Funds**

\$ 17,934,238
492,587

396,560
2,585,049
186,970
6,038
21,601,442

645,962
370,915
567,522
1,742,412
3,326,811

193,008
18,081,623
18,274,631

2,023,158

5,126,075

(1,070,153)

\$ 24,353,711

The accompanying notes are an integral part of these financial statements.

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

	General Fund	DSRIP FUND	NonMajor Capital Projects Fund
REVENUES:			
Local funds	\$ 14,882,937	\$ 4,789,461	\$ -
State programs	14,292,323	-	-
Federal programs	5,360,658	-	-
Interest income	44,743	-	-
Total Revenues	<u>34,580,661</u>	<u>4,789,461</u>	<u>-</u>
EXPENDITURES:			
Current:			
Mental Health-Adult	14,997,420	218,909	-
Mental Health-Children	5,239,586	-	-
Intellectual and Developmental Disabilities	7,505,413	-	-
Addiction Treatment Services	3,715,002	-	-
Early Childhood Intervention	2,520,177	-	-
Administration	1,124,965	-	-
Capital Outlay	37,789	-	-
Total Expenditures	<u>35,140,352</u>	<u>218,909</u>	<u>-</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(559,691)	4,570,552	-
OTHER FINANCING SOURCES:			
Transfers in	1,660,359	-	-
Transfers out	-	(1,660,359)	-
Proceeds from sale of capital assets	148,446	-	-
Total Other Financing Sources	<u>1,808,805</u>	<u>(1,660,359)</u>	<u>-</u>
Net Change in Fund Balance	1,249,114	2,910,193	-
Fund Balance - Beginning of Year	<u>10,882,053</u>	<u>3,051,557</u>	<u>181,714</u>
Fund Balance - End of Year	<u>\$ 12,131,167</u>	<u>\$ 5,961,750</u>	<u>\$ 181,714</u>

The accompanying notes are an integral part of these financial statements.

Total Governmental Funds	
<hr/>	
\$	19,672,398
	14,292,323
	5,360,658
	44,743
	<hr/>
	39,370,122
	<hr/>

	15,216,329
	5,239,586
	7,505,413
	3,715,002
	2,520,177
	1,124,965
	37,789
	<hr/>
	35,359,261
	<hr/>

4,010,861

	1,660,359
	(1,660,359)
	148,446
	<hr/>
	148,446
	<hr/>

4,159,307

	14,115,324
	<hr/>
\$	18,274,631
	<hr/>

The accompanying notes are an integral part of these financial statements.

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balance - Total Governmental Funds (see previous page)	\$ 4,159,307
Long term liabilities, such as compensated absences payable, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. Thus, the change in net position differs from the change in fund balance by the increase in the compensated absences payable.	(29,006)
Internal service funds are used by management to charge costs of health, life, and worker's compensation insurance to individual funds, as well as building, information technology and vehicle usage to individual funds. The change in net position of the internal service fund is reported in the statement of activities.	296,619
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and depreciated over their useful lives. Thus, net position is decreased by the amount by which depreciation exceeded capital outlay in the current period.	(260,322)
In the statement of activities, only the <i>gain or loss</i> on the disposition of assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets retired.	(129,927)
In the statement of activities, retirement plan forfeitures are reported as income in the year incurred, whereas in the governmental funds, only forfeitures that are both measurable and available at year-end are reported.	(215,550)
Change in Net Position of Governmental Activities as Reported in the Statement of Activities	<u>\$ 3,821,121</u>

The accompanying notes are an integral part of these financial statements.

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET -
				POSITIVE
				(NEGATIVE)
LOCAL REVENUES AND EARNED SOURCES:				
City Funds	\$ 3,996	\$ 3,996	\$ -	\$ (3,996)
County Funds	483,924	508,924	517,265	8,341
Client Fees/Insurance	413,722	413,722	442,172	28,450
Miscellaneous Income & Contributions	3,719,235	4,191,029	4,015,029	(176,000)
Sheltered Workshop Production	12,984	12,984	25,131	12,147
Texas Rehabilitation Commission	11,964	11,964	19,034	7,070
Texas Department of Criminal Justice	844,330	781,330	693,228	(88,102)
Title XIX-ICF/MR	1,041,894	1,096,140	1,091,447	(4,693)
Title XIX-HCS/MRLA	1,306,400	1,306,400	1,162,014	(144,386)
Earned Income - Medicaid/Medicare	8,106,174	7,671,319	6,917,617	(753,702)
Total Local Revenues and Earned Sources	15,944,623	15,997,808	14,882,937	(1,114,871)
STATE PROGRAM REVENUES:				
General Revenue	12,249,371	12,186,339	12,078,994	(107,345)
Veterans Services	70,000	70,000	70,000	-
Texas Dept. of State Health Services - OBRA 87	4,502	50,000	58,700	8,700
Early Childhood Intervention	260,781	194,712	166,644	(28,068)
TCOOMMI	484,343	484,343	483,654	(689)
Texas Dept. of State Health Services - Substance Abuse	182,150	281,660	277,594	(4,066)
TDFPS Services to At-Risk Youth	715,000	715,000	679,689	(35,311)
Texas Veterans Commission Mental Health	125,000	135,400	52,232	(83,168)
Fund for Veterans' Assistance	-	-	-	-
Housing for Texas Heroes	208,330	169,000	166,595	(2,405)
Aging and Disability Resource Center	159,866	161,056	155,788	(5,268)
ADRC - Promoting Independence	17,041	15,851	15,328	(523)
Community Mental Health Grant Program - House Bill 13	247,903	136,330	87,105	(49,225)
Total State Program Revenues	14,724,287	14,599,691	14,292,323	(307,368)
FEDERAL PROGRAM REVENUES:				
Texas Dept. of State Health Services - Substance Abuse	1,291,089	1,181,050	1,131,296	(49,754)
Mental Health Block Grant and SSBG XX	990,360	1,058,758	1,017,128	(41,630)
Enhanced Community Coordination	49,160	45,363	47,915	2,552
Medicaid Administrative Claiming (MAC)	931,401	931,401	874,593	(56,808)
Texas Targeted Opioid Response	174,697	153,033	140,537	(12,496)
HUD - Supportive Housing and Project Success	132,816	132,816	134,225	1,409
TDHCA Home	187,764	187,764	277,275	89,511
Community Development Block Grant	-	-	11,502	11,502
City of Longview CDBG	150,000	187,503	172,409	(15,094)
Early Childhood Intervention	953,281	1,019,350	872,408	(146,942)
Aging and Disability Resource Center	82,683	82,683	75,549	(7,134)
SAMHSA	371,659	371,659	351,358	(20,301)
VA Supportive Services for Veteran Families Program	225,636	225,636	236,426	10,790
ACL Respite	21,031	21,031	18,037	(2,994)
Total Federal Program Revenues	5,561,577	5,598,047	5,360,658	(237,389)
Interest Income	25,000	25,000	44,743	19,743
TOTAL REVENUES	\$ 36,255,487	\$ 36,220,546	\$ 34,580,661	\$ (1,639,885)

The accompanying notes are an integral part of these financial statements.

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET -
				POSITIVE
				(NEGATIVE)
EXPENDITURES:				
Personnel	\$ 20,254,445	\$ 19,497,840	\$ 19,491,850	\$ 5,990
Employee benefits	7,202,916	6,573,208	5,407,076	1,166,132
Other:				
Consultation	3,027,450	3,321,155	3,238,162	82,993
Travel	1,156,464	1,215,014	1,107,596	107,418
Consumable supplies:				
Drugs	415,417	409,646	302,172	107,474
Food	288,948	289,319	289,276	43
Other	355,570	367,680	368,707	(1,027)
Furniture, equipment, computer, and software	71,805	80,544	122,715	(42,171)
Furniture and equipment:				
Rental	156,409	158,934	137,584	21,350
Repairs and maintenance	459,900	459,900	376,581	83,319
Building expense:				
Rental	929,097	919,244	837,763	81,481
Repairs and maintenance	698,899	729,006	708,099	20,907
Vehicles - fuel, repairs and maintenance	224,116	227,821	212,273	15,548
Utilities, postage and telephone	877,332	894,200	804,194	90,006
Insurance	198,033	246,671	239,192	7,479
Training and development	174,596	166,044	191,658	(25,614)
Dues and subscriptions	132,798	143,048	120,302	22,746
Miscellaneous	1,308,252	1,038,802	1,147,363	(108,561)
Total Current	37,932,447	36,738,076	35,102,563	1,635,513
Capital outlay	232,776	37,776	37,789	(13)
Total Expenditures	38,165,223	36,775,852	35,140,352	1,635,500
Excess (Deficiency) of Revenues over (under) Expenditures	(1,909,736)	(555,306)	(559,691)	(4,385)
OTHER FINANCING SOURCES:				
Transfers In	1,795,869	1,630,899	1,660,359	29,460
Sale of capital assets	-	148,446	148,446	-
Total Other Financing Sources	1,795,869	1,779,345	1,808,805	29,460
Excess (Deficiency) of Revenues and Other Financing Sources				
Over Expenditures and Other Financing Uses	(113,867)	1,224,039	1,249,114	25,075
Fund Balance - Beginning of Year	10,882,053	10,882,053	10,882,053	-
Fund Balance - End of Year	<u>\$ 10,768,186</u>	<u>\$ 12,106,092</u>	<u>\$ 12,131,167</u>	<u>\$ 25,075</u>

The accompanying notes are an integral part of these financial statements.

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL
DSRIP FUND
FOR THE YEAR ENDED AUGUST 31, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET -
				POSITIVE
				(NEGATIVE)
LOCAL REVENUES AND EARNED SOURCES:				
Earned Income - 1115 Waiver	\$ 4,790,358	\$ 4,790,358	\$ 4,790,357	\$ (1)
Earned Income - Other	-	-	(896)	(896)
Total Revenues	<u>4,790,358</u>	<u>4,790,358</u>	<u>4,789,461</u>	<u>(897)</u>
 EXPENDITURES:				
Miscellaneous	14,797	14,797	14,759	38
Total Current	<u>14,797</u>	<u>14,797</u>	<u>14,759</u>	<u>38</u>
Indirect Expense	204,111	204,111	204,150	(39)
Total Expenditures	<u>218,908</u>	<u>218,908</u>	<u>218,909</u>	<u>(1)</u>
 Excess (Deficiency) of Revenues				
over (under) Expenditures	4,571,450	4,571,450	4,570,552	(898)
 OTHER FINANCING SOURCES:				
Transfers out	(1,520,761)	(1,660,363)	(1,660,359)	4
Total Other Financing Sources	<u>(1,520,761)</u>	<u>(1,660,363)</u>	<u>(1,660,359)</u>	<u>4</u>
 Net Change in Fund Balance	3,050,689	2,911,087	2,910,193	(894)
 Fund Balance - Beginning of Year	<u>3,051,557</u>	<u>3,051,557</u>	<u>3,051,557</u>	<u>-</u>
 Fund Balance - End of Year	<u><u>\$ 6,102,246</u></u>	<u><u>\$ 5,962,644</u></u>	<u><u>\$ 5,961,750</u></u>	<u><u>\$ (894)</u></u>

The accompanying notes are an integral part of these financial statements.

SABINE REGIONAL VALLEY MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
STATEMENT OF NET POSITION
PROPRIETARY FUND
AUGUST 31, 2019

	Governmental Activities Internal Service Funds
	<hr/>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 4,753,709
Total Current Assets	<hr/> 4,753,709 <hr/>
Non-current Assets:	
Equipment	1,247,069
Vehicles	408,413
Less: Accumulated depreciation	(1,105,245)
Total NonCurrent Assets	<hr/> 550,237 <hr/>
Total Assets	<hr/> 5,303,946 <hr/>
LIABILITIES	
Current Liabilities:	
Health claims payable	<hr/> 177,871 <hr/>
Total Current Liabilities	<hr/> 177,871 <hr/>
NET POSITION (DEFICIT)	
Net investment in capital assets	550,237
Unrestricted	<hr/> 4,575,838 <hr/>
Total Net Position (Deficit)	<hr/> \$ 5,126,075 <hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
cba COMMUNITY HEALTHCORE
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED AUGUST 31, 2019

	Governmental Activities Internal Service Funds
Operating Revenues:	
Charges for services	\$ 4,571,908
Total Operating Revenues	<u>4,571,908</u>
Operating Expenses:	
Claims expense, net of reimbursements	2,369,621
Premiums expense	1,265,260
Administrative fees	118,021
Maintenance expense	66,166
Depreciation expense	248,372
Miscellaneous expense	207,849
Total Operating Expenses	<u>4,275,289</u>
Operating Income	<u>296,619</u>
Change in Net Position	296,619
Net Position - Beginning of Year	<u>4,829,456</u>
Net Position (Deficit) - End of Year	<u>\$ 5,126,075</u>

The accompanying notes are an integral part of these financial statements.

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED AUGUST 31, 2019

**Governmental
Activities
Internal
Service Funds**

Cash Flows from Operating Activities:

Receipts from customers and users	\$ 4,571,908
Payments for goods and services	(2,789,422)
Payments to vendors for employee benefits	(1,187,099)
Net Cash Provided by Operating Activities	595,387

Cash flows from capital and related financing activities:

Acquisition of capital assets	(48,718)
Net cash provided (used) by capital and related financing activities	(48,718)

Net Change in Cash and Cash Equivalents	546,669
--	----------------

Cash and Cash Equivalents - Beginning of Year	4,207,040
Cash and Cash Equivalents - End of Year	\$ 4,753,709

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:**

Operating Income	\$ 296,619
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	248,372
Changes in assets and liabilities:	
Decreases in liabilities:	
Accounts payable	50,396
Total Adjustments	298,768
Net Cash Provided by Operating Activities	\$ 595,387

The accompanying notes are an integral part of these financial statements.

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
STATEMENT OF NET POSITION
FIDUCIARY FUND
AUGUST 31, 2019

**Consumer
Agency Fund**

ASSETS

Current assets:

Cash and cash equivalents	\$	24,447
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Total Current Assets		24,447
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Total Assets	\$	24,447
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LIABILITIES

Current liabilities:

Due to consumers	\$	24,447
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Total Current Liabilities		24,447
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Total Liabilities	\$	24,447
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The accompanying notes are an integral part of these financial statements.

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Sabine Valley Regional Mental Health Mental Retardation Center dba Community Healthcore (the “Center”) is a public entity which was established under the provisions of the Texas Mental Health and Mental Retardation Act of 1965. This act provided for the creation of local boards of trustees. The Center’s current board of trustees was appointed by the County Courts of the counties served by the Center to provide community-based mental health, intellectual disability and addiction services in the northeast Texas area.

In determining the financial reporting entity, management has addressed all potential component units for which the Center may be financially accountable and, as such, should be included within the Center’s financial statements. The Center is financially accountable if it appoints a voting majority of an organization’s governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Center. Additionally, the Center is required to consider other organizations for which the nature and significance of their relationship with the Center are such that exclusion would cause the reporting entity’s financial statements to be misleading. 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.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *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 statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, 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 revenue*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, although the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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*, as are the proprietary fund and fiduciary fund financial statements.

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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 Center considers revenue to be available if they are collected within 60 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 compensated absences and claims and judgments, are recorded only when payment is due.

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 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.

The Center reports the following major government funds:

The *general fund* is the primary operating fund of the Center. It accounts for all financial resources of the Center, except those required to be accounted for in another fund.

The *DSRIP fund* is a special revenue fund used to account for the funding received under the 1115 Waiver program, which funds the Center's crisis units.

The Center reports the following proprietary fund type:

Internal service funds – The internal service funds are used to account for health, life and worker's compensation insurance, building and vehicle usage and maintenance, and information technology usage. These services are provided to users within the Center, generally on a cost reimbursement basis.

Additionally, the Center reports the following fiduciary fund type:

Agency fund – This fund includes assets held for clients of the Center. The fund is purely custodial (assets equal liabilities) and does not involve the measurement of the results of operations.

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

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Proprietary funds distinguish *operating* revenue and expenses from *nonoperating* items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Center's internal service funds are fees charged to other funds for employee health benefits, worker's compensation insurance, building use and maintenance, vehicle use and maintenance, and the use of information technology equipment and software. Operating expenses include employee health claims, insurance premiums, related administrative expenses, building maintenance expenses, vehicle purchase and maintenance expenses, and information technology purchases. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Federal Indirect Rate

The Center has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Assets, Liabilities and Net Position/Fund Balance

Cash, Cash Equivalents and Investments

For purposes of the statement of cash flows, cash equivalents include amounts in demand deposits as well as short-term investments (certificates of deposit and money market funds) with a maturity date of three months or less when acquired by the Center.

Investments are stated at fair value.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds (i.e., the non-current portion of interfund loans).

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. 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 currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Center currently does not have any items that qualify for reporting in this category.

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Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption by the various Center operations and are valued at cost on a first-in, first-out basis. The cost of inventory is recorded as expenditure at the time individual inventory items are consumed (consumption method).

Payments made to vendors for services that will benefit periods beyond August 31, 2019, are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant and equipment, 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 or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs 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:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-40
Furniture and equipment	3-10
Vehicles	4-5

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, 2019 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.

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. At present, only the Board is authorized to make fund balance assignments.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

As of August 31, 2019, within the General fund, the board of directors has committed funds for the purpose of acquiring real property in the future.

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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.

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 individual patient service reimbursements are reported as local funds as directed by the Texas Health and Human Services Commission.

Compensated Absences

Accrued vacation is paid to the employees upon termination of employment and is accrued when incurred in the government-wide financial statements. In accordance with Governmental Accounting and Financial Reporting Standards, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. The Center allows employees to earn vacation leave for each month of work performed. Earned, but unused, vacation time can be accrued and carried over to future periods, up to a maximum of 192 hours per employee. The Center accrues its liability for such accumulated unpaid benefits in the government-wide financial statements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column or proprietary fund type statement of net position. The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period, and debt retirements and bond issuance costs are reported as debt service expenditures.

Tax Exempt Status

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 the Center's 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.

Comparative Data

Comparative data for the prior year have been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the Center's financial position and operations.

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II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The Center's annual budgets for the General fund and the DSRIP fund are prepared based on estimated expenditures provided on a unit basis summarized by program category. The budgets are submitted to the Chief Executive Officer and the Board of Trustees, and must have their approval.

The General fund budget must also be approved by the Texas Health and Human Services Commission ("HHSC"). Contract/budget negotiations are scheduled by HHSC, at which time contract performance measures and funding amounts are negotiated. The contract and/or budget is revised to incorporate any modifications agreed upon and resubmitted to HHSC. The final budget is approved by HHSC, generally before the beginning of the new fiscal year.

Budgetary control is maintained at the program level. The Center's management is authorized to transfer budgeted amounts within and among programs. Major revisions are reported to the Board of Trustees.

The total expenditures for the DSRIP Fund exceeded the budgeted amount. The over expenditure is primarily due to indirect expense charged to the DSRIP Fund. When budgeting the board considers the budget of the General Fund and the DSRIP Fund jointly; however, the budgets are presented separately since the DSRIP Fund is maintained as a separate fund. When combined, the total expenditures of the General and DSRIP Funds do not exceed the combined budgeted expenditures.

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III. DETAILED NOTES ON ALL FUNDS

NOTE 1: DEPOSITS AND INVESTMENTS

Custodial Credit Risk for Deposits

The primary stated objective of the Center's adopted Investment Policy is the safety of principal and avoidance of principal loss. Credit risk within the Center's portfolio among the authorized investments approved by the Center's adopted Investment Policy is represented only in time and demand deposits, money market accounts, and SEC registered money market mutual funds. All other investments are rated AAA, or equivalent, by at least one nationally recognized rating.

State law and the Center adopted Investment Policy restricts both time and demand deposits, including certificates of deposit, to those banks doing business in the State of Texas and further requires full insurance and/or collateralized deposits from these depositories (banks and savings banks). Current certificates of deposit have a stated maturity of one year. Collateral, with a 102% margin, is required and collateral is limited to obligations of the US Government, its agencies or instrumentalities. Independent safekeeping is required outside the pledging bank's holding company with monthly reporting. Securities are monitored and priced at market on a daily basis as a contractual responsibility of the bank.

By policy and state law, repurchase agreements are limited to those with defined termination dates executed with a primary dealer (as defined by the Federal Reserve). The agreements require an industry standard written master repurchase agreement and a minimum 102% margin on collateral as well as delivery versus payment settlement and independent safekeeping. Repurchase agreements may not exceed one year to stated maturity except flex repurchase agreements tied to a bond expenditure plan.

The Center's adopted Investment Policy restricts investment in SEC registered mutual funds to money market mutual funds striving to maintain a \$1 net asset value as further defined by state law. Neither state law nor the Policy requires a rating.

The Center has no investments in Money Market Mutual Funds.

Foreign Currency Risk

The Center does not have any deposits or investments denominated in a foreign currency.

The Center categorizes its fair value measurements with the 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. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Center's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Center has no investments subject to the fair value level disclosure.

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Interest Rate Risk for Investments

In order to limit interest and market rate risk from changes in interest rates, the Center's adopted Investment Policy sets a maximum stated maturity date of two years. Longer maturities may be utilized for bond proceeds but only if matched to planned expenditures of the funds.

As of August 31, 2019, the following are the Center's cash and cash equivalents and certificates of deposit classified as investments, including the fiduciary funds, with respective maturities and credit ratings:

Type of Deposit	Fair Value	Percent	Maturity in Less than 1 Year	Maturity in 1-10 Years	Maturity in Over 10 Years	Credit Rating
Cash	\$ 3,959,364	17%	\$ 3,959,364	\$ -	\$ -	N/A
Money Market Accounts	18,753,030	81%	18,753,030	-	-	N/A
Total Cash and Cash Equivalents	<u>22,712,394</u>	<u>98%</u>	<u>22,712,394</u>	<u>-</u>	<u>-</u>	
Investments:						
Certificates of Deposit	<u>492,587</u>	<u>2%</u>	<u>492,587</u>	<u>-</u>	<u>-</u>	N/A
Total Cash and Investments	<u>\$23,204,981</u>	<u>100%</u>	<u>\$ 23,204,981</u>	<u>\$ -</u>	<u>\$ -</u>	
Cash: Governmental Funds	\$22,687,947					
Fiduciary Fund	<u>24,447</u>					
Total Cash and Cash Equivalents	<u>\$22,712,394</u>					

Concentration of Credit Risk

As of August 31, 2019, fully collateralized certificates of deposit represented 2% of the total portfolio (including deposits). Fully collateralized or insured demand deposit or money market accounts represented 98% of the total portfolio.

The allocation of investments shall consider maturity duration, type of investment, liquidity factors, cash-flow timing and degree of risk.

Custodial Credit Risk for Investments

To control custody and safekeeping risk, State law and the Center's adopted Investment Policy requires collateral for all time and demand deposits, as well as collateral for repurchase agreements, be transferred delivery versus payment and held by an independent party approved by the Center and held in the Center's name. The custodian is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including market value. Repurchase agreements and deposits must be collateralized to 102% and be executed under written agreements. Depository agreements are executed under the terms of the United States Financial Institutions Resource and Recovery Enforcement Act. The counter-party of each type transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

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NOTE 2: DUE FROM OTHER GOVERNMENTS

At August 31, 2019, the Center's portfolio contained no repurchase agreements. All pledged bank collateral for demand deposits was held by an independent institution outside the bank's holding company. Certificates of deposits and demand deposits (including money market accounts) were fully secured by FDIC or securities pledged with the exception of one account. Money market mutual funds are considered investments and are not secured by FDIC or by pledged securities.

Due 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, 2019 follows:

Local Funds	
Panola County	\$ 7,000
Rusk County	4,500
Red River	333
Harrison	81,000
MEDICAID/MEDICARE	514,527
Private Insurance	38,078
PAT	98,837
Other	13,462
State Funds	
Aging and Disability Resource Center	40,427
Texas Department of Criminal Justice	229,074
Texas Council on Offenders with Mental Impairments	67,153
Lifespan Respite	14,136
PASSR	69,293
Enhanced Community Coordination	38,264
Mental Health First Aid	14,506
General Mental Health Revenue	239,687
House Bill 13	38,819
Federal Funds	
Aging and Disability Resources	17,364
Texas Department of Family and Protective Services	53,761
Early Childhood Intervention	157,653
Title XIX - HCS	91,939
Medicare Administrative Claiming	326,162
Title XIX - ICF	96,887
SAMHSA	56,708
Support Services for Veterans Families	24,526
Self Employment	49,622
Home Investment Partnership Program	39,167
YES WAIVER	3,425
Texas Targeted Opioid Response Grant	140,537
Mental Health Block Grant - First Episode Psychosis	18,202
	<hr/>
Total Due from other governments	\$ 2,585,049
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NOTE 3: CAPITAL ASSETS

A summary of capital asset activity for the year ended August 31, 2019, is as follows:

	Balance September 1, 2018	Additions	Retirements	Balance August 31, 2019
<u>Governmental Activities</u>				
Non-depreciable assets				
Land	\$ 365,709	\$ -	\$ (55,780)	\$ 309,929
Depreciable assets				
Buildings	4,289,931	-	(408,356)	3,881,575
Furniture and equipment	4,109,228	79,633	(847,203)	3,341,658
Vehicles	965,254	-	-	965,254
Leasehold improvements	354,089	6,878	-	360,967
Total depreciable assets	9,718,502	86,511	(1,255,559)	8,549,454
Less accumulated depreciation for				
Buildings	2,835,745	112,177	(334,214)	2,613,708
Furniture and equipment	3,268,552	232,357	(847,198)	2,653,711
Vehicles	593,136	127,353	-	720,489
Leasehold improvements	223,485	74,595	-	298,080
Total accumulated depreciation	6,920,918	546,482	(1,181,412)	6,285,988
Total capital assets being depreciated, net	2,797,584	(459,971)	(74,147)	2,263,466
Total capital assets, net	\$ 3,163,293	\$ (459,971)	\$ (129,927)	\$ 2,573,395

Depreciation expense was charged to functions/programs of the government-wide statement of activities as follows:

Governmental Activities:	
Mental Health Adult	\$ 141,092
Mental Health Child	39,198
Intellectual and Developmental Disabilities	118,715
Early Childhood Intervention	4,967
Addiction Treatment Services	36,253
Administration	206,257
Total Depreciation expense	\$ 546,482

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NOTE 4: LEASE OBLIGATIONS

The Center rents a number of properties for the use of the Center's operations. Rent expense for the year ended August 31, 2019 was \$837,763. There were no contingent rentals or sublease rentals.

The rental payments required under operating leases are presented as follows:

<u>Years ending August 31,</u>	
2020	\$ 632,983
2021	475,984
2022	258,478
2023	169,532
2024	-
	\$ 1,536,977

NOTE 5: LONG-TERM LIABILITIES

During the year ended August 31, 2019, the following changes occurred in long-term liabilities:

	Balance September 1, 2018	Additions	Retirements	Balance August 31, 2019	Due Within One Year
Governmental Funds:					
Other liabilities:					
Compensated absences	\$ 1,041,147	\$ 1,910,765	\$ (1,881,759)	\$ 1,070,153	\$ 203,329
Total long-term debt	\$ 1,041,147	\$ 1,910,765	\$ (1,881,759)	\$ 1,070,153	\$ 203,329

The compensated absences payable attributable to governmental activities will be liquidated by the Center's General Fund.

NOTE 6: CONCENTRATION OF CREDIT RISK

A substantial portion of the Center's revenue is in the form of performance contracts with the Texas Department of State Health and Human Services. As a result, the Center's overall operations are contingent upon future funding by these Departments.

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NOTE 7: DEFERRED COMPENSATION PLAN

The Center offers its employees a Deferred Compensation Plan (the Plan) consistent with Internal Revenue Code Section 457(a). Vesting in the Plan is immediate with plan asset ownership remaining with the Plan until the employee terminates employment, retires or meets IRS hardship requirement. Employees may contribute voluntarily to the Plan an amount not to exceed the lesser of 100% of annual salary or IRS maximum annual contributions allowed. ISC Group, Inc. is the Plan's fiduciary investment advisor and American United Life insurance Company (One America) is the Plan's third party administrator, record-keeper and custodian. All investments of the Plan are managed by One America under one of several investment options, or a combination thereof. The choice of the investment option(s) is made by the participants. The employee contributions to the Plan are forwarded directly to the Plan's administrator. The Center has no control or ability to remove the funds from the Plan. All transactions are conducted directly between the employees and the Plan administrator. As a result of the Small Business Protection Act of 1996, all employee contributions placed in the 457 retirement plan are assets of the Plan and are protected from creditors of the Center.

NOTE 8: RETIREMENT PLAN

The Center contributes to the TCRP/Sabine Valley Regional MHMR Center Retirement Plan (the 401(a) Plan) which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individuals' accounts are to be determined instead of specifying the amount of benefits that individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's accounts, and the returns earned on investments of those contributions.

The Center's 401(a) Plan fiduciary investment advisor is ISC Group, Inc. and American United Life insurance Company (One America) is the 401(a) Plan's third party administrator, record-keeper and custodian. All full-time employees of the Center participate in the 401(a) Plan from the date they are hired. Contributions made by the Center begin to vest after two years of full-time employment, with full vesting at six years of full-time employment. An employee who leaves the employment of the Center is entitled to the Center's contributions to the extent vesting requirements are satisfied. The Center is required to contribute an amount equal to 3% of all eligible employees' gross earnings. In addition, based on employee voluntary contributions to the 457 Plan, the Center also contributes a matching contribution up to an additional 6% of each employee's gross earnings into the 401(a) Plan.

During the year, the Center contributed \$1,093,501 and employees contributed \$686,144. For year ended August 31, 2019, forfeitures reduced the Center's pension expense by \$143,361 and Retirement Plan's administration fees were \$58,937.

Employees do not contribute to the 401(a) Plan. However, employees are allowed to direct the allocation of the investment of the employer contributions and earnings in their individual accounts among three investment templates provided by One America.

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NOTE 9: TRANSFERS

In prior years, DSRIP funding was earned by meeting project metrics but for future years, Community Healthcore must earn DSRIP funds by meeting outpatient outcome measures. In order to prepare for these changes, DSRIP funds in the amount of \$1,660,359 were transferred into the General Fund to cover these additional costs.

NOTE 10: CONTINGENCIES

The Center has participated in a number of state and federally assisted grant programs, Medicare, and Medicaid programs. These programs are subject to financial and compliance audits by the grantors or their representatives and regulatory authorities. The purpose of the 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 the result of these audits would not 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.

For fiscal years 2014 through 2019, the Center has funded 80% of worker's compensation premiums up front (assessed Texas Council Risk Management Fund based on the standard contribution for that year). Based on actual claims for those years, TCRMF can later assess up to 100% of those years' standard contribution. Thus, the Center has contingencies relating to worker's compensation claims for plan years 2014 through 2019 until the plan years have been declared closed. The maximum exposure for such open plan years, which represents the difference between contributions paid in and the maximum contribution for those plan years, is \$287,471. Based on the claim activity for those years, management does not believe additional assessments will be made and thus, no accrual has been made.

From time to time, the Center is involved in various claims and legal actions arising in the ordinary course of operations. Management believes, after consultation with legal counsel, the Center has adequate insurance coverage to mitigate their risk and believes the ultimate disposition of these matters will not have a material effect on the Center's financial position.

NOTE 11: EMPLOYEE HEALTH INSURANCE FUND

The employees of the Center are covered by a self-insured medical plan. The Center contributed \$800 per month from September, 2018 through April, 2019, \$0 per month in May and June, 2019, and \$400 per month in July and August, 2019 for each eligible employee. Employees are responsible for dependent coverage. The Center provides coverage for long-term disability and life/accidental death or dismemberment. Other optional insurance coverage for cancer, dental and vision is paid by employees through authorized payroll withholding.

The combined contributions for plan expenses are deposited into a separate account with Chase Bank. Administrative costs and allowable medical expenses are paid from this account. The Plan is accounted for through the internal service fund, Health and Life Insurance Fund. The plan is documented by contractual agreement renewable September 1st.

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The Center is protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage. Stop-loss coverage generally is in effect for individual claims exceeding \$100,000 and for annual aggregate loss of \$3,065,755.

Estimates of claims payable and of claims incurred but not reported at August 31, 2019 are reflected as benefits payable in the accompanying financial statements and are based on claims payout subsequent to year end. Claim activity for the years ended August 31, 2019 and 2018 are as follows:

	2019	2018
Accrued claims, beginning of year	\$ 113,992	\$ 250,383
Claims incurred, net of reimbursements	2,325,932	2,092,815
Claims paid	<u>(2,277,480)</u>	<u>(2,229,206)</u>
Accrued claims, end of year	<u>\$ 162,444</u>	<u>\$ 113,992</u>

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; doctors' malpractice; and natural disasters. The Center's workers' compensation, property, liability and automobile physical damage losses are covered under a partially self-funded insurance pool managed by the Texas Council Risk Management Fund. The premiums paid by the Center are based upon a three year historical loss average. Premiums are adjusted annually. The maximum amounts eligible to be paid by the pool are as follows: workers' compensation – statutory amount; automobile liability – \$1,000,000 per claim limit of liability; general liability – \$1,000,000 per claim limit of liability and \$1,000,000 annual aggregate; professional liability and errors and omissions liability – \$1,000,000 per claim limit of liability and \$3,000,000 annual aggregate; real and personal property coverage – replacement cost; other property coverage – actual cash value; automobile physical damage – actual cash value. The Center is responsible for all claims exceeding the maximum amounts to be paid by the pool. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding the maximum amounts to be paid by the pool in any of the past three fiscal years.

The Center also obtained the following optional insurance coverage: public employee dishonesty, theft or forgery - \$100,000; computer fraud and theft of client property - \$25,000 per occurrence; cyber liability – annual aggregate \$5,000,000; and public employee dishonesty bond - \$500,000 per employee.

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OTHER SUPPLEMENTARY INFORMATION

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COMBINING FUND FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units on a cost reimbursement basis.

Health and Life Insurance Fund - The Health and Life Insurance fund is utilized to provide a means to self-insure portions of the Center's health claims. Stop-loss insurance policies are in effect to limit the exposure of the Center to excess claims.

Worker's Compensation Fund - The Worker's Compensation fund is utilized to account for the Center's worker's compensation insurance.

Building Maintenance Fund - The Building Maintenance fund is utilized to account for the fees charged to the individual units within the Center for the use and maintenance of the buildings.

Information Technology Fund - The Information Technology fund is utilized to account for the purchases of information technology equipment and software and the fees charged to the units within the Center for the use of the equipment.

Vehicle Fund - The Vehicle fund is utilized to account for the purchases and maintenance of vehicles and the fees charged to the units within the Center for the use of the vehicles.

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
COMBINING STATEMENTS OF NET POSITION
INTERNAL SERVICE FUNDS
AUGUST 31, 2019

	Health and Life Insurance	Worker's Compensation	Building Maintenance
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,500,793	\$ 373,861	\$ 311,588
Total current assets	<u>2,500,793</u>	<u>373,861</u>	<u>311,588</u>
Noncurrent assets:			
Equipment	-	-	-
Vehicles	-	-	-
Less: accumulated depreciation	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>2,500,793</u>	<u>373,861</u>	<u>311,588</u>
LIABILITIES			
Current liabilities:			
Health claims payable	162,444	15,427	-
Total current liabilities	<u>162,444</u>	<u>15,427</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	-	-	-
Unrestricted	2,338,349	358,434	311,588
Total net position	<u>\$ 2,338,349</u>	<u>\$ 358,434</u>	<u>\$ 311,588</u>

Information Technology	Vehicle Fund	Total
<u>\$ 717,216</u>	<u>\$ 850,251</u>	<u>\$ 4,753,709</u>
<u>717,216</u>	<u>850,251</u>	<u>4,753,709</u>
1,247,069	-	1,247,069
-	408,413	408,413
<u>(846,581)</u>	<u>(258,664)</u>	<u>(1,105,245)</u>
<u>400,488</u>	<u>149,749</u>	<u>550,237</u>
<u>1,117,704</u>	<u>1,000,000</u>	<u>5,303,946</u>
-	-	177,871
<u>-</u>	<u>-</u>	<u>177,871</u>
400,488	149,749	550,237
717,216	850,251	4,575,838
<u>\$ 1,117,704</u>	<u>\$ 1,000,000</u>	<u>\$ 5,126,075</u>

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Health and Life Insurance</u>	<u>Worker's Compensation</u>	<u>Building Maintenance</u>
OPERATING REVENUES			
Charges for services	\$ 3,887,472	\$ 133,932	\$ 139,683
Total operating revenues	<u>3,887,472</u>	<u>133,932</u>	<u>139,683</u>
OPERATING EXPENSES			
Claims expense, net of reimbursements	2,369,621	-	-
Premiums expense	1,117,530	147,730	-
Administrative fees	118,021	-	-
Maintenance expense	-	-	66,166
Depreciation expense	-	-	-
Miscellaneous expense	-	-	-
Total operating expenses	<u>3,605,172</u>	<u>147,730</u>	<u>66,166</u>
OPERATING INCOME (LOSS)	282,300	(13,798)	73,517
CHANGE IN NET POSITION	<u>282,300</u>	<u>(13,798)</u>	<u>73,517</u>
TOTAL NET POSITION, BEGINNING	<u>2,056,049</u>	<u>372,232</u>	<u>238,071</u>
TOTAL NET POSITION, ENDING	<u><u>\$ 2,338,349</u></u>	<u><u>\$ 358,434</u></u>	<u><u>\$ 311,588</u></u>

Information Technology	Vehicle Fund	Total
\$ 333,758	\$ 77,063	\$ 4,571,908
333,758	77,063	4,571,908
-	-	2,369,621
-	-	1,265,260
-	-	118,021
-	-	66,166
171,309	77,063	248,372
207,849	-	207,849
379,158	77,063	4,275,289
(45,400)	-	296,619
(45,400)	-	296,619
1,163,104	1,000,000	4,829,456
\$ 1,117,704	\$ 1,000,000	\$ 5,126,075

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
COMBINING STATEMENTS OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

	Health and Life Insurance	Worker's Compensation	Building Maintenance
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 3,887,472	\$ 133,932	\$ 139,683
Payments for goods and services	(2,369,621)	(145,786)	(66,166)
Payments to vendors for employee benefits	(1,187,099)	-	-
Net cash provided by (used in) operating activities	<u>330,752</u>	<u>(11,854)</u>	<u>73,517</u>
CAPITAL AND RELATED FINANCING			
Acquisition of capital assets	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	330,752	(11,854)	73,517
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,170,041</u>	<u>385,715</u>	<u>238,071</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 2,500,793</u></u>	<u><u>\$ 373,861</u></u>	<u><u>\$ 311,588</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ 282,300	\$ (13,798)	\$ 73,517
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	-	-
Change in assets and liabilities:			
Increase (Decrease) in liabilities:			
Accounts payable	48,452	1,944	-
Total adjustments	<u>48,452</u>	<u>1,944</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u><u>\$ 330,752</u></u>	<u><u>\$ (11,854)</u></u>	<u><u>\$ 73,517</u></u>

Information Technology	Vehicle Fund	Total
\$ 333,758	\$ 77,063	\$ 4,571,908
(207,849)	-	(2,789,422)
-	-	(1,187,099)
125,909	77,063	595,387
(48,718)	-	(48,718)
(48,718)	-	(48,718)
77,191	77,063	546,669
640,025	773,188	4,207,040
\$ 717,216	\$ 850,251	\$ 4,753,709
\$ (45,400)	\$ -	\$ 296,619
171,309	77,063	248,372
-	-	50,396
171,309	77,063	298,768
\$ 125,909	\$ 77,063	\$ 595,387

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**CAPITAL ASSETS USED IN THE OPERATON
OF GOVERNMENTAL FUNDS**

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SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
AUGUST 31, 2019

GOVERNMENTAL FUNDS CAPITAL ASSETS

LAND	\$ 309,929
BUILDINGS	3,881,575
FURNITURE & EQUIPMENT	2,094,589
VEHICLES	556,841
LEASEHOLD IMPROVEMENTS	<u>360,967</u>
TOTALS GOVERNMENTAL FUNDS CAPITAL ASSETS	<u><u>\$ 7,203,901</u></u>

INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE

GENERAL FUND	\$ 6,653,833
CAPITAL PROJECTS FUND	<u>550,068</u>
TOTAL INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS	<u><u>\$ 7,203,901</u></u>

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION
AUGUST 31, 2019

Function	Land	Buildings	Furniture & Equipment	Vehicles	Leasehold Improvements	Total
Mental Health	44,604	676,497	882,370	280,633	137,112	2,021,216
Intellectual and Developmental Disabilities	45,055	844,693	117,223	223,711	157,909	1,388,591
Early Childhood Development	5,891	127,743	11,615	-	-	145,249
Addiction Treatment Services	39,862	445,762	166,271	26,963	39,681	718,539
Administrative	174,517	1,786,880	917,110	25,534	26,265	2,930,306
Total Governmental Fund Capital Assets	309,929	3,881,575	2,094,589	556,841	360,967	7,203,901

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
FOR THE YEAR ENDED AUGUST 31, 2019

Function	Governmental Fund Capital Assets September 1, 2018	Additions	Retirements	Adjustments	Governmental Fund Capital Assets August 30, 2019
Mental Health	\$ 2,625,120	\$ 37,789	\$ (73,067)	\$ (568,626)	\$ 2,021,216
Intellectual and Developmental Disabilities	1,439,400	-	(92,174)	41,365	1,388,591
Early Childhood Development	182,320	-	(26,693)	(10,378)	145,249
Addiction Treatment Services	799,422	-	(34,526)	(46,357)	718,539
Administrative	2,954,664	-	(608,354)	583,996	2,930,306
Total Governmental Fund Capital Assets	<u>\$ 8,000,926</u>	<u>\$ 37,789</u>	<u>\$ (834,814)</u>	<u>\$ -</u>	<u>\$ 7,203,901</u>

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**STATISTICAL SECTION
(UNAUDITED)**

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SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
SCHEDULE OF REVENUE AND EXPENDITURES BY SOURCE OF FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019
(UNAUDITED)

Fund Source	Total Revenue	Total Mental Health Adult Expenditures	Total Mental Health Children Expenditures	Total Intellectual Disability Expenditures	Total Other Expenditures	Total Center Expenditures	Revenue Over Expenditures
<u>Objects of Expense:</u>							
Personnel	\$ 17,206,813	\$ 7,072,290	\$ 1,917,131	\$ 2,626,115	\$ 5,591,277	\$17,206,813	\$ -
Employee Benefits	4,804,444	1,853,488	560,701	802,557	1,587,698	4,804,444	-
Professional & Consultant Services	3,143,437	1,260,207	271,092	284,189	1,327,949	3,143,437	-
Travel and Training	1,139,353	409,272	111,243	179,775	439,063	1,139,353	-
Debt Service	-	-	-	-	-	-	-
Capital Outlay	37,789	23,283	7,154	-	7,352	37,789	-
Non-Capitalized Equipment	110,232	49,246	12,965	10,171	37,850	110,232	-
Pharmaceutical Expense	302,172	291,549	10,623	-	-	302,172	-
Pharmaceutical Expense (PAP only)	1,184,646	1,184,646	-	-	-	1,184,646	-
Other Operating Expenses	4,246,049	460,052	421,518	995,078	2,369,401	4,246,049	-
Allocated General Administration	4,091,778	1,483,723	440,244	653,054	1,514,757	4,091,778	-
Allocated Authority Administration	227,639	131,064	38,888	57,687	-	227,639	-
Total Expenditures	\$ 36,494,352	\$ 14,218,820	\$ 3,791,559	\$ 5,608,626	\$ 12,875,347	\$36,494,352	\$ -

<u>Method of Finance:</u>							
General Revenue - Mental Health	\$ 10,328,398	\$ 9,206,163	\$ 1,122,235	\$ -	\$ -	\$10,328,398	\$ -
General Revenue - Intellectual Disability	1,878,902	-	-	1,878,902	-	1,878,902	-
Mental Health Block Grant	558,876	-	558,876	-	-	558,876	-
Title XX - TANF	312,901	-	312,901	-	-	312,901	-
Title XX - Social Services Block Grant	86,969	86,969	-	-	-	86,969	-
New Generation Medications	-	-	-	-	-	-	-
Other General Revenue	276,834	-	-	-	276,834	276,834	-
HCS, ICFMR, TxHmL and other Waiver	2,315,275	-	-	2,315,275	-	2,315,275	-
Other Federal Funds	11,227,986	1,132,224	754,419	512,738	8,828,605	11,227,986	-
Other State Agencies	5,081,834	-	-	234,211	4,847,623	5,081,834	-
Required Local Match	778,658	483,568	179,461	115,629	-	778,658	-
Additional Funds	3,647,719	3,309,896	863,667	613,685	(1,139,529)	3,647,719	-
Total Expended Sources	\$ 36,494,352	\$ 14,218,820	\$ 3,791,559	\$ 5,670,440	\$ 12,813,533	\$36,494,352	\$ -

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
RECONCILIATION OF TOTAL REVENUE TO FOURTH QUARTER FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2019
(UNAUDITED)

	Revenue			Audited
	CARE REPORT III	Additions	Deletions	Financial Statements
<u>Local Sources</u>				
City Government Tax Funds	\$ -	\$ -	\$ -	-
County Government Tax Funds	517,265	-	-	517,265
Client Fees and Insurance	2,878,489	-	-	2,878,489
Miscellaneous Income and Contributions	887,308	4,208,862 a	-	5,096,170
Sheltered Workshop Production	25,131	-	-	25,131
PASRR Dayhab	180,279	-	-	180,279
Texas Rehabilitation Commission	19,034	-	-	19,034
Texas Department of Criminal Justice	693,228	-	-	693,228
Title XIX - ICF/MR	1,091,447	-	-	1,091,447
Title XIX - HCS/MRLA & Title XIX - TxHmL	1,162,014	-	-	1,162,014
Patient Assistance Program	1,184,646	-	(1,184,646) b	-
Earned Income - Medicaid/Medicare	3,262,218	-	-	3,262,218
Total Local Sources	11,901,059	4,208,862	(1,184,646)	14,925,275
<u>State General Revenue</u>	12,467,745	-	-	12,467,745
<u>Other State Sources</u>				
Home Grant	277,275	-	-	277,275
Texas Veteran's Commission	166,595	-	-	166,595
Texas Veteran's Commission Mental Health Grant	52,232	-	-	52,232
YES! Waiver	61,814	-	-	61,814
TDPRS Services to At-Risk Youth	679,689	-	-	679,689
Early Childhood Intervention	223,188	-	-	223,188
Texas Council Offenders w Mental Impairments	483,654	-	-	483,654
Texas Dept of State Health Services-Sub Abuse	158,055	-	-	158,055
Total State Program Revenues	2,102,502	-	-	2,102,502
<u>Federal Sources</u>				
Texas Dept of State Health Services - Substance Abuse	1,278,809	-	-	1,278,809
MAC Medicaid Administrative Claiming	874,593	-	-	874,593
Medicaid 1115 Transformation Waiver	4,789,462	-	-	4,789,462
HUD - Supported Housing	188,019	-	-	188,019
Mental Health Block Grant and SSBG XX	958,746	-	-	958,746
Early Childhood Intervention	815,864	-	-	815,864
Enhanced Community Coordination	47,915	-	-	47,915
SAMSHA Integration Grant	351,358	-	-	351,358
Community Living Grant	172,409	-	-	172,409
ADRC	171,116	-	-	171,116
ADRC Respite	18,037	-	-	18,037
Medicare Improvements for Patients and Providers Act	8,644	-	-	8,644
Money Follows the Person	16,617	-	-	16,617
Housing Navigator	50,288	-	-	50,288
VA Supportive Services for Veteran Families Program	236,426	-	-	236,426
Total Federal Program Revenues	9,978,303	-	-	9,978,303
<u>Interest on Investments</u>	44,743	-	-	44,743
TOTAL REVENUE	\$ 36,494,352	\$ 4,208,862	\$ (1,184,646)	\$ 39,518,568

a - Revenue in excess of allowable expenditures

b - PAP drugs used

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
RECONCILIATION OF TOTAL EXPENDITURES TO FOURTH QUARTER FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2019
(UNAUDITED)

OBJECT OF EXPENDITURES	Expenditures				Audited Financial Statements
	CARE REPORT III	Additions	Deletions		
Personnel	\$ 19,468,361	\$ 23,493	b \$ -		\$ 19,491,854
Employee Benefits	5,400,509	6,570	b -		5,407,079
Professional & Consultant Services	3,237,392	769	b -		3,238,161
Training and Travel	1,237,078	3,908	b -		1,240,986
Debt Service	-		-		-
Capital Outlay	37,789		-		37,789
Non-Capitalized Equipment	122,715		-		122,715
Pharmaceutical Expense	302,172		-		302,172
Pharmaceutical Expense (PAP only)	1,184,646		(1,184,646)	a	-
Other Operating Expense	5,503,690	14,815	b		5,518,505
Total Expenditures	\$ 36,494,352	\$ 49,555	\$ (1,184,646)		\$ 35,359,261

a. PAP drugs used

b. Unallowable expenditures

**SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
COMMUNITY HEALTHCORE
INDIRECT AND ADMINISTRATIVE COST SCHEDULE
YEAR ENDED AUGUST 31, 2019**

<u>Expenditure Category</u>	<u>Total Costs</u>	<u>Nonallowable Costs</u>	<u>Depreciation</u>	<u>Total Adjusted Costs</u>	<u>Direct Costs</u>	<u>Indirect Costs</u>
Salaries	\$ 19,491,854	\$ -	\$ -	\$ 19,491,854	\$ 17,218,405	\$ 2,273,449
Fringe	5,407,079	-	-	5,407,079	4,807,716	599,363
Capital Outlay	37,789	37,789	-	-	-	-
Debt Service	-	-	-	-	-	-
Depreciation	-	-	298,111	298,111	240,923	57,188
Other Operating Expenses	10,422,539	234,557	-	10,187,982	9,478,765	709,217
TOTAL EXPENSES	\$ 35,359,261	\$ 272,346	\$ 298,111	\$ 35,385,026	\$ 31,745,809	\$ 3,639,217

Indirect Costs	\$ 3,639,217
Direct Costs	\$ 31,745,809

INDIRECT RATE	11.46%
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SABINE VALLEY RETIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
SCHEDULE OF LEASES IN EFFECT
FOR THE YEAR ENDED AUGUST 31, 2019
(UNAUDITED)

Lessor	Description/Location	Period	Terms
Barnwell, Howard & Kathey	1008 N. Louise, Atlanta, TX	9/1/2018 - 8/31/2020	\$ 1,550.00/month
Christus St Michael Hospital #1	1007 S. Williams, Atlanta, TX	9/1/2018 - 1/31/2020	17,811.11/month
Dwade Clay Reinsch	1307 Fairhaven	9/1/2018 - 10/31/2018	1,000.00/month
Federali, LTD #1	1300 Sixth Street, Longview, TX	9/1/2018 - 12/31/2018	7,749.00/month
Federali, LTD #1	1300 Sixth Street, Longview, TX	1/1/2019 - 8/31/2021	8,179.50/month
Federali, LTD #2	950 N. Fourth Street, Longview, TX	9/1/2018 - 12/31/2018	5,134.99/month
Federali, LTD #2	950 N. Fourth Street, Longview, TX	1/1/2019 - 8/31/2021	5,342.25/month
GAHC3 Griffin-American Healthcare	Medical Plaza 1, Suite 3 Longview, TX	9/1/2018 - 1/31/2019	9,423.75/month
GAHC3 Griffin-American Healthcare	Medical Plaza 1, Suite 3 Longview, TX	2/1/2019 - 1/31/2023	9,706.46/month
Lane-Bell Partnership	1911 Galleria Oaks Dr., Texarkana, TX	9/1/2018 - 7/2/2023	11,000.00/month
Regional Community Connections One	501 Pine Tree Rd, Suites G-4, G-7 Longview, TX	9/1/2018 - 8/31/2019	841.81/month
Regional Community Connections One	501 Pine Tree Rd, Suites U-16 Longview, TX	9/1/2018 - 8/31/2019	677.89/month
Regional Community Connections One	501 Pine Tree Rd, Storage Closet Longview, TX	9/1/2018-8/31/2019	50.00/month
Texarkana College	2435 College Dr, Texarkana, TX	9/1/2018 - 12/31/2018	10,780.00/month
Texarkana College	2435 College Dr, Texarkana, TX	1/1/2019 - 12/31/2021	2,500.00/month
Tyler Highland Centre, LLC	4603 Troup Hwy, Tyler, TX	9/1/2018 - 8/31/2019	1,850.00/month
Tyler Highland Centre, LLC	4609 Troup Hwy, Tyler, TX	9/1/2018 - 8/31/2019	1,000.00/month
Verian Investments	114 Jordan Plaza Tyler, TX	9/1/2018 - 12/31/2018	6,779.38/month
JP TYLER, LLC (Wildcat Real Estate)	114 Jordan Plaza Tyler, TX	1/1/2019 - 1/31/2019	6,779.38/month
Wildcat Real Estate, LP (formerly JP Tyler)	114 Jordan Plaza, Tyler, TX	2/1/2019 - 1/31/2021	7,049.10/month

**SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
SCHEDULE OF SPACE OCCUPIED IN A STATE OWNED FACILITY
FOR THE YEAR ENDED AUGUST 31, 2019
(UNAUDITED)**

The Center occupied no state owned facilities.

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
SCHEDULE OF INSURANCE IN FORCE
AUGUST 31, 2019
(UNAUDITED)

Insurer	Policy Period	Coverage	Limit or Amounts
Texas Council Risk Management Fund	9/1/18-8/31/19	Automobile Physical Damage	Cash Value
Texas Council Risk Management Fund	9/1/18-8/31/19	General Liability	\$1,000,000 per Claim Limit \$1,000,000 Annual Aggregate
Texas Council Risk Management Fund	9/1/18-8/31/19	Property Coverage	Coverage Basis - All Risk Valuation Method for Loss Adjustment; Real and Personal Property - Replacement Cost; Other - Actual Cash Value
Texas Council Risk Management Fund	9/1/18-8/31/19	Automobile Liability Coverage	\$1,000,000 per Occurrence
Texas Council Risk Management Fund	9/1/18-8/31/19	Workers Compensation	Statutory
Texas Council Risk Management Fund	9/1/18-8/31/19	Professional Liability	\$1,000,000 per Claim Limit; \$3,000,000 Annual Aggregate
Texas Council Risk Management Fund	9/1/18-8/31/19	Errors and Omissions	\$1,000,000 per Claim Limit; \$3,000,000 Annual Aggregate
Texas Council Risk Management Fund	9/1/18-8/31/19	Crime Coverage	Public Emp'e Dishonesty, Theft, & Forgery - \$100,000; Computer Fraud & Theft of Client Property - \$25,000 per Occurrence
JJ Special Risks Insurance Agency	9/1/18-8/31/19	Cyber Liability Policy	Annual Aggregate \$5,000,000
JJ Special Risks Insurance Agency	9/1/18-8/31/19	Public Employee Dishonesty Bond	\$500,000 per Employee

**SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
SCHEDULE OF BONDED EMPLOYEES
FOR THE YEAR ENDING AUGUST 31, 2019
(UNAUDITED)**

The Center is covered by a blanket bond.

Surety company	Ji Special Risks Insurance - The Hartford Company
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Amount of Bond	\$500,000 per employee
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Scope of coverage	Employee dishonesty bond
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SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
SCHEDULE OF PROFESSIONAL AND CONSULTING FEES AND CONTRACTED PROVIDER SERVICES
FOR THE YEAR ENDED AUGUST 31, 2019
(UNAUDITED)

Name	City	Type of Service	Amount
Alzheimer's Alliance of Smith County	Tyler, TX	Respite Care	\$ 1,994
A-Plus Lawn & Lighting LLC	Longview, TX	Professional Services	560
Aramark Corporation	Chicago, IL	Patient Meals	11,991
ARC of Gregg County	Longview, TX	Day Hab Services	13,252
Arianna Wright	Longview, TX	Professional Services	3,631
Athena Mask	Kilgore, TX	Therapy	4,527
Autism Response Team of Texas	Tyler, TX	ABA Training	22,851
Avail Solutions	Corpus Christi, TX	Crisis Line	156,000
Barbara Morgan LCSW	Gilmer, TX	Professional Services	2,955
Bautista's Lawn Care	Longview, TX	Professional Services	220
Best Friends Community Service	Grapeland, TX	Training	195,225
Betty Warren	Linden, TX	Foster Care	14,605
Beverly Sable	Big Sandy, TX	Foster Care	11,133
Bo Keeling PLLC	Tyler, TX	Physical Therapist	70,075
Bobbie Gilbert	Hooks, TX	Foster Care	17,243
Brenda or Danny Jones	Texarkana, TX	Foster Care	3,023
Brett Abernethy MD PLLC	McKinney, TX	Physician	206,110
Burke/MHFA	Lufkin, TX	Professional Services	28,116
Chelsea Etheridge	Tyler, TX	Therapy	9,115
Cherita Johnson	Longview, TX	Foster Care	16,997
Choice Solutions, LLC	Overland Park, KS	TT Strategies Consultant	1,485
Claim.MD Inc	Pecos, NM	Monthly Subscription	2,123
Clara Pirtle	Wake Village, TX	Foster Care	18,575
Clear Impact LLC	Rockwall, MD	Site Evaluation	2,000
Cynergy Technology	Longview, TX	Professional Services	375
Cynthia Owens	Marshall, TX	Foster Care	16,997
Dallas Behavioral Healthcare	Corona, TX	Behavioral Services	18,000
David R Lamb, Architect	Texarkana, TX	Architectural Services	4,527
Dayspring Therapeutic	Marshall, TX	Equestrian Therapy	4,598
Diversified Psychological	Longview, TX	Counseling	15,683
Don Cook	Texarkana, TX	Foster Care	25,254
Dorothy Hazelwood	Longview, TX	Foster Care	16,997
DP Nutrition, LLC	Tyler, TX	Nutritionist	38,683
East Texas Speech Service	Longview, TX	Speech Therapy Services	43,748
Elite Shareholders LLC	Tyler, TX	Securiy	19,792
Emmanuel Residential	White Oak, TX	Day Hab Services	2,148
Emplify Inc	Fishers, IN	Employee Engagement Initiative	27,400
ETBHN/Burke Center	Lufkin, TX	Medical & Pharmacy Services	76,416
ETCIL - East Texas Center	Tyler, TX	ADRC Outreach Coordination	8,475
ETMC- TYLER	Tyler, TX	Crisis Residential Services	48,500
Expert Business Writing	Longview, TX	E3 Applicant Website	310
Express Services, Inc.	Dallas, TX	Staffing Agency	103,383
Fisher Institute of Trauma	Gilmer, TX	Clinical Supervision	100
FLAIR DATA SYSTEMS	Plano, TX	Professional Services-Firmware Migration	600

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
SCHEDULE OF PROFESSIONAL AND CONSULTING FEES AND CONTRACTED PROVIDER SERVICES
FOR THE YEAR ENDED AUGUST 31, 2019
(UNAUDITED)

Name	City	Type of Service	Amount
Florine Thomas	Deberry, TX	Foster Care	\$ 16,997
Forbes & Butler	Longview, TX	Marketing	1,040
Fran Ruben	Marshall, TX	Foster Care	6,718
Gerald or Maxine Waldon	Overton, TX	Foster Care	34,485
Glen Oaks Hospital	Greenville, TX	Psychiatrist Services	62,150
Greystar Security Services	Garland, TX	Security	103,056
Harriett Prine	Henderson, TX	Foster Care	15,778
Harrison Co Judge Office	Marshall, TX	Professional Services	81,000
Heather Finnigan	Encino, CA	Speaker	4,457
ION Security and Investigation	Longview, TX	Security	27,812
Jackie Keith	Alto, TX	Behavioral Services	13,904
Janice Manning	Marshall, TX	Foster Care	16,997
Jasmon Kelly	Longview, TX	Foster Care	15,778
Jessie or Billy O'Neal	Longview, TX	Foster Care	16,997
Jill Kirkpatrick	Tyler, TX	Professional Services	19,985
Jo Salmon, dba Salmon Nutrition Concepts	Longview, TX	Nutritionist	325
John Barrett III	New Boston, TX	Foster Care	16,997
JSA Health Corp	Houston, TX	Telemedicine	359,008
Karen Martz	Longview, TX	Foster Care	15,778
Karen Miller	Lindale, TX	Speech Therapy Services	16,100
Katherine Glover	Longview, TX	Foster Care	16,997
Kathy McClain	Logansport, LA	Occupational Therapy	19,958
Kelley or Kelsey Coleman	Texarkana, TX	Foster Care	37,150
Kevin Nolting Consulting LLC	Austin, TX	Business Consultant	12,600
Kidz First Therapy	Longview, TX	Children's Physical Therapy	60,626
Language Line Services Inc	Dallas, TX	Speech Therapy Services	2,152
Linda Jett	Texarkana, TX	Foster Care	17,243
Magnolia Hospital	Longview, TX	Psychiatrist Services	248,020
Marilyn Jones	Kilgore, TX	Foster Care	15,778
Martha Murdock	McLeod, TX	Foster Care	18,575
Mary Smoke	Kilgore, TX	Foster Care	18,575
Media Quest Inc	Longview, TX	Marketing	33,068
Miland Services, Inc.	Spring, TX	HUD Rent Managers	984
Mildred Woodberry	Clarksville, TX	Foster Care	16,997
Myrtis Williams	Marshall, TX	Foster Care	33,995
Neuropsychological Services	Texarkana, TX	Neurological Testing	13,065
New Leaf Services LLC	Granbury, TX	Credentialing Services	112
Pamela Deegear	San Antonio, TX	Grant Writer	12,000
Patricia George	Henderson, TX	Training	20,489
Patricia Tompkins	Carthage, TX	Foster Care	17,243
Patsy Lee	Linden, TX	Foster Care	17,243
Phone Tree	Winston Salem, NC	Appointment Reminders Service	13,250
PK Power System	Longview, TX	Repair and Maintenance	1,227
Positive Horizons	Texarkana, TX	Counseling	67

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
SCHEDULE OF PROFESSIONAL AND CONSULTING FEES AND CONTRACTED PROVIDER SERVICES
FOR THE YEAR ENDED AUGUST 31, 2019
(UNAUDITED)

Name	City	Type of Service	Amount
Presbyterian Camps at Gilmont	Gilmer, TX	Conference Center	\$ 10,000
Rickie Taylor, Sr.	Longview, TX	Foster Care	23,109
Ricky Creecy Sr	Texarkana, TX	Foster Care	15,778
Robert Strayhan MD	Texarkana, TX	Professional Services	875
Rowan HCI Inc	Austin, TX	Data Analysis	1,050
Sabrina Whiteside	Texarkana, TX	Foster Care	3,023
Salmon Nutrition Concepts	Longview, TX	Nutritionist	2,405
Sandra Castle	Longview, TX	Foster Care	15,778
Shannon McCown	Fruitvale, TX	Occupational Therapy	1,620
Sharon Mann	Hallsville, TX	Foster Care	2,137
Sharon's Kid Korner	Longview, TX	Child Day Care	23,553
Squyres, Johnson,Squyres & Co., L.L.P.	Tyler, TX	Ceritfied Public Accountants	46,173
Stay the Day - Day Hab	Longview, TX	Day Hab Services	16,315
Tammy Willoughby	Ore City, TX	Foster Care	15,420
Tejas Behavioral Health	Round Rock, TX	MCO Counseling	11,248
Texarkana Resources for the Disabled	Texarkana, TX	Day Hab Services	22,485
Texas Workforce Commission	Austin, TX	Employment Services	2,000
Texoma Medical Center	Dallas, TX	Psychiatric Services	216,300
Thomas Tinsley	Hallsville, TX	Systems Consultant	28,665
Tsune Adcock	Atlanta, TX	Foster Care	14,314
UniFirst Holding, Inc.	Longview, TX	Uniforms	985
University of Texas @ Austin	Austin, TX	Person Centered Training	2,800
USA Alarm	Texarkana, TX	Security	411
UTHSC	San Antonio, TX	Training	4,500
Wilma Lawson	Longview, TX	Foster Care	16,997
GRAND TOTAL			\$ 3,276,509

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
SCHEDULE OF LEGAL SERVICES
FOR THE YEAR ENDED AUGUST 31, 2019
(UNAUDITED)

<u>Name</u>	<u>Address</u>	<u>City, State, Zip</u>	<u>Amount</u>
Capshaw DeRieux, LLP	114 E. Commerce Ave	Gladewater, Texas 75647	\$ 26,425

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
SCHEDULE OF GRANT EXPENDITURES
TEXAS INTERAGENCY COUNCIL ON EARLY CHILDHOOD INTERVENTION SERVICES
YEAR ENDED AUGUST 31, 2019
(UNAUDITED)

Contract Periods 9-1-2018 through 8-31-2019		Texas Department of Assistve and Rehabilitative Services - Div for ECI		
EXPENDITURE CATEGORY	APPROVED BUDGET	GRANT EXPENDITURES	BALANCE	
<u>Contract No. HHS000191200025</u>				
Personnel	\$ 312,093	\$ 311,070	\$	1,023
Fringe Benefits	108,143	107,789		354
Travel	37,074	36,952		122
Equip	-	-		-
Supplies	512	510		2
Contractual	41,332	41,197		135
Other	23,456	23,379		77
Total direct expenditures	522,610	520,897		1,713
Indirect expenditures	52,261	52,090		171
Total expenditures	\$ 574,871	\$ 572,987	\$	1,884
<u>Contract No. HHS000191200025 (Respite)</u>				
Other	\$ 4,191	\$ 3,556	\$	635
Total direct expenditures	4,191	3,556		635
Indirect expenditures	-	-		-
Total expenditures	\$ 4,191	\$ 3,556	\$	635

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
SCHEDULE OF GRANT EXPENDITURES
TEXAS INTERAGENCY COUNCIL ON EARLY CHILDHOOD INTERVENTION SERVICES
YEAR ENDED AUGUST 31, 2019
(UNAUDITED)

Contract Periods 9-1-2018 through 8-31-2019	Texas Department of Assistve and Rehabilitative Services - Div for ECI		
EXPENDITURE CATEGORY	APPROVED BUDGET	GRANT EXPENDITURES	BALANCE
<u>Contract No. HHS000191200038</u>			
Personnel	\$ 356,090	\$ 225,935	\$ 130,155
Fringe Benefits	136,869	86,842	50,027
Travel	26,278	16,673	9,605
Equip	-	-	-
Supplies	385	244	141
Contractual	98,521	62,510	36,011
Other	40,726	25,840	14,886
Total direct expenditures	658,869	418,044	240,825
Indirect expenditures	65,887	41,804	24,083
Total expenditures	\$ 724,756	\$ 459,848	\$ 264,908
<u>Contract No. HHS000191200038 (Respite)</u>			
Other	\$ 3,500	\$ 1,540	\$ 1,960
Total direct expenditures	3,500	1,540	1,960
Indirect expenditures	-	-	-
Total expenditures	\$ 3,500	\$ 1,540	\$ 1,960

**SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
SCHEDULE OF GRANT EXPENDITURES
TEXAS DEPARTMENT OF CRIMINAL JUSTICE
FOR THE YEAR ENDED AUGUST 31, 2019
(UNAUDITED)**

SUBSTANCE ABUSE

<u>Expenditure Category</u>	<u>Current Expenditures</u>
Salaries	\$ 302,397
Benefits	94,103
Contractual Services	35,981
Staff Travel	2,754
Vehicle Fuel Repairs	432
Building Rent	52,474
Building Repairs and Maint.	14,234
Insurance	2,911
Other Costs	135,348
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Total	\$ 640,634
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SINGLE AUDIT SECTION

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SQUYRES, JOHNSON, SQUYRES

Certified Public Accountants

**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**

To the Board of Trustees
Sabine Valley Regional Mental Health Mental
Retardation Center dba Community Healthcore

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sabine Valley Regional Mental Health Mental Retardation Center dba Community Healthcore (the "Center") as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated January 23, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 the 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The 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.

Agencies Johnson, Agnew & G. LLP

Certified Public Accountants

Tyler, Texas
January 23, 2020



SQUYRES, JOHNSON, SQUYRES

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

To the Board of Trustees
Sabine Valley Regional Mental Health Mental
Retardation Center dba Community Healthcore

Report on Compliance for Each Major Federal and State Program

We have audited the compliance of the Sabine Valley Regional Mental Health Mental Retardation Center dba Community Healthcore (the "Center") with the types of compliance requirements described in the *OMB Compliance Supplement, State of Texas Single Audit Circular* 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, 2019. The Center's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of 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 US. *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 (TSAC)* and *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers*. Those standards, Uniform Guidance, and TSAC, 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, 2019.

Report on Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 the 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 the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.


 Certified Public Accountants

Tyler, Texas
January 23, 2020

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA No.	Pass-Through Identifying Number / Contract No.	Total Grant / Contract Expenditures
FEDERAL ASSISTANCE			
<u>U.S. Dept. of Health & Human Services</u>			
Direct Programs:			
Substance Abuse and Mental Health Services (SAMHSA) Projects of Regional and National Significance - PBHCI - Pineywoods Health Home	93.243	1H79SM062169	\$ 351,358
Passed through Texas Health and Human Services Commission:			
Medicare Enrollment Assistance Program - Medicare Improvements for Patients & Providers Act (MIPPA)	93.071	539-16-0031-00012	8,644
Lifespan Respite Care Program - ACL Respite	93.072	539-16-0031-00012	18,037
Money Follows the Person Rebalancing Demonstration (MFPRD)			
Money Follows the Person (MFP)	93.791	539-16-0031-00012	16,617
Housing Navigator	93.791	539-16-0031-00012	50,288
Enhanced Community Coordination	93.791	529-18-0049-00001	47,914
Total CFDA Number 93.791 - MFPRD			114,819
Temporary Assistance for Needy Families (TANF)			
ECI TANF Block Grant - Longview	93.558	HHS000191200025	156,139 (3)
ECI TANF Block Grant - Tyler	93.558	HHS000191200038	64,722 (3)
Total CFDA Number 93.558 - TANF			220,861
Social Services Block Grant - Title XX	93.667	529-17-0038-00014	399,856 + (1)
Medical Assistance Program - Medicaid Administrative Claiming (MAC)	93.778	N/A	874,593 + (4)
Opioid STR - Texas Targeted Opioid Response Grant	93.788	529-17-0038-00014	140,537
Block Grants for Community Mental Health Services			
Mental Health Block Grant	93.958	529-17-0038-00014	558,890 +
Block Grant for Community Mental Health Services allocated from Co-occurring Mental Health and Substance Abuse Services (TCO)	93.958	2016-048304-005	27,975 +
Mental Health Block Grant - First Episode Psychosis	93.958	HHS00033710001	30,407 +
Total CFDA Number 93.958 - Block Grant for Community Mental Health Services			617,272
Block Grants for Prevention and Treatment of Substance Abuse			
Treatment Adult Services (TRA)	93.959	2016-048570-003	440,844
Adult Specialized Female (TRF)	93.959	2016-048304-006	547,985
Co-occurring Mental Health and Substance Abuse Services (TCO) / Co-occurring Psychiatric and Substance Abuse Disorders (COPSD)	93.959	2016-048304-005	142,466
Total CFDA Number 93.959 - Block Grants for Prevention and Treatment of Substance Abuse			1,131,295
Total Passed through Texas Health and Human Services Commission			3,525,914
Passed through Texas Education Agency (TEA):			
Developmental Disabilities Basic Support and Advocacy Grants			
BuildingCommunity Capacity through Collaborations Project	93.630	DD-17445	33,385
Building Community Capacity through Collaborations Project	93.630	DD-18445	139,024
Total CFDA Number 93.630 - Developmental Disabilities Basic Support and Advocacy Grant			172,409
Total Passed through TEA			172,409
Total U.S. Department of Health & Human Services			4,049,681

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA No.	Pass-Through Identifying Number / Contract No.	Total Grant / Contract Expenditures
<u>U.S. Department of Education</u>			
Passed through Texas Health and Human Services Commission:			
Special Education Grants to States			
ECI Special Ed Grant to State - Longview	84.027	HHS000191200025	\$ 75,537 (5)
ECI Special Ed Grant to State - Tyler	84.027	HHS000191200038	45,720 (5)
Total CFDA Number 84.027 - Special Education Grants to States			121,257
Special Education Grants for Infants and Families			
ECI Grants for Infants & Families w/Disabilities - Longview	84.181	HHS000191200025	240,075
ECI Grants for Infants & Families w/Disabilities - Tyler	84.181	HHS000191200038	290,217
Total CFDA Number 84.181 - Special Ed. Grants for Infants and Families			530,292
Total Passed through Texas Health and Human Services Commission			651,549
Total U.S. Department of Education			651,549
<u>U.S. Department of Housing & Urban Development</u>			
Direct Programs:			
Continuum of Care Program - Fredonia Rapid Rehousing	14.267	TX0474L6T071701	97,626
Continuum of Care Program - Fredonia Rapid Rehousing	14.267	TX0474L6T071802	36,599
Total CFDA Number 14.267 - Continuum of Care Program - Fredonia Rapid Rehousing			134,225
Passed through City of Longview:			
Community Development Block Grant	14.218	B-17-MC-48-0032	11,502 (2)
Total Passed through City of Longview			11,502
Passed through Texas Department of Housing and Community Affairs:			
Home Investment Partnerships Program			
Home Investment Partnerships Program	14.239	1002478	126,733
Home Investment Partnerships Program	14.239	1002689	85,222
Home Investment Partnerships Program	14.239	1002843	63,341
Home Investment Partnerships Program	14.239	1002135	1,979
Total CFDA Number 14.239 - Home Investment Partnerships Program			277,275
Total Passed through Texas Department of Housing and Community Affairs			277,275
Total U.S. Department of Housing and Urban Development			423,002
<u>U.S. Department of Veteran Affairs</u>			
Direct Programs:			
VA Supportive Services for Veteran Families Program	64.033	14-TX-293	236,426
Total U.S. Department of Veteran Affairs			236,426
Total Federal Awards			5,360,658

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

<u>State Grantor / Program Title</u>	<u>Pass-Through Identifying Number / Contract No.</u>	<u>Total Grant / Contract Expenditures</u>
STATE ASSISTANCE		
<u>Texas Health and Human Services Commission</u>		
MH/LMHAPA Contract - General Revenue	529-17-0038-00014	\$ 10,219,048 + (6)
MH/LMHAPA Contract - Veterans Program	529-17-0038-00014	70,000
Total Contract #529-17-0038-00014		<u>10,289,048</u>
Block Grants for Prevention and Treatment of Substance Abuse		
Treatment Adult Services (TRA)	2016-048570-003	91,563
Adult Specialized Female (TRF)	2016-048304-006	126,486
Co-occurring Mental Health and Substance Abuse Services (TCO) / Co-occurring Psychiatric and Substance Abuse Disorders (COPSD)	2016-048304-005	59,545
Total Contract #2016-048304		<u>186,031</u>
Total Block Grants for Prevention and Treatment of Substance Abuse		277,594 (7)
Mental Health First Aid	HHS000181200001	58,700
IDD - General Revenue	529-18-0049-00001	1,230,104 +
Permanency Planning	529-18-0049-00001	20,754 +
IDD Crisis Intervention Specialists	529-18-0049-00001	216,418 +
IDD Crisis Respite Services	529-18-0049-00001	58,400 +
Nursing Facility PASRR Service Coordination	529-18-0049-00001	334,271 +
Total Contract #529-18-0049-00001		<u>1,859,947 (6)</u>
ADRC-State General Revenue	539-16-0031-0012	155,788
ADRC-Promoting Independence	539-16-0031-0012	15,328
Total Contract #539-16-0031-0012		<u>171,116</u>
Community Mental Health Grant Program - House Bill 13 - Temple	HHS000149700009	87,105
Total Texas Health and Human Services Commission		<u>12,743,510</u>
<u>Texas Department of Assistive and Rehabilitative Services</u>		
Early Childhood Intervention General Revenue	HHS000191200025	100,396
Early Childhood Intervention-Respite	HHS000191200025	3,556
Total Contract #5382001548-01		<u>103,952</u>
Early Childhood Intervention General Revenue	HHS000191200038	59,191
Early Childhood Intervention-Respite	HHS000191200038	3,500
Total Contract #529-17-0067-00001		<u>62,691</u>
Total Texas Department of Assistive and Rehabilitative Services		<u>166,643</u>
<u>Texas Dept. of Family and Protective Services</u>		
Services to At-Risk Youth(STAR) General Revenue	24555653	679,689
Total Texas Depart. of Family and Protective Services		<u>679,689</u>

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

<u>State Grantor / Program Title</u>	<u>Pass-Through Identifying Number / Contract No.</u>	<u>Total Grant / Contract Expenditures</u>
<u>Texas Veterans Commission</u>		
FVA Veterans Mental Health - (FKA Texas Veterans Commission Mental Health)	VMH-18-0577	\$ 52,232
FVA Housing 4 Texas Heroes	HTX-18-0554	166,595
Total Texas Veterans Commission		218,827
Total State Awards		13,808,669
TOTAL STATE AND FEDERAL AWARDS		\$ 19,169,327

- (1) Includes \$285,465 TANF to Title XX Block Grant CFDA 93.558.667
- (2) Denotes Federal CDBG-Entitlement Grants Cluster
- (3) Denotes Federal TANF Cluster
- (4) Denotes Federal Medicaid Cluster
- (5) Denotes Federal Special Education Cluster (IDEA)
- (6) Denotes Mental Health/IDD State General Revenue Cluster
- Total State General Revenue Cluster = \$12,078,995
- (7) Denotes State Substance Abuse Cluster
- + Denotes Major Program

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

NOTE 1: GENERAL

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all applicable federal and state assistance programs of Sabine Valley Regional Mental Health Mental Retardation Center dba Community Healthcore. The reporting entity is defined in Note 1 to the Center's financial statements. Federal and state awards received directly from federal and state agencies as well as federal awards passed through other government agencies are included on the schedule.

The Center has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 to the Center's financial statements. Federal and state grants 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 deferred revenue until earned.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

State and federal award programs are reported in the Center's basic financial statements in the General Fund. Total federal awards per the accompanying Schedule of Expenditures of Federal and State Awards does not include monies received from Medicare and Medicaid or monies received under vendor contract for Title XIX-ICF/MR and the Title XIX HCS/MRLA or monies from the Texas Rehabilitation Commission and Texas Department of Criminal Justice - Pardons and Paroles. The state and federal monies excluded from the Schedule of Expenditures of Federal and State Awards are not considered financial assistance as defined in Note 2 U.S. Code of Federal Regulations CFR Part 200, *Uniform Administrative Requirements Cost Principles, Audit Requirements Cost Principles, Audit Requirements for Federal Awards* (Uniform Guidance) and *Audits of States, Local Governments, and Non-Profit Organizations*. These monies are included in total local revenues in the basic financial statements.

A certain state contract has been excluded from the Schedule of Expenditures of Federal and State Awards by specific direction of the funding agency. This state contract is with Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) in the amount of \$483,654.

Federal awards per general fund revenues	<u>\$ 5,360,658</u>
Federal Awards per Schedule of Expenditures of State and Federal Awards	<u>\$ 5,360,658</u>
State awards per general fund revenues	\$ 14,292,323
Less: TCOOMMI contract, not considered state grant	<u>(483,654)</u>
State Awards per Schedule of Expenditures of State and Federal Awards	<u>\$ 13,808,669</u>

**SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018**

NOTE 4: STATE AWARD GUIDELINES

State awards are subject to State of Texas *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*, as well as 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.

SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None reported	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	

Federal Awards

Internal Control over major programs:			
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None reported	
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>		
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	<u> </u> Yes	<u> X </u> No	

Identification of major programs:

<u>Name of Major Programs:</u>	<u>CFDA Numbers</u>
Federal Title XX Social Services Block Grant	93.667
Federal Medicaid Administrative Claiming	93.778
Federal Block Grant for Community Mental Health Services	93.958
State Mental Health/IDD General Revenue Cluster	STATE

Dollar threshold used to distinguish between

Type A and Type B programs:

Federal and State	<u>\$750,000</u>
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Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No
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**SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019**

Section II - Financial Statement Findings

No matters requiring reporting under Government Auditing Standards were noted.

Section III - Federal and State Award Findings and Questioned Costs

No matters requiring reporting under the Uniform Guidance or the State of Texas Single Audit Circular were noted.

**SABINE VALLEY REGIONAL MENTAL HEALTH MENTAL RETARDATION CENTER
dba COMMUNITY HEALTHCORE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019**

None.