

LAKES REGIONAL COMMUNITY CENTER
REGULAR MEETING OF THE BOARD OF TRUSTEES
WEDNESDAY, JANUARY 27, 2021, 5 PM

PER GOV. ABBOTT'S MARCH 26, 2020 PRESS RELESSE THIS MEETING WILL TAKE PLACE
VIA ZOOM AND IS AVAILABLE TO THE PUBLIC:

Board of Trustees Meeting – Wed., Jan 27th, 5:00pm

You are invited to the LRCC Board of Trustees Meeting.
LRCC Board Room, Terrell
Wed. Jan. 27th., 5:00 PM

Join Meeting by Zoom:

<https://zoom.us/j/93425827107?pwd=ODIZNm9xakFEN2JRcTdoY05wa0VqQT09>

Meeting ID: 934 2582 7107

Passcode: 314795

Dial by phone (audio only): 1 346 248 7799

Meeting ID: 934 2582 7107

Passcode: 314795

AGENDA

AGENDA NUMBER	TOPIC
01.01.21	CALL TO ORDER <ul style="list-style-type: none">• Roll Call / Introduction of Guest.
01.02.21	APPROVAL OF MINUTES <ul style="list-style-type: none">• Regular Board Meeting Minutes of December 9, 2020
01.03.21	COMMENTS FROM CITIZENS <p><i>Presentations are limited to three minutes per person and must pertain to an agenda item. The Board reserves the right to limit the number of speakers and/or the length of comments on any topic. Citizens wishing to address the Board must register prior to the start of the meeting.</i></p>
01.04.21	COMMITTEE MEETING REPORTS NA
01.05.21	RECOMMENDATIONS FOR APPROVAL <ul style="list-style-type: none">• Motion to approve Audit Report for FY-2020 as presented by Todd Pruitt of Petillo, Brown and Hill.
01.06.21	EXECUTIVE DIRECTOR REPORT (<i>John Delaney</i>) <ul style="list-style-type: none">• 1115 Transformation Waiver Updates• COVID-19 Response Summary• Texas Council Update• FY-21 Status of State Performance Contracts Update

LRCC Board of Trustees Meeting Agenda

- 01.07.21** **FISCAL REPORT** (*Erwin Hancock*)
 - Motion to Accept Center's Financial Statement for Period(s) Ending: November 2020 and December 2020.
 - Motion to Accept Center's Quarterly Investment Report 1st Quarter.

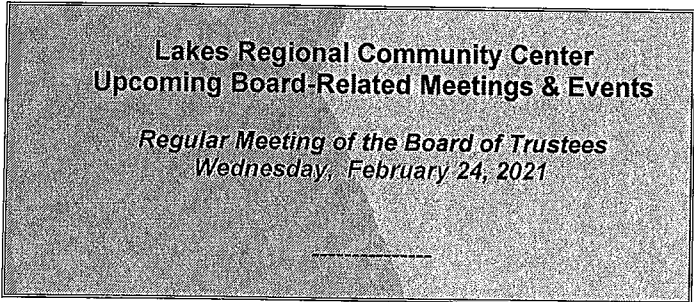
- 01.08.21** **MENTAL HEALTH SERVICES REPORT** (*James Williams*)
 - 1115 Medicaid Waiver
 - COVID
 - Sherman SUD
 - NTBHA RFP
 - Medical Services

- 01.09.21** **INTELLECTUAL & DEVELOPMENTAL DISABILITIES REPORT** (*Laurie White*)
 - Electronic Visit Verification (EVV)
 - Program Updates
 - Outpatient Biopsychosocial IDD (OBI) Services Update
 - Day Habilitation
 - COVID Update

- 01.10.21** **QUALITY MANAGEMENT/CONTRACTS REPORT** (*Kellie Walker*)
 - Contracts/Network Development
 - PNAC
 - Planning
 - Rights Allegations
 - QM MH, NTBHA & Substance Abuse
 - IDD

- 01.11.21** **HUMAN RESOURCES REPORT** (*Keith Matthews*)
 - Staffing Issues
 - Employee Benefits

- 01.12.21** **ADJOURNMENT**





AGENDA ITEM NO. 01.02.21

Approval of Minutes

RECOMMENDATIONS FOR APPROVAL:

- Motion to approve prior Board of Trustees meeting minutes.

Rationale:

Discussion and Approval of Regular Board Meeting Minutes of December 9, 2020 as presented.



LAKES REGIONAL COMMUNITY CENTER
REGULAR MEETING OF THE BOARD OF TRUSTEES
WEDNESDAY, DECEMBER 9, 2020, 5PM

Per Gov. Abbott's March 26, 2020 Press Release this Meeting was held
VIA ZOOM
BOARD MINUTES

AGENDA NUMBER	TOPIC
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12.01.20

CALL TO ORDER

The December 9, 2020 regular meeting of the Lakes Regional Community Center Board of Trustees called to order by Board Chair, Tom Brown at 5:05 PM with a quorum present by Zoom. Chair asked for Roll Call.

Members Present (Zoom):

Tom Brown, Hunt County, Chair	Shae Green, Rockwall County
Margaret Webster, Kaufman County, Board Secretary	Lisa Heine, Ellis County
Steve Earley, Lamar County	Linda Sharpin, Franklin County
Carrie Hefner, Camp County	E. P. Pewitt, Morris County
Dana Sills, Hopkins County	Jan Brecht-Clark, Ph.D., Delta County

Members Absent: Frances Neal, Titus County; Marti Shaner, Navarro County

Vacant Seat(s): NA

Guest(s): NA

Ex Officio Members Absent: Sheriff Scott Cass, Lamar County, Sheriff Jack Martin, Morris County

Ex Officio Members Present (Zoom): NA

Management Staff Present: John Delaney, Erwin Hancock, and Larry Jonczak

Management Staff Zoom: Kellie Walker; James Williams; Keith Mathews and Laurie White.

Management Staff Absent: NA

Board Liaison/Recording Secretary: Judy Dodd, Board Liaison/Recording Secretary

12.02.20

APPROVAL OF MINUTES

Recommended Board Action:

➤ Approval of Minutes of October 28, 2020 meeting.

Rational:

Tom Brown asked members if they had reviewed the minutes and if there were any corrections or additions. With no corrections or additions, Chair asked for motion to approve. Motion made by Jan Brecht-Clark to approve and seconded by Lisa Heine. Minutes were approved by a unanimously sign of aye.

CLOSURE

12.03.20

COMMENTS FROM CITIZENS

➤ NA

CLOSURE

12.04.20 COMMITTEE MEETING REPORT
➤ NA
CLOSURE

12.05.20 RECOMMENDATIONS FOR APPROVAL
➤ NA
CLOSURE

12.06.20 EXECUTIVE DIRECTOR REPORT (*John Delaney*)
Recommended Board Action:
➤ None: Information only

Rationale:

Discussion on the following:

Handouts

➤ **1115 Transformation Waiver Update:**

- Waiting HHSC's notice when to send our matching funds for January.
- CBHC Update: Notice we have passed requirements to achieve CCBHC status.
- Proposed Board Meeting Schedule attached for FY21
- Reminder January Board meeting will include a review of our annual fiscal audit.

➤ **COVID-19:**

- October 2nd federal HHS extended the current public health national emergence for an additional 90-day period. This extension will end January 21 unless renewed again.
- HHSC has extended current state waivers that allow for delivering both mental health and IDD services through telephone and tele video contact.
- Rise in positive cases throughout our region.

➤ **Texas Council Update:**

- The Health Opportunities Workgroup (HOW) and the Executive Directors Consortium met in early November. The full TX. Council Board also met and much of the discussion was around preparation for the upcoming legislative session.
- As noted last month HHSC requested a one-year extension for the 1115 Waiver DSRIP program. In November, HHSC also submitted a fast track request to CMS for an extension to the entire 1115 Medicaid waiver. This is separate from the DSCRIP extension and will allow Texas to continue its current statewide-managed care model and uncompensated care pool funding for an additional 5-year period if approved.

➤ **FY'21 Status of State Performance Contracts Updates:**

- No changes currently

CLOSURE

12.07.20 FISCAL REPORT (Erwin Hancock)
Recommended Board Action:

- Approval of Center's Financial Statement for Period(s) Ending:
- October 2020.

Rationale:

- Erwin presented the financial report for the month of October 2020. Notes as follows:
- No extraordinary findings this month.
 - Lakes In good standings

Chairperson asked if any questions. With no further discussion, Chairperson asked for motion to approve financials. Linda Sharpin made motion to approve with second by E.P. Pewitt. Financials were approved by a unanimously sign of aye.

CLOSURE



12.08.20

MENTAL HEALTH SERVICES REPORT (James Williams)

Recommended by Board Action:

None: Information only

Rationale:

- Education Service Center Region 8 – Applicant pending due to COVID
- CCBHC –
 - Interview went well – it was noted how well our staff worked as a Team
 - SAMHSA Grant went well – starting Care Coordination process
- SUD
 - Bonham – Finishing building
 - Sherman – Pending inspection for license
- NTBHA
 - RFP – submitted
 - Contract - NA
- COVID-19
 - Clients- face to face requested
 - Staff – tracking staff COVID

CLOSURE

12.09.20

INTELLECTUAL & DEVELOPMENTAL DISABILITIES REPORT (Laurie White)

Recommended by Board Action:

None: Information only

Rationale:

- Electronic Visit Verification (EVV) Update:
 - Extending the program thru December 31, 2020.
- Programs Update:
 - ICF – Allowing various forms of limited visitation in the group homes.
 - HCS – All beds are full with the exception of the individual from Ninth Street Group Home that is in a Nursing Facility from the accident.
All families have been made, to ensure that the individuals' Emergency Plans address COVID and the severity of the virus.
- Outpatient Biopsychosocial IDD (OBI) Services Update:
 - In the first 2 weeks of operation, the program enrolled eight individuals with an additional 10 new referrals in the process of being enrolled.
Program focuses on intervention that will address the complex mental health and IDD needs of dually diagnosed individuals.
The first educational awareness event is tentatively scheduled for January 2021.
- COVID Update:
 - Rising cases are impacting more staff that is negatively impacting coverage.

CLOSURE

12.10.20

QUALITY MANAGEMENT/CONTRACTS REPORT (Kellie Walker)

Recommended by Board Action:

None: Information only

Rationale:

Report given by John Delaney

➤ **Contracts/Network Development**

- Texas Workforce Solutions application for RFA – submitted
- NTBHA RFP proposals – Four proposals to provide expanded mental health services.
- Proposals: Coffee House, FQHC liaison, Ennis Behavioral Health Office, Medicaid Enrollment Specialists
- SUD Facility License: HHSC will be in Sherman to inspect the facility on December 8, 2020.

➤ **PNAC**

- Noted both committees in need of membership.
- Local PNAC – next meeting January 11, 2021.
- Regional PNAC – next meeting February 17, 2021.

➤ **Rights Allegations**

- MH GR: 1 Unconfirmed Paris
- IDD Authority: 1 Unconfirmed
- APS Investigation: 1-information & referral (I&R) Greenville IDD Provider

➤ **Corporate Compliance Investigation**

- Allegation: Counselor inaccurately documenting, coding, and billing counseling services. Results: Based information reviewed and interviews conducted, the allegation did not appear to meet the definition of fraud.
- Recommendations: Recoupment of inaccurately billed services.

➤ **QM MH, NTBHA & Substance Abuse**

- Lakes Regional will be held harmless for performance measures and outcomes until further notice due to COVID19.
- HHSC will be conducting a comprehensive SUD audit for Region 3&4. HHSC will be reviewing FY20 documentation.
- NTBHA SUD Audit Results: Lakes received 16 findings, 14 of which are repeat findings from FY 19. A plan of correction is due to NTBHA by December 31, 2020.
- Texas CCBHC Certification: Received a 96% on the resubmission.
- CCBHC Grant: Lakes submitted the Non-Continuation Application and the Year 1 Annual Report on November 30, 2020.

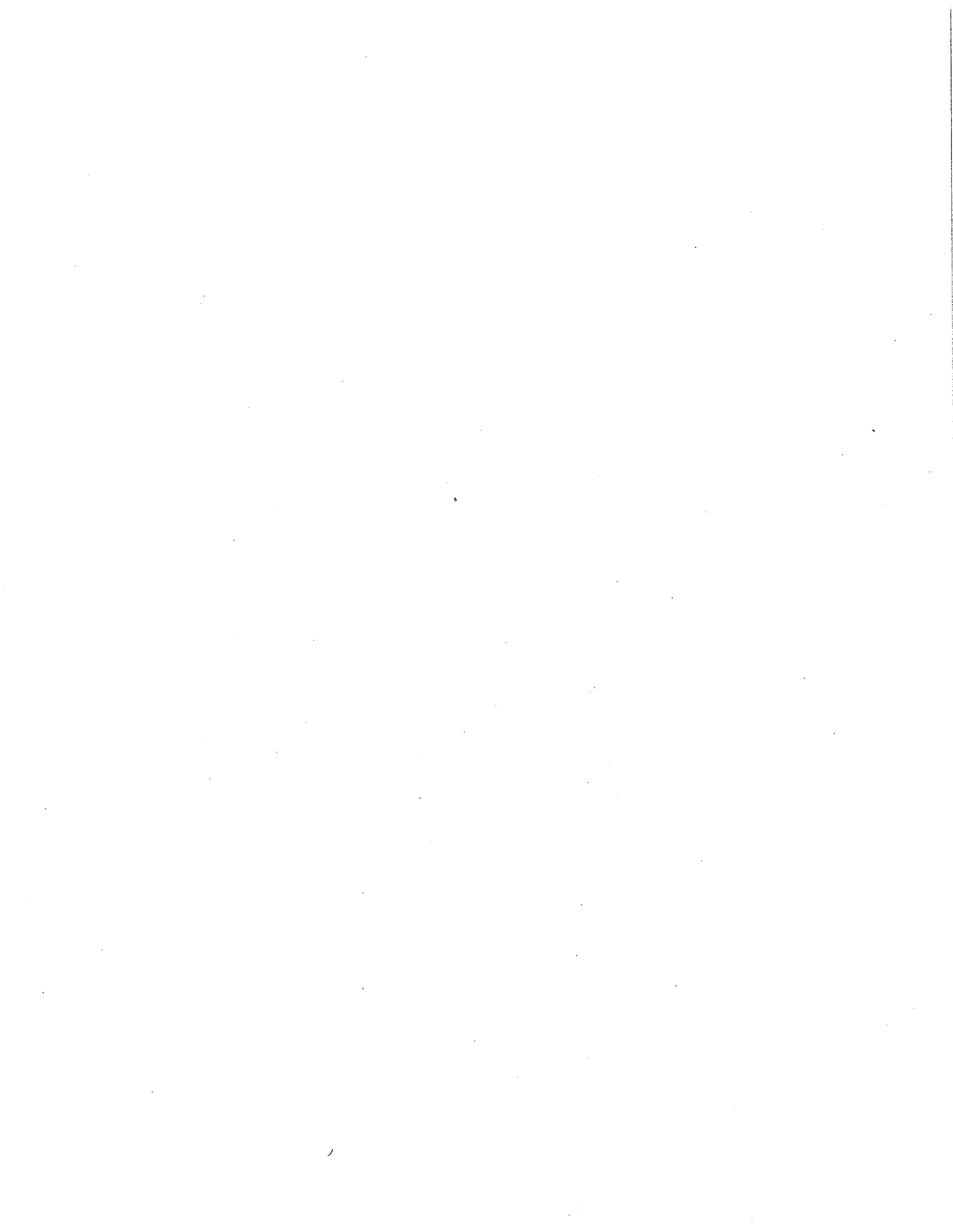
➤ **IDD**

- IDD Service Targets: Lakes Regional will be held harmless for performance measures and outcomes until further notice due to COVID-19.
- FY20 LIDDA Audit Desk Review:
 - HCS – Audit Score 90%; 1 chart scored below 70%
 - PASRR – Audit Score 94%; 0 charts scored below 70%

➤ **NCQA**

- Received confirmation that the NCQA accreditation survey start date is: November 09, 2021. .
- One-Site review will occur approximately seven weeks later on:
 - January 10, 2022

CLOSURE



12.11.20 HUMAN RESOURCES REPORT *(Keith Matthews)*

Recommended by Board Action:

None: Information only

Rationale:

➤ **Staffing issues**

- Finished October with a total of 456.35 authorized FTEs and 386 employees.
- Filled 12 positions (9 new hires)
- Six separations.

➤ **Employee Compensation and Benefits:**

- Thirty-five staff reported possible exposure and testing for COVID during October.
- Six tested positive and one required hospitalization
- Increase in health claims this month, largely due to three large claims.
- NHSC approved all of our rural clinics as a SUD service site, but denied our application for MH services. Excluded as a MH site because we limit services to people that meet certain diagnostic criteria.

○ **CLOSURE**

12.12.20 ADJOURNMENT

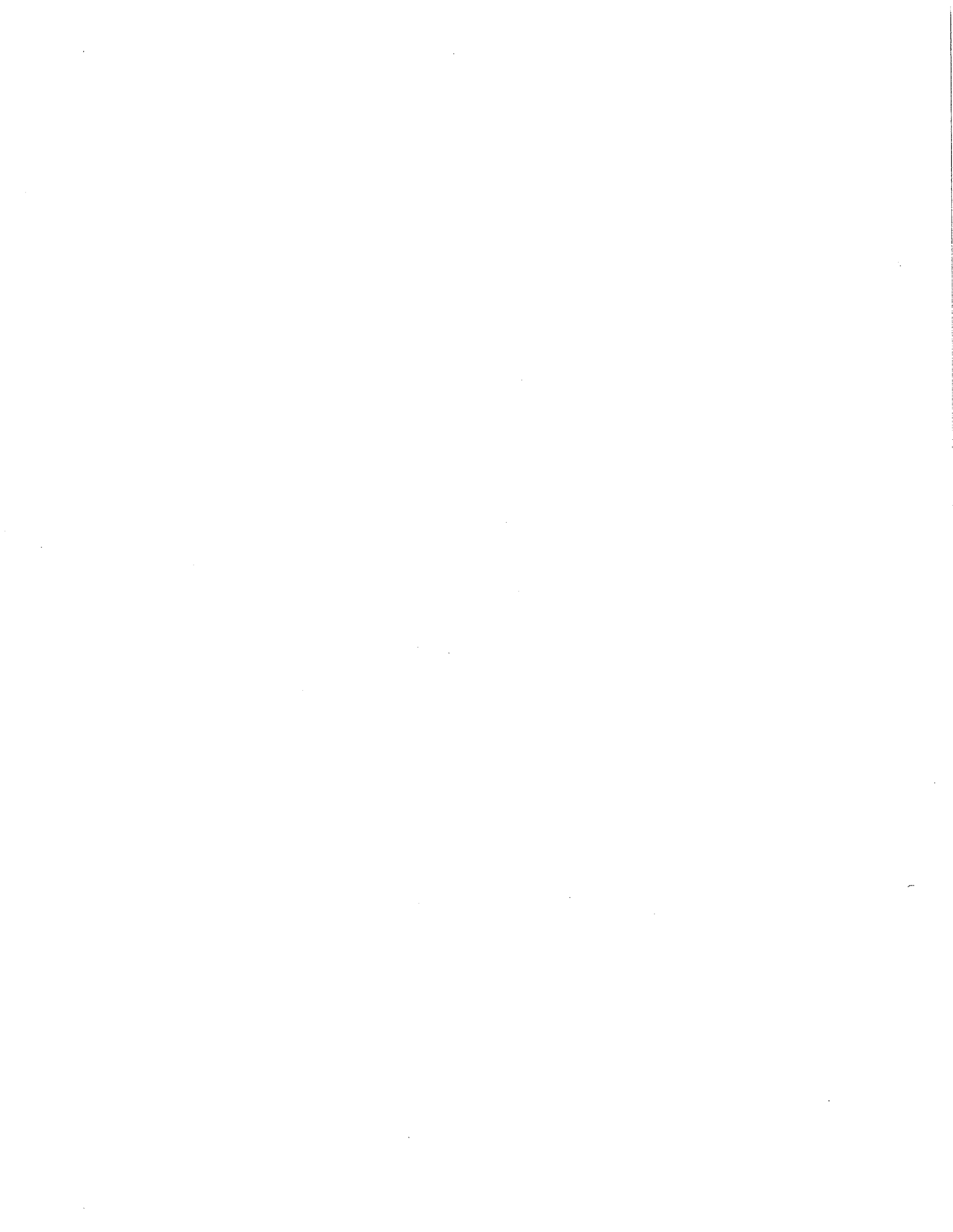
Chairperson ask for any other matter to discuss if not for motion to adjourn. E. P. Pewitt made motion seconded by Jan Brecht-Clark with no further discussion, motion carried with an unanimously sign of aye.

ATTEST:

Margaret Webster, Board Secretary

DATE:

Judy Dodd, Board Liaison/Transcriptionist



AGENDA ITEM NO. 01.03.21

Citizens' Comments

RECOMMENDATIONS FOR APPROVAL:

Public comment(s) may be addressed to the Board of Trustees by community members and/or any interested parties.

Rationale:

Presentations are limited to three (3) minutes per person. The Board reserves the right to limit the number of speakers and/or the length of comment on any topic. Citizens wishing to address the Board must register prior to the start of the meeting and any comments should pertain to an agenda item.

AGENDA ITEM NO. 01.04.21

Committee Meeting Reports

RECOMMENDATIONS FOR APPROVAL:

NA

Rationale:

Report of the following committees of the Board of Trustees, if applicable:

- Budget & Finance, Lisa Heine, Chair
 - **No Meeting Posted**
- Human Resources, Tom Brown, Chair
 - **No Meeting Posted**
- Programs, Vacant, Chair
 - **No Meeting Posted**

AGENDA ITEM NO. 01.05.21

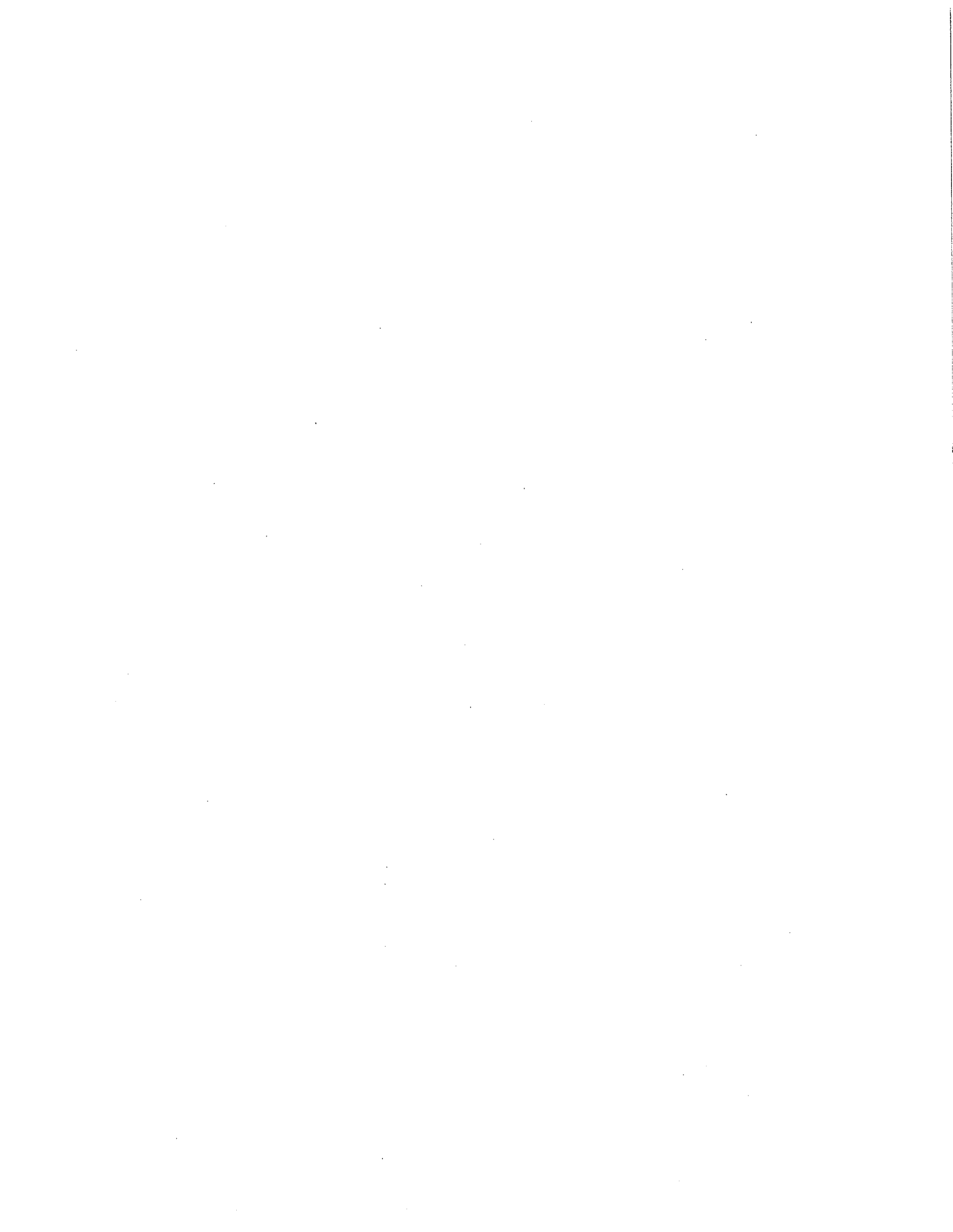
Recommendations for Approval:

- Review and take possible action to approve FY'21 Financial Audit

Rationale:

Erwin Hancock to give overall review for the following item(s):

- Motion to approve FY'21 Financial Audit



DRAFT

**LAKES REGIONAL
COMMUNITY CENTER**

ANNUAL FINANCIAL AND COMPLIANCE REPORT

FOR THE YEAR ENDED AUGUST 31, 2020

LAKES REGIONAL COMMUNITY CENTER
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2020

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INTRODUCTORY SECTION

**CERTIFICATE OF BOARD
ACCEPTANCE OF AUDIT REPORT**

Lakes Regional Community Center

I, Tom Brown, Chairperson of the Board of Trustees of Lakes Regional Community Center, do hereby certify that this accompanying audit report for FY 2020 from Pattillo, Brown & Hill, LLP was reviewed and accepted at a meeting of the Board of Trustees held on the 27th day of January 2021.

Chairperson, Board of Trustees

(Date)

LAKES REGIONAL COMMUNITY CENTER

LIST OF PRINCIPAL OFFICIALS

AUGUST 31, 2020

Board of Trustees

Tom Brown	Board Chair
James Ervin	Vice Chair
John Kegerris, Ph.D.	Secretary
Steve Earley	Member
Frances Neal	Member
Dana Sills	Member
Carrie Hefner	Member
Ernest Paul Pewitt	Member
Marti Shaner	Member
Lisa Heine	Member
Dr. Jan Brecht-Clark, Ph.D.	Member
Linda Sharpin	Member

Administrative Staff

John Delaney	Executive Director
Erwin Hancock	Chief Financial Officer
James Williams	Director of Behavioral Health Services
Laurie White	Director for Intellectual and Developmental Disabilities – Provider Services
Clara Daniel	Director for Intellectual and Developmental Disabilities – Authority Services
Keith Matthews	Director of Human Resources

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Lakes Regional Community Center
Terrell, Texas

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 Lakes Regional Mental Health Mental Retardation Center dba Lakes Regional Community Center ("Center") as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

OFFICE LOCATIONS

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

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 Lakes Regional Community Center as of August 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The introductory section and supplementary schedules listed in the table of contents 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Texas *Uniform Grant Management Standards* and is also not a required part of the basic financial statements.

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

The introductory section and supplementary schedules 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 2021, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Waco, Texas
January 2021

Management's Discussion and Analysis

Management's discussion and analysis of Lakes Regional Community Center's (Center) financial performance provides an overview of the Center's financial activities for the fiscal year ended August 31, 2020. This discussion should be read in conjunction with the financial statements and the accompanying notes.

FINANCIAL HIGHLIGHTS

The assets of the Center exceeded its liabilities at the close of the fiscal year ended August 31, 2020, by \$16,302,278. Of this amount, \$11,750,795 is unrestricted and can be used at the Board's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Center's basic financial statements. The Center'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 the Center's finances in a manner that is similar to a private-sector business.

The *Statement of Net Position* presents information on all the Center's assets and liabilities, with the difference between the two expressed as net position. When assets exceed liabilities, the results will be a positive net position. Should liabilities exceed assets, the opposite will occur, and a negative net position will result.

The *Statement of Activities* includes all the revenue and expenses generated by the Center's operations during the fiscal year. The accrual basis of accounting is utilized, which is similar to the accounting used by most private-sector companies. All the current year's revenue and expenses are considered regardless of when cash is paid or received.

Government-wide financial statements differ from governmental fund financial statements in several ways as noted below:

- Capital assets are capitalized and depreciated rather than expensed when purchased.
- Debt principal payments are treated as a reduction of the related liability rather than an expense.

The government-wide financial statements distinguish functions of the Center that are principally supported by funds provided from federal, state, and local funding sources.

The government-wide financial statements can be found on pages 11-13 of this report.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Center, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the Center's funds can be divided into two categories: governmental 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. Unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the Center's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Center's programs.

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

- Fiduciary funds – Fiduciary funds are used to account for resources held by the Center for the benefit of consumers. Fiduciary funds are not reflected in the government-wide financial statements since the resources of these funds are not available to support the Center's operations.

The governmental fund financial statements can be found on pages 14-16 of this report. The fiduciary fund financial statement is on page 17.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-29 of this report.

Required Supplementary Information – As mentioned earlier, a budgetary comparison schedule for the general fund is presented on pages 30-32.

Supplementary Information - In addition to the basic financial statements, accompanying notes, and required supplementary information, this report presents certain supplementary information that is required by grantor agencies. This supplementary information can be found on pages 33-50 of this report.

Single Audit Section – This report also contains certain information required by the federal *Uniform Guidance* and the *State of Texas Uniform Grant Management Standards*. This information is provided on pages 51-59.

Government-wide Financial Analysis

Please see the comparative analysis of the Statement of Net Position that follows:

LAKES REGIONAL COMMUNITY CENTER'S NET POSITION

	Governmental Activities	
	2020	2019
Current assets	\$ 18,869,882	\$ 10,688,280
Capital assets (net of depreciation)	<u>8,173,409</u>	<u>8,187,682</u>
Total assets	<u>27,043,291</u>	<u>18,875,962</u>
Other liabilities	2,235,619	1,542,291
Long-term liabilities	<u>8,505,394</u>	<u>4,179,082</u>
Total liabilities	<u>10,741,013</u>	<u>5,721,373</u>
Net position		
Net investment in capital assets	4,551,483	4,490,920
Unrestricted	<u>11,750,795</u>	<u>8,663,669</u>
Total net position	<u>\$ 16,302,278</u>	<u>\$ 13,154,589</u>

A portion of the Center's net position (28%) reflects its investment in capital assets, net of related debt. The Center uses these assets to provide services; consequently, these assets are not available for spending. The remaining balance is unrestricted and can be used at the Board's discretion.

LAKES REGIONAL COMMUNITY CENTER'S CHANGE IN NET POSITION

	Governmental Activities	
	2020	2019
REVENUES		
Program revenues:		
Intellectual & Developmental Disabilities	\$ 11,199,267	\$ 11,785,001
Mental Health	14,033,194	13,743,799
Mental Health - NorthStar/NTBHA	2,911,001	2,945,920
Early Childhood Intervention	1,810,639	1,715,704
1115 Waiver	<u>8,367,354</u>	<u>4,144,566</u>
Total program revenues	<u>38,321,455</u>	<u>34,334,990</u>
General revenues	<u>177,029</u>	<u>141,974</u>
Total revenues	<u>38,498,484</u>	<u>34,476,964</u>
EXPENSES		
Program expenses by function:		
Intellectual & Developmental Disabilities	12,856,896	13,131,625
Mental Health	12,091,905	11,599,650
Mental Health - NorthStar/NTBHA	4,124,619	4,469,862
Early Childhood Intervention	1,944,587	1,822,171
1115 Waiver	4,161,131	4,360,917
Interest on long-term debt	<u>171,657</u>	<u>171,787</u>
Total program expenses	<u>35,350,795</u>	<u>35,556,012</u>
CHANGE IN NET POSITION	3,147,689	(1,079,048)
BEGINNING NET POSITION	<u>13,154,589</u>	<u>14,233,637</u>
NET POSITION, ENDING	<u>\$ 16,302,278</u>	<u>\$ 13,154,589</u>

FINANCIAL ANALYSIS

The Center’s fiscal year ending August 31, 2020, resulted in an excess of revenue over expenses in the amount of \$3,147,689 when reporting under the guidelines utilizing government-wide financial statements (Statement of Activities) vis-a-vis the Statement of Revenue, Expenditures, and Changes in Fund Balance of Government Funds, which reflects excess revenues over expenditures in the amount of \$7,702,317. One major difference in these two financial statements is that governmental funds report capital outlays as expenditures, however in the Statement of Activities, the cost of these assets is capitalized and depreciated over their useful lives, which reflects a negative adjustment to the government-wide financial in the amount of (\$14,273). Secondly, revenue in the Statement of Activities that do not require current financial resources to governmental funds are not reported as revenue in the governmental funds resulting in a negative adjustment in the amount of (\$214,043). Further, the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. The amount by which the issuance of long-term debt exceeded the repayment of long term debt in the current period amounted to (\$4,247,864). Please see page 16 in this report for further details.

The Center’s year-end unrestricted net position amounted to \$11,750,795 and indicates the Center stands today as a strong, viable community center.

GENERAL FUND BUDGETARY HIGHLIGHTS

In comparing the budgeted revenue amounts (see pages 30 – 32 of this report) to actual revenue, there is a negative variance of \$491,508 (1 %) below budget. The largest negative variances were in patient fees, the North Texas Behavioral Health Authority and Medicaid. These were partially offset by greater than anticipated revenues in the 1115 Medicaid Waiver program. Total expenditures were \$2,114,747 below budget (5%).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

LAKES REGIONAL COMMUNITY CENTER’S CAPITAL ASSETS

	Fiscal Year 2020	Fiscal Year 2019
Land	\$ 849,600	\$ 787,100
Construction in progress	187,500	-
Buildings	11,600,852	11,390,895
Equipment	2,144,370	2,073,779
Vehicles	2,280,650	2,282,938
Leasehold improvements	1,503,212	1,503,212
Less accumulated depreciation	(10,392,775)	(9,850,242)
Total capital assets, net	<u>\$ 8,173,409</u>	<u>\$ 8,187,682</u>

During the fiscal year, the Center purchased a building at 209 N. Rockwall St. in Terrell, Texas. The purchase price was \$250,000 of which \$190,000 was facilitated by means of a mortgage with our lender in Terrell. The mortgage will also fund remodel costs estimated at \$150,000. The remodel is expected to be completed by February 2021. The Bonham Facility and Paris MH Clinic were renovated at costs of \$117,653, and \$17,750, respectively. No financing was utilized for either of these projects. Finally, our insurance carrier reimbursed the Center \$59,508 for replacement of our damaged roof at our Greenville clinic.

Over the course of the year, the Center replaced eight older vehicles and two that were damaged. The amount of the purchases of \$212,165 was financed by means of loans with our lending institution. As to technology, additional servers were purchased at a cost of \$21,580.

Significant Long-term Debt Events During the Current Fiscal Year

On July 9, 2020, the Center received a loan from a local bank to finance the purchase and remodel of a building located at 209 N. Rockwall Street in Terrell, Texas. The amount of this loan was \$190,000 with an interest rate of 3.99% for 120 months. The outstanding balance of this loan on August 31, 2020, was \$190,000. The note is secured by a deed of trust on the real estate.

On July 9, 2020, the Center received a loan from a local bank to refinance two outstanding notes that had been issued in 2010 for the purchase of real estate in Sulphur Springs, Texas. The amount of this loan was \$1,317,271 with an interest rate of 3.75% for 144 months. The outstanding balance of this loan on August 31, 2020, is \$1,310,116. The note is secured by a deed of trust on the related real estate.

On May 1, 2020, the Center was granted a loan in the aggregate amount of \$4,322,700 from the American National Bank of Texas, pursuant to the Paycheck Protection Program (the "PPP") under Title I of the CARES Act, which was enacted March 27, 2020. The loan matures on May 1, 2022 and bears interest at a rate of 1.0% per annum, payable monthly commencing on December 1, 2020. The loan is subject to the limited loan forgiveness provisions of Section 1106 of the CARES Act. The amount of loan forgiveness is determined by and is subject to the sole approval of the U.S. Small Business Administration. Limited loan forgiveness is provided for amounts spent on payroll costs, rent and utilities payments, and interest payments on mortgages. No more than 25.0% of the amount forgiven may be for costs other than payroll costs.

ECONOMIC FACTORS AND SUBSEQUENT YEAR'S BUDGET

The Center's final budget for fiscal year 2020 amounted to \$39,167,093 vis-à-vis \$36,621,466 in FY 2019, an increase of \$2,545,627 from the preceding year. The budget for fiscal year 2021 is \$40,909,141. The new budget reflects an increase of \$4,287,675 as compared to the prior year.

1115 Waiver Renewal

As predicted in the prior year, regarding the 1115 DSRIP program, the Center's total 1115 funding increased during FY20. Additionally, the COVID-19 federal emergency that was initiated at the beginning of 2020 resulted in an enhanced FMAP calculation that further increased the federal share funding we received. We again met all our DSRIP measures for both the October and April reporting periods during fiscal year 2020. These results were aided by the other service modality allowances that the state implemented to allow providers to deliver in person services through telephone and telehealth means. The subsequent reduction in staff travel expenses due to COVID-related restrictions also had an impact in our positive balance of DSRIP and center related expenses throughout the fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Lakes Regional Community Center's finances and its accountability for the money it receives. If you have a question about this report or need additional financial information, contact Lakes Regional Community Center, attention Chief Financial Officer, P.O. Box 747, Terrell, Texas 75601.

LAKES REGIONAL COMMUNITY CENTER

STATEMENT OF NET POSITION

AUGUST 31, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 2,611,221
Investments	10,264,870
Accounts receivable, net	5,823,456
Deposits and prepaid expenses	170,335
Capital assets not being depreciated:	
Land	849,600
Construction in progress	187,500
Capital assets, net of accumulated depreciation	<u>7,136,309</u>
Total assets	<u>27,043,291</u>
LIABILITIES	
Accounts payable	513,514
Accrued liabilities	1,470,684
Unearned revenue	251,421
Long-term liabilities:	
Due within one year	2,271,514
Due in more than one year	<u>6,233,880</u>
Total liabilities	<u>10,741,013</u>
NET POSITION	
Net investment in capital assets	4,551,483
Unrestricted	<u>11,750,795</u>
Total net position	<u>\$ 16,302,278</u>

LAKES REGIONAL COMMUNITY CENTER

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 21, 2020

Functions/Programs	Expenses		
	Expenses	Administration Allocation	Expenses After Allocation of Administration
Governmental activities:			
Intellectual and Developmental Disabilities	\$ 12,590,390	\$ 266,506	\$ 12,856,896
Mental Health	11,778,370	313,535	12,091,905
North Texas Behavioral Health Authority	4,054,073	70,546	4,124,619
Early Childhood Intervention	1,905,395	39,192	1,944,587
1115 Waiver	4,067,070	94,061	4,161,131
Administration	783,840	(783,840)	-
Interest on long-term debt	171,657	-	171,657
Total governmental activities	<u>\$ 35,350,795</u>	<u>\$ -</u>	<u>\$ 35,350,795</u>

General revenues:

Gain on sale of capital assets

Miscellaneous

Unrestricted investment earnings

Total general revenues

Change in net position

Net position - beginning of year

Net position - end of year

<u>Program Revenues</u>		<u>Net (Expense)</u>
<u>Charges</u>	<u>Operating</u>	<u>Revenue</u>
<u>for</u>	<u>Grants and</u>	<u>and Changes</u>
<u>Services</u>	<u>Contributions</u>	<u>in Net Position</u>
		<u>Governmental</u>
		<u>Activities</u>
\$ 8,856,015	\$ 2,343,252	\$(1,657,629)
3,631,173	10,402,021	1,941,289
2,873,932	37,069	(1,213,618)
677,104	1,133,535	(133,948)
8,367,354	-	4,206,223
-	-	-
-	-	(171,657)
<u>\$ 24,405,578</u>	<u>\$ 13,915,877</u>	<u>2,970,660</u>
		36,942
		84,798
		<u>55,289</u>
		<u>177,029</u>
		3,147,689
		<u>13,154,589</u>
		<u>\$ 16,302,278</u>

LAKES REGIONAL COMMUNITY CENTER

BALANCE SHEET
GOVERNMENTAL FUND

AUGUST 31, 2020

	General
ASSETS	
Cash	\$ 2,611,221
Investments	10,264,870
Accounts receivable, net	5,823,456
Deposits	49,795
Prepaid items	120,540
Total assets	18,869,882
LIABILITIES	
Accounts payable	513,514
Accrued liabilities	1,470,684
Unearned revenue	251,421
Total liabilities	2,235,619
DEFERRED INFLOWS OF RESOURCES	
Unavailable 1115 waiver revenues	3,158,183
Unavailable Medicare Administrative Claiming revenues	158,896
Total deferred inflows of resources	3,317,079
FUND BALANCE	
Nonspendable:	
Deposits and prepaid items	170,335
Unassigned	13,146,849
Total fund balance	13,317,184
Total liabilities, deferred inflows of resources and fund balance	\$ 18,869,882

Amounts presented for governmental activities in the Statement of Net Position are different because:

Total fund balance	\$ 13,317,184
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Capital assets reported in the Statement of Net Position are not current financial resources and, therefore, are not reported in the fund financial statements.	8,173,409
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Some revenues reported in the statement of activities do not meet the availability criteria for revenue recognition in the funds and, therefore, are reported as deferred inflows.	3,317,079
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Long-term liabilities for compensated absences (\$560,768) and notes/loans payable (\$7,945,046), are reported in the Statement of Net Position but they are not due and payable in the current period and therefore are not reported as liabilities in the fund financial statements.	(8,505,394)
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Net Position of Governmental Activities	\$ 16,302,278
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LAKES REGIONAL COMMUNITY CENTER

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND

AUGUST 31, 2020

	General Fund
REVENUES	
Local and earned revenues	\$ 24,457,710
State programs	11,192,432
Federal programs	2,970,154
Investment income	55,289
Total revenues	<u>38,675,585</u>
EXPENDITURES	
Current:	
Intellectual and Developmental Disabilities	12,200,800
Mental Health	11,496,669
Early Childhood Intervention	1,901,003
North Texas Behavioral Health Authority	4,058,409
1115 Waiver	4,057,813
Administration	671,879
Capital outlay	699,844
Debt service:	
Principal	1,794,272
Interest	171,657
Total expenditures	<u>37,052,346</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,623,239
OTHER FINANCING SOURCES	
Issuance of general long-term debt	6,042,136
Sale of capital assets	36,942
Total other financing sources	<u>6,079,078</u>
NET CHANGE IN FUND BALANCE	7,702,317
FUND BALANCE AT BEGINNING OF YEAR	<u>5,614,867</u>
FUND BALANCE AT END OF YEAR	\$ <u>13,317,184</u>

LAKES REGIONAL COMMUNITY CENTER

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, 2020

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

Net change in fund balance - total governmental fund (see previous page)	\$ 7,702,317
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$789,140) exceeded capital outlay (\$774,867) in the current period.	(14,273)
The issuance of long-term debt (e.g., bonds, notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount by which the repayment of long-term debt (\$1,794,272) exceeded the issuance of long-term debt (\$6,042,136) in the current period.	(4,247,864)
Changes in the liability for compensated absences are reported as an increase or decrease to expense in the government-wide financial statements but are not reported in governmental funds if the amounts are not expected to be paid from current resources.	(78,448)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This is the change in these revenues for the year.	(214,043)
Change in net position of governmental activities	\$ <u>3,147,689</u>

LAKES REGIONAL COMMUNITY CENTER

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND**

AUGUST 31, 2020

ASSETS

Cash

\$ 121,208

Total assets

121,208

LIABILITIES

Due to consumers

121,208

Total liabilities

\$ 121,208

LAKES REGIONAL COMMUNITY CENTER

NOTES TO BASIC FINANCIAL STATEMENTS

AUGUST 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of Lakes Regional Community Center ("Center") are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the Center's financial activities for the fiscal year ended August 31, 2020.

B. Financial Reporting Entity - Basis of Presentation

The Center is a public entity that was established under the Texas Mental Health and Mental Retardation Act of 1965 and organized under Chapter 534, Title 7 of the Texas Health and Safety Code. This act provided for the creation of local boards of trustees. The Center's current board of trustees was appointed by local government officials of Hunt, Ellis, Navarro, Kaufman, Franklin, Rockwall, Camp, Hopkins, Titus, Delta, Morris and Lamar County, Texas to develop and implement community-based mental health and intellectual and developmental disabilities services. The Center is governed by an independent board, has the authority to make decisions, appoint administrators and managers, significantly influence operations and has the primary accountability for fiscal matters. The Center is not included in any other governmental reporting entity as defined by generally accepted accounting principles.

In determining the financial reporting entity, the Center is required to include all component units, legally separate entities for which the Center appoints a voting majority of the entity's board and the Center is either able to impose its will on the entity, or a financial benefit or burden relationship exists. There are no component units for which the Center is financially accountable.

C. Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Center as a whole, excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by charges for services and operating grants generally financed in whole or in part with fees charged to external customers. The Center does not have any business-type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. *Program revenues* include: (1) charges for services, which report fees and other charges to users of the Center's services; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Contributions from local governments and other revenue sources not properly included with program revenues are reported as *general revenues*.

Fund financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The major individual governmental fund (General Fund) is reported as a separate column in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Charges for services are recognized in the year for which they are provided while grants are recognized as revenue as soon as all eligibility requirements imposed by the grantor 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 when 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. The Center considers revenues to be available if they are collected within 120 days of the end of the fiscal year. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Major revenues susceptible to accrual include billings on reimbursable type grants and awards where revenues are recognized when services are rendered or when reimbursable expenditures are incurred. Client fees are recorded at the net realizable amounts. Unearned program revenues arise when resources are received before there is a legal claim to them, such as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when there is a legal claim to the resources, the liability for unearned program revenue is removed from the balance sheet and revenue is recognized. When both restricted and unrestricted assets are available for use, it is the Center's policy to use restricted resources first, then unrestricted resources as needed.

E. Allocation of Indirect Expenses

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.

F. Fund Types and Major Funds

The Center reports the following major governmental fund:

Governmental Fund

General Fund - reports as the primary operating fund of the Center. This fund is used to account for all financial resources of the Center, except for those required to be accounted for in another fund.

Other Fund Types

Agency Fund - This fund is used to account for the personal funds of the Center's clients. This fund is purely custodial (assets equal liabilities) and does not involve the measurement of the results of operations.

G. Budgetary Information

The Center's annual budget for the General Fund is prepared based on estimated expenditures provided on a unit basis summarized by program category. The budget is submitted to the Chief Executive Officer and the Board of Trustees. The budget must have the Board of Trustees' approval and that of the Texas Health and Human Services Commission (HHSC) for services relating to mental health and intellectual and developmental disabilities. 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. The budget for the General Fund is prepared using the current financial resources measurement focus and the modified accrual basis of accounting, which is consistent with generally accepted accounting principles for a governmental fund.

H. Cash and Investments

Outstanding cash on August 31, 2020, consisted principally of interest-bearing bank accounts. Investments on August 31, 2020, consisted of Texas Local Government Pool ("TexPool") deposits and certificates of deposit. Authorized investments of TexPool include obligations of the State of Texas or its agencies, certificates of deposit and repurchase agreements. Interest revenue on investments is recorded in the applicable fund. The Center's investment in pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Center's investments in nonparticipating certificates of deposit are reported at amortized cost.

I. Prepaid Items

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

J. Capital Assets

The Center's property, plant, equipment, and vehicles with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and related improvements	15-40
Equipment	3-5
Vehicles	5
Furniture and fixtures	5-12

K. Long-Term Liabilities

In the government-wide financial statements, outstanding long-term liabilities are reported as liabilities.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Principal payments and issuance costs are reported as expenditures.

L. Compensated Absences

Full-time employees earn vacation leave for each month of work performed. Progressive accrual of vacation leave is based on the number of years the individual is employed by the Center. For employees who have completed a conditional period, accrued vacation leave is paid upon termination of employment. Full-time employees also accumulate hours of sick leave per month. Unused sick leave is not paid upon termination of employment.

Compensated absences are reported as accrued in the government-wide financial statements. The governmental funds report only matured compensated absences payable to currently terminating employees, and these are included in accrued liabilities.

M. Deferred Inflows and Outflows 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 has no 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 has only one type of item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item *unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from two sources: Medicare Administrative Claiming and the 1115 Medical Waiver Program. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

N. Net Position Flow Assumption

Sometimes the Center will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as *restricted net position* and *unrestricted net position* in the government-wide financial statements, a flow assumption must be made about the order in which the resources are applied. It is the Center's policy to consider *restricted net position* to have been depleted before *unrestricted net position* is applied.

O. Fund Balance Flow Assumption

Sometimes the Center will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are applied. It is the Center's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

P. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Center itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Center's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the Center that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as committed. The Board of Trustees has by resolution authorized the Chief Finance Officer to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Q. Risk Management

The Center is exposed to various risks of loss related to general liability; torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; doctors' malpractice; and natural disasters. During fiscal year 2020, the Center was covered by liability insurance for amounts up to \$1,000,000 at a cost it considered to be economically justifiable.

The Center maintains workers compensation, general and auto liability, director's and officer's liability, and property insurance through commercial insurance carriers. There was no significant reduction in insurance coverage from the prior year. The amount of settlements has not exceeded insurance coverage for any of the past three years. The Center does not anticipate any additional assessments for insurance premiums as a result of activities in the year ending August 31, 2020.

During the year ended August 31, 2020, employees of the Center were covered by a health insurance plan (the "Plan"). The Center contributed to the Plan for employees and, employees, at their option, authorized payroll withholding to pay contributions for their dependents. All contributions were recorded in the Center's general fund for the purpose of self-insuring these health costs. Reinsurance coverage was obtained by the Center for fiscal year 2020. This coverage provides for an individual excess risk maximum of \$125,000 and an aggregate excess risk maximum of \$4,865,538. The stop-loss coverage was carried through Blue Cross Blue Shield, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code.

R. Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

II. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Center's deposits may not be returned or that the Center will not be able to recover collateral securities in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or collateralized. On August 31, 2020, deposits of the Center were fully insured or collateralized with securities held by the Center, its agent, or by the pledging financial institution trust department or agent in the name of the Center.

Investments

On August 31, 2020, the Center had the following investments not subject to the fair value hierarchy:

Type of Investment	Carrying Amount	Credit Rating (1)	Weighted Average Maturity (Days)
Texas Local Government Investment Pool	\$ 3,168,165	AAAm	32 days
Certificates of deposit	1,033,801	N/A	1,682 days
Money market accounts	<u>6,062,904</u>	N/A	N/A
Total investments	<u>\$ 10,264,870</u>		

On August 31, 2020 investments of \$3,168,165 were held in the Texas Local Government Investment Pool ("TexPool"). The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller of Public Accounts has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's and the Office of the State Comptroller of Public Accounts for review.

TexPool is a qualifying external investment pool that measures for financial reporting purposes all its investments at amortized cost.

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

Investment Policies

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the Center's investing activities are managed under the custody of the Chief Financial Officer. Investing is performed in accordance with investment policies adopted by the Board of Trustees complying with state statutes. The Center's investment policy and state statute generally permit the Center to invest in FDIC insured certificates of deposit, fully collateralized repurchase agreements, public funds investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, prime domestic bankers acceptances, commercial paper, SEC registered no-load money market mutual funds rated AAA, other obligations which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, and obligations of states, agencies, countries, cities and other political subdivisions having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent. During the year ended August 31, 2020, the Center did not own any types of securities other than those permitted by statute or its investment policy.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Center's investment policy requires that the maturity of investments correspond to anticipated cash flows. The policy also requires that investments be diversified to minimize the risk of loss from the concentration of assets in a specific maturity period.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Center's investment in a single issuer. During 2020, the Center maintained this diversification by investing with investment pools, as well as purchasing two collateralized certificates of deposit with American National Bank of Texas.

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The Center's policy provides that investment securities are held by a third-party custodian in an account in the Center's name.

III. ACCOUNTS RECEIVABLE

Accounts receivable are for reimbursement of expenditures and fees for services provided under various programs and grants. All amounts are expected to be collected within the next year. A summary of these receivables follows:

<u>Due from other governments:</u>	
1115 Waiver	\$ 3,158,183
Medicaid Administrative Claiming	733,397
Medicaid and Medicare	312,605
TCOOMMI	49,455
HHSC - IDD programs	958
HHSC - substance abuse programs	94,624
HHSC - mental health programs	72,547
Early childhood services contract	153,821
ICF/IDD	160,868
HCS/TxHLW	511,067
FEMA Crisis Counseling Grant	74,006
CCHBC Expansion Grant	85,739
Receivables from other governments	\$ <u>5,407,270</u>
<u>Client fees receivable:</u>	
Private patient fees and insurance	\$ 3,404
DayHab	517
Other	317,687
Client fees receivable	\$ <u>416,186</u>
Accounts receivable	\$ <u>5,823,456</u>

IV. CAPITAL ASSETS

The following table provides a summary of changes in capital assets:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 787,100	\$ 62,500	\$ -	\$ 849,600
Construction in progress	<u>-</u>	<u>187,500</u>	<u>-</u>	<u>187,500</u>
Total capital assets not being depreciated	<u>787,100</u>	<u>250,000</u>	<u>-</u>	<u>1,037,100</u>
Other capital assets:				
Buildings	11,390,895	209,957	-	11,600,852
Leasehold improvements	1,503,212	-	-	1,503,212
Furniture and equipment	2,073,779	92,091	21,500	2,144,370
Vehicles	<u>2,282,938</u>	<u>222,819</u>	<u>225,107</u>	<u>2,280,650</u>
Total capital assets being depreciated	<u>17,250,824</u>	<u>524,867</u>	<u>246,607</u>	<u>17,529,084</u>
Less accumulated depreciation				
Buildings	4,688,746	515,155	-	5,203,901
Leasehold improvements	1,410,332	51,198	-	1,461,530
Furniture and equipment	1,934,443	60,733	21,500	1,973,676
Vehicles	<u>1,816,721</u>	<u>162,054</u>	<u>225,107</u>	<u>1,753,668</u>
Total accumulated depreciation	<u>9,850,242</u>	<u>789,140</u>	<u>246,607</u>	<u>10,392,775</u>
Governmental Activities				
Capital Assets, net	<u>\$ 8,187,682</u>	<u>\$ (14,273)</u>	<u>\$ -</u>	<u>\$ 8,173,409</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
Intellectual and developmental disability programs	\$ 221,201
Mental health programs	396,028
NTBHA	45,913
Early Childhood Intervention	55
Administration	<u>125,943</u>
Total depreciation expense - governmental activities	<u>\$ 789,140</u>

V. LONG-TERM DEBT

Notes Payable

On August 27, 2003, the Center received a loan from a local bank to finance the acquisition and construction of a clinic and administration facility in Terrell, Texas. The original amount of the loan was \$2,428,849 and calls for payments in the amount of \$16,580 per month. The initial interest rate for the loan is 5.4%; however, the rate adjusts based on the maximum rate according to the Texas Finance Code. Beginning January 1, 2011, the rate was adjusted to 2.95% to fully amortize the loan by September 1, 2021. The outstanding balance of this loan on August 31, 2020, is \$215,338. The note is secured by a deed of trust on the real estate purchased.

On November 30, 2009, the Center received a loan from a local bank to finance the purchase of real estate used by the Center for its programs in Mount Pleasant, Texas. The original amount of this loan was \$233,750 and calls for monthly payments in the amount of \$2,410 with an interest rate of 4.330% for 120 months. This loan was refinanced in 2019 for the purpose of a \$100,000 remodel. The outstanding balance of this loan on August 31, 2020, is \$113,057. The note is secured by a deed of trust on the real estate purchased.

On July 17, 2012, the Center received a loan from a local bank to finance the purchase of land in Rockwall, Texas, for purposes of building a new day-habilitation center. The original amount of the loan was \$144,000. The loan was renewed January 2, 2014, as a line of credit with an original amount of \$1,750,000. The Center made monthly interest payments for nine months at a rate of 3.350%. The note then called for a fixed interest rate of 3.09% with monthly principal and interest payments in the amount of \$8,069 until maturity on August 28, 2034. The outstanding balance of this loan on August 31, 2020, is \$1,096,013. The note is secured by a deed of trust on

the real estate purchased.

On August 22, 2013, the Center received a loan from a local bank to finance the purchase of real estate used by the Center for its programs in Paris, Texas. The original amount of this loan was \$175,000 and calls for monthly payments in the amount of \$1,687 with an interest rate of 2.97% for 120 months. The outstanding balance of this loan on August 31, 2020, is \$59,523. The note is secured by a deed of trust on the real estate purchased.

On October 15, 2015, the Center received a loan from a local bank to finance the purchase of real estate used by the Center for its programs in Greenville, Texas. The original amount of this loan was \$94,000 and calls for monthly payments in the amount of \$954 with an interest rate of 4.0% for 120 months. The outstanding balance of this loan on August 31, 2020, is \$53,288. The note is secured by a deed of trust on the real estate purchased.

On December 10, 2015, the Center received a loan from a local bank to finance the construction of a parking lot in Terrell, Texas. The original amount of this loan was \$400,000 and called for monthly payments in the amount of \$4,109 with an interest rate of 4.25% for 120 months. The outstanding balance of this loan on August 31, 2020, is \$234,550. The note is secured by a deed of trust on the real estate purchased.

On July 9, 2020, the Center received a loan from a local bank to finance the purchase and remodel of a building located at 209 N. Rockwall Street in Terrell, Texas. The original amount of this loan was \$190,000 and called for monthly payments in the amount of \$1,923 with an interest rate of 3.99% for 120 months. The outstanding balance of this loan on August 31, 2020, was \$190,000. The note is secured by a deed of trust on the real estate.

On July 9, 2020, the Center received a loan from a local bank to refinance two outstanding notes that had been issued in 2010 for the purchase of real estate in Sulphur Springs, Texas. The original amount of this loan was \$1,317,271 and called for monthly payments in the amount of \$11,409 with an interest rate of 3.75% for 144 months. The outstanding balance of this loan on August 31, 2020, is \$1,310,116. The note is secured by a deed of trust on the related real estate.

The Center has also obtained loans for the purchase of vehicles. The original amount of these loans totals \$414,608. Maturity dates range from 36 to 60 months. Interest rates on these loans range from 3.75% to 4.89%. The outstanding balances of these loans on August 31, 2020, are \$250,788, in aggregate. The loans are secured by the vehicles purchased.

Paycheck Protection Program (PPP) Loan

On May 1, 2020, the Center was granted a loan in the aggregate amount of \$4,322,700 from the American National Bank of Texas, pursuant to the Paycheck Protection Program (the "PPP") under Title I of the CARES Act, which was enacted March 27, 2020.

The loan matures on May 1, 2022 and bears interest at a rate of 1.0% per annum, payable monthly commencing on December 1, 2020. The loan is subject to the limited loan forgiveness provisions of Section 1106 of the CARES Act. The amount of loan forgiveness is determined by and is subject to the sole approval of the U.S. Small Business Administration. Limited loan forgiveness is provided for amounts spent on payroll costs, rent and utilities payments, and interest payments on mortgages. No more than 25.0% of the amount forgiven may be for costs other than payroll costs.

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

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due Within One Year
Governmental Activities:					
Notes from direct borrowings:					
Real estate notes	\$ 3,554,545	\$ 1,507,271	\$ 1,690,678	\$ 3,371,138	\$ 446,186
Vehicle notes	142,217	212,165	103,594	250,788	88,170
PPP loan	-	4,322,700	-	4,322,700	1,596,966
Other liabilities:					
Compensated absences	<u>482,320</u>	<u>156,896</u>	<u>78,448</u>	<u>560,768</u>	<u>140,192</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 4,179,082</u>	<u>\$ 6,199,032</u>	<u>\$ 1,872,720</u>	<u>\$ 8,505,394</u>	<u>\$ 2,271,514</u>

The liability for compensated absences is fully liquidated by the general fund.

The Center's outstanding notes from direct borrowings related to governmental activities contain a provision that in the event of default, outstanding amounts become immediately due if the Center is unable to make payment.

Following are the debt service requirements to maturity as of August 31, 2020, for all long-term notes payable:

Year Ending August 31,	Principal	Interest	Total Required
2021	\$ 2,131,322	\$ 176,936	\$ 2,308,258
2022	3,090,348	127,226	3,217,574
2023	329,543	99,085	428,628
2024	269,561	86,657	356,218
2025	266,711	76,182	342,893
2026-2030	1,183,423	243,748	1,427,171
2031-2035	<u>673,718</u>	<u>41,235</u>	<u>714,953</u>
Totals	<u>\$ 7,944,626</u>	<u>\$ 851,069</u>	<u>\$ 8,795,695</u>

VI. COMMITMENTS UNDER OPERATING LEASES

The Center has entered into various non-cancelable lease agreements for facilities and equipment. These agreements provide for future minimum rental payments for the next five fiscal years as follows:

Year Ending August 31,	Rental Commitments
2021	\$ 382,427
2022	115,073
2023	109,006
2024	<u>96,124</u>
Total Minimum Rentals	<u>\$ 606,506</u>

Rental expenditures in the fiscal year ending August 31, 2020, were \$276,897.

VII. RETIREMENT PLAN

The Center maintains a 401(a) defined contribution money purchase pension plan for the benefit of eligible employees and their beneficiaries. The name of the plan is the LRMHMR Retirement Plan and is managed by ISC Group. The Center matches up to 5% of each participating employee's compensation for the year. These contributions are used to purchase mutual funds and/or annuity contracts on behalf of eligible Center employees. Eligible participants are fulltime (30 or more hours/week) employees of the Center with at least 90 days of employment. As of each anniversary date, any amounts that became forfeitures since the last anniversary date first are made available to reinstate previously forfeited account balances of former participants, if any. The remaining forfeitures, if any, are used to reduce future employer contributions or are used to pay the expenses associated with the administration and operation of the plan.

Employees vest in the Center's contributions to the plan on their behalf over a five-year period as follows:

Vesting Schedule	
Years of Service	Percentage
Less than 1	0%
1	20%
2	40%
3	60%
4	80%
5	100%

The required contribution by the Center for the fiscal year ending August 31, 2020, was \$475,335 and the actual contribution was \$475,335 of which \$35,156 was funded by employee forfeitures of non-vested amounts.

VIII. DEFERRED COMPENSATION PLAN

The Center offers its employees a deferred Compensation Plan ("Plan") consistent with Internal Revenue Code Section 457(a). Vesting in the Plan is immediate with plan assets held in trust until the employee terminates employment, retires or experiences an unforeseeable emergency. Employees may contribute voluntarily to the Plan an amount not to exceed limits established by the Internal Revenue Service. Employee contributions to the plan were \$632,707.

IX. HEALTH CLAIMS PAYABLE

A liability was recorded on August 31, 2020 for claims incurred prior to fiscal year-end. An analysis of claims activity is presented below:

	Beginning Balance	Current Year Claims Incurred	Current Year Claims Paid	Ending Balance
08/31/2020	\$ 223,928	\$ 4,833,946	\$ 4,909,561	\$ 148,313

X. COMMITMENTS AND CONTINGENCIES

The Center participates in many state and federal grant 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 is not believed to be material to the financial position of the Center.

The Center is sometimes involved in litigation arising in the ordinary course of business. It is management's belief that any liability resulting from such litigation would not be material in relation to the Center's financial position.

Over the years the Texas Health and Human Services Commission has conveyed capital assets to the Center restricted for the purpose of providing community-based mental health and intellectual and developmental and disability services. If the Center should cease to use the assets, ownership would

revert to the Texas Health and Human Services Commission.

XI. ECONOMIC DEPENDENCE

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

XII. PATIENT ASSISTANCE PROGRAM

The Center participates in a patient assistance program (PAP) in order to decrease medication costs incurred by the Center and its consumers. Under this program, the Center receives pharmaceuticals at no charge on behalf of consumers and dispenses these items to consumers in accordance with service provider instructions. This program does not meet the criteria established by generally accepted accounting principles for recording in the financial statements. However, the cost savings achieved by this program are significant to the Center. Management estimates the value of pharmacy items distributed under this program to be \$2,408,439 for the year.

**REQUIRED SUPPLEMENTARY
INFORMATION**

LAKES REGIONAL COMMUNITY CENTER

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED AUGUST 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
LOCAL AND EARNED REVENUES				
County/City	\$ 43,295	\$ 43,295	\$ 42,197	\$(1,098)
Patient fees and insurance, net	3,049,487	3,049,487	2,276,022	(773,465)
North Texas Behavioral Health Authority	3,330,372	3,330,372	2,796,032	(534,340)
Medicaid	4,309,770	4,309,770	3,667,189	(642,581)
Medicare	130,865	130,865	76,322	(54,543)
ICFIDD Residential	1,602,270	1,602,270	1,716,335	114,065
Home and Community Based Services	4,280,306	4,280,306	4,472,777	192,471
1115 Medicaid Waiver	7,645,685	7,645,685	8,578,625	932,940
Texas Home Living Waiver	753,360	753,360	633,048	(120,312)
PASRR	97,192	97,192	61,333	(35,859)
Contributions	49,265	49,265	51,865	2,600
Rental income	30,000	30,000	30,000	-
Other	28,230	28,230	60,142	31,912
Total local and earned revenues	<u>25,350,097</u>	<u>25,350,097</u>	<u>24,461,887</u>	<u>(888,210)</u>
STATE PROGRAM REVENUES				
General Revenue	9,812,037	9,812,037	10,007,190	195,153
Substance Abuse	654,864	654,864	360,776	(294,088)
Early Childhood Intervention	504,360	504,360	516,585	12,225
TCOOMMI	313,044	313,044	238,560	(74,484)
Texas Rehabilitation Commission	70,296	70,296	9,300	(60,996)
Mental Health First Aid	99,500	99,500	55,844	(43,656)
IDD Collaborative Grant	-	-	75,000	75,000
Total state program revenues	<u>11,454,101</u>	<u>11,454,101</u>	<u>11,263,255</u>	<u>(190,846)</u>
FEDERAL PROGRAM REVENUES				
Medical Assistance Program	1,040,270	1,040,270	1,412,217	371,947
Early Childhood Intervention	592,074	592,074	616,950	24,876
Substance abuse	357,720	357,720	316,715	(41,005)
Mental Health Block Grant	128,806	128,806	151,487	22,681
Money Follows the Person	78,564	78,564	72,584	(5,980)
Social Services Block Grant	86,145	86,145	86,136	(9)
Temporary Assistance to Needy Families	79,316	79,316	79,320	4
Disaster Crisis Counseling Program	-	-	74,006	74,006
Certified Community Behavioral Health Clinic Expansion Grant	-	-	85,739	85,739
Total federal program revenues	<u>2,362,895</u>	<u>2,362,895</u>	<u>2,895,154</u>	<u>532,259</u>
Investment earnings	-	-	55,289	55,289
Total revenues	<u>\$ 39,167,093</u>	<u>\$ 39,167,093</u>	<u>\$ 38,675,585</u>	<u>\$(491,508)</u>

LAKES REGIONAL COMMUNITY CENTER

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED AUGUST 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Salaries	\$ 18,356,228	\$ 18,356,228	\$ 17,714,435	\$ 641,793
Employee benefits	7,049,841	7,049,841	5,471,345	1,578,496
Contracts with other organizations	5,535,896	5,535,896	5,718,893	(182,997)
Building rent and operating costs	1,219,592	1,219,592	1,528,330	(308,738)
Staff travel	785,567	785,567	556,269	229,298
Furniture, equipment, and copier fees	838,644	838,644	496,089	342,555
Utilities and telephone	455,071	455,071	454,633	438
Pharmaceuticals	517,131	517,131	388,294	128,837
Consumable supplies	366,939	366,939	463,548	(96,609)
Telecommunications	364,871	364,871	332,893	31,978
Insurance	330,196	330,196	326,343	3,853
Consultation and professional fees	512,132	512,132	114,489	397,643
Client costs	149,304	149,304	210,838	(61,534)
Vehicle rent and operating costs	163,708	163,708	130,254	33,454
Quality assurance fees	78,864	78,864	78,467	397
Lab services	42,684	42,684	22,861	19,823
Other	551,525	551,525	378,592	172,933
Total current expenditures	<u>37,318,193</u>	<u>37,318,193</u>	<u>34,386,573</u>	<u>2,931,620</u>
Capital outlay	1,092,676	1,092,676	699,844	392,832
Debt service	756,224	756,224	1,965,929	(1,209,705)
Total expenditures	<u>39,167,093</u>	<u>39,167,093</u>	<u>37,052,346</u>	<u>2,114,747</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>1,623,239</u>	<u>1,623,239</u>
OTHER FINANCING SOURCES				
Issuance of general long-term debt	-	-	6,042,136	6,042,136
Sale of capital assets	-	-	36,942	36,942
Total other financing sources	<u>-</u>	<u>-</u>	<u>6,079,078</u>	<u>6,079,078</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>-</u>	<u>-</u>	<u>7,702,317</u>	<u>7,702,317</u>
FUND BALANCE, BEGINNING	<u>5,614,867</u>	<u>5,614,867</u>	<u>5,614,867</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 5,614,867</u>	<u>\$ 5,614,867</u>	<u>\$ 13,317,184</u>	<u>\$ 7,702,317</u>

The accompanying notes are an integral part of this schedule.

LAKES REGIONAL COMMUNITY CENTER

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2020

Budgetary Information

The Center's annual budget for the General Fund is prepared based on estimated expenditures provided on a unit basis summarized by program category. The budget is submitted to the Chief Executive Officer and the Board of Trustees. The budget must have the Board of Trustees' approval and that of the Texas Health and Human Services Commission (HHSC) for services relating to mental health and intellectual and developmental disabilities. 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. The budget for the General Fund is prepared using the current financial resources measurement focus and the modified accrual basis of accounting, which is consistent with generally accepted accounting principles for a governmental fund.

SUPPLEMENTARY SCHEDULES
(UNAUDITED)

LAKES REGIONAL COMMUNITY CENTER

SCHEDULE OF REVENUES AND EXPENDITURES BY SOURCE FUNDS (UNAUDITED)

FOR THE YEAR ENDED AUGUST 31, 2020

Fund Sources	Total Revenue	Total Mental Health Adult Expenditures
Objects of Expense		
Personnel	\$ 17,714,435	\$ 2,683,605
Employee benefits	5,471,345	844,251
Debt service	1,965,929	118,954
Capital outlay	699,844	162,437
Pharmaceutical	388,294	262,975
Other operating expenditures	<u>10,812,499</u>	<u>4,292,110</u>
 Total Expenditures	 \$ <u>37,052,346</u>	 \$ <u>8,364,332</u>
 Method of Finance		
General Revenue - Mental Health	\$ 7,875,466	\$ 7,624,751
General Revenue - IDD	2,187,568	-
TANF to Title XX, CFDA #93.558	79,320	-
Title XX Social Services Block Grant, CFDA #93.667	86,136	67,320
Mental Health Block Grant, CFDA #93.958	151,487	118,850
Early Childhood Intervention	1,133,535	-
Other state funds	435,776	-
Earned income	22,242,574	3,326,552
Other federal funds	1,961,261	565,305
Additional local funds	<u>8,601,540</u>	<u>845,115</u>
 Total Expended Sources	 \$ <u>44,754,663</u>	 \$ <u>12,547,893</u>

(a) includes "other financing sources"

<u>Total Mental Health Children Expenditures</u>	<u>Total Mental IDD Expenditures</u>	<u>Total Other Expenditures</u>	<u>Total Center Expenditures</u>	<u>Excess Revenue Over Expenditures</u>
\$ 227,045	\$ 6,215,853	\$ 8,587,932	\$ 17,714,435	\$ -
66,887	2,113,107	2,447,100	5,471,345	-
2,438	180,582	1,663,955	1,965,929	-
766	62,003	474,638	699,844	-
140	4,321	120,858	388,294	-
<u>79,176</u>	<u>4,282,385</u>	<u>2,158,828</u>	<u>10,812,499</u>	<u>-</u>
<u>\$ 376,452</u>	<u>\$ 12,858,251</u>	<u>\$ 15,453,311</u>	<u>\$ 37,052,346</u>	<u>\$ -</u>
\$ 226,691	\$ 24,024	\$ -	\$ 7,875,466	\$ -
-	2,187,568	-	2,187,568	-
79,320	-	-	79,320	-
18,816	-	-	86,136	-
32,637	-	-	151,487	-
-	-	1,133,535	1,133,535	-
-	110,723	325,053	435,776	-
7,436	9,188,437	5,199,337	17,721,762	4,520,812
195,580	1,200,376	-	1,961,261	-
<u>-</u>	<u>2,503,181</u>	<u>2,071,739</u>	<u>5,420,035</u>	<u>3,181,505</u>
<u>\$ 560,480</u>	<u>\$ 15,214,309</u>	<u>\$ 8,729,664</u>	<u>\$ 37,052,346</u>	<u>\$ 7,702,317</u>

LAKES REGIONAL COMMUNITY CENTER

RECONCILIATION OF TOTAL REVENUE
TO THE FOURTH QUARTER FINANCIAL REPORT (UNAUDITED)

FOR THE YEAR ENDED AUGUST 31, 2020

	CARE Report III	Additions
LOCAL AND EARNED REVENUES		
County/City	\$ 42,197	\$ -
Patient fees and insurance, net	2,276,022	-
North Texas Behavioral Health Authority	2,796,032	-
ICF/IDD	1,716,335	-
1115 Waiver	8,578,625	-
Medicaid/Medicare	3,743,511	-
Medicaid Waiver Programs	5,105,825	-
PAP	2,408,439	-
Contributions	51,865	-
Other local income	311,188	20,390
Total Local Revenue	<u>27,030,039</u>	<u>20,390</u>
STATE PROGRAM REVENUES		
General revenue	6,356,718	3,650,472
Mental Health First Aid	55,844	-
TDCJ substance abuse	360,776	-
Texas Rehabilitation Commission	9,300	-
TCOOMMI	238,560	-
Early Childhood Intervention	516,585	-
IDD Collaborative Grant	75,000	-
Total State Program Revenue	<u>7,612,783</u>	<u>3,650,472</u>
FEDERAL PROGRAM REVENUES		
Early Childhood Intervention	616,950	-
Medical Assistance Program	1,412,217	-
Money Follows the Person	72,584	-
Mental Health Block Grant	151,487	-
Substance Abuse	316,715	-
Social Services Block Grant	86,136	-
Temporary Assistance to Needy Families	79,320	-
Disaster Crisis Counseling Program	74,006	-
Certified Community Behavioral Health Clinic Expansion Grant	85,739	-
Total Federal Program Revenue	<u>2,735,409</u>	<u>-</u>
OTHER REVENUE AND OTHER FINANCING SOURCES		
Issuance of long-term debt	4,724,866	1,317,270
Sale of capital assets	36,942	-
Investment earnings	55,289	-
Total Revenue and Other Financing Sources	<u>\$ 42,195,328</u>	<u>\$ 3,670,862</u>

- (a) Remove PAP not recorded in the financial statements
- (b) Addition to include Hospitality House revenues
- (c) Adjustment made subsequent to filing CARE Report III

<u>Deletions</u>	<u>Audited Financial Statements</u>
\$ -	\$ 42,197
-	2,276,022
-	2,796,032
-	1,716,335
-	8,578,625
-	3,743,511
-	5,105,825
(2,408,439) (a)	-
-	51,865
(b) <u>180,103</u> (c)	<u>151,475</u>
<u>(2,228,336)</u>	<u>24,461,887</u>
(b) -	10,007,190
-	55,844
-	360,776
-	9,300
-	238,560
-	516,585
-	75,000
<u>-</u>	<u>11,263,255</u>
-	616,950
-	1,412,217
-	72,584
-	151,487
-	316,715
-	86,136
-	79,320
-	74,006
-	85,739
<u>-</u>	<u>2,895,154</u>
(c) -	6,042,136
-	36,942
-	55,289
<u>\$(2,228,336)</u>	<u>\$ 44,754,663</u>

LAKES REGIONAL COMMUNITY CENTER

RECONCILIATION OF FOURTH QUARTER FINANCIAL
REPORT ON AUDITED EXPENDITURES (UNAUDITED)

FOR THE YEAR ENDED AUGUST 31, 2020

Object of Expenditure	CARE Report III	Additions
Salaries	\$ 17,635,364	\$ 79,071
Employee benefits	5,445,697	25,648
Consultation and professional fees	114,489	-
Contracts with other organizations	2,160,498	3,558,395
Lab services	22,861	-
Pharmaceutical	388,294	-
Building rent and operating costs	1,528,330	-
Vehicle rent and operating costs	130,254	-
Furniture, equipment, and copier fees	496,089	-
Quality assurance fees	78,467	-
Consumable supplies	463,548	-
Staff travel	556,052	217
Utilities and telephone	454,633	-
Insurance	326,343	-
Client costs	210,838	-
Telecommunications	332,893	-
PAP	2,408,439	-
Capital outlay	699,844	-
Debt service	665,176	1,317,270
Other operating expenditures	371,061	7,531
Total expenditures	(b) \$ 34,489,170	\$ 4,988,132

- (a) Addition to include Hospitality House expenditures
- (b) Remove PAP not recorded in the financial statements
- (c) Adjustment made subsequent to filing CARE Report III

	<u>Deletions</u>	<u>Audited Financial Statements</u>
(a) \$	-	\$ 17,714,435
(a)	-	5,471,345
	-	114,489
(a)	-	5,718,893
	-	22,861
	-	388,294
	-	1,528,330
	-	130,254
	-	496,089
	-	78,467
	-	463,548
(a)	-	556,269
	-	454,633
	-	326,343
	-	210,838
	-	332,893
	2,408,439 (b)	-
	-	699,844
(c)	16,517 (c)	1,965,929
(a)	<u>-</u>	<u>378,592</u>
	<u>\$ 2,424,956</u>	<u>\$ 37,052,346</u>

LAKES REGIONAL COMMUNITY CENTER

SCHEDULE OF INDIRECT COSTS (UNAUDITED)

FOR THE YEAR ENDED AUGUST 31, 2020

	<u>Total Costs</u>	<u>Nonallowable Costs</u>	<u>Depreciation</u>
Personnel	\$ 17,714,435	\$ -	\$ -
Fringe benefits	5,471,345	-	-
Debt service	1,965,929	1,794,272	-
Capital outlay	699,844	699,844	-
Depreciation	-	-	789,140
Other operating expenditures	<u>11,200,793</u>	<u>108,225</u>	<u>-</u>
Total Expenditures	<u>\$ 37,052,346</u>	<u>\$ 2,602,341</u>	<u>\$ 789,140</u>

Indirect costs

Direct costs

Indirect Cost Rate

<u>Total Adjusted Costs</u>	<u>Direct Costs</u>	<u>Indirect Costs</u>
\$ 17,714,435	\$ 15,556,289	\$ 2,158,146
5,471,345	4,877,023	594,322
171,657	163,317	8,340
-	-	-
789,140	663,139	126,001
<u>11,092,568</u>	<u>10,364,487</u>	<u>728,081</u>
<u>\$ 35,239,145</u>	<u>\$ 31,624,255</u>	<u>\$ 3,614,890</u>

\$ 3,614,890
31,624,255

11%

LAKES REGIONAL COMMUNITY CENTER

SCHEDULE OF LEASE AND RENTAL COMMITMENTS (UNAUDITED)

AUGUST 31, 2020

Lessor	Leased Property Location	Termination Date	Monthly Rental
800 North Main, Inc.	800 North Main, Suite D2 Corsicana, Texas	8/31/2021	\$ 2,200
800 North Main, Inc.	800 North Main, Suite D Corsicana, Texas	8/31/2021	5,600
Devon Storage	6017 Interstate 30, Unit 232 Greenville, Texas	Month to month	322
Vargas Brothers, Inc.	4808 Wesley St., Suite C Greenville, Texas	1/1/2020	1,000
Bud Properties	2824 Terrell Rd., Suite 305 Greenville, Texas	5/31/2020	3,705
Dr. T.J. Roberts	2001 W. Ferguson Rd., Suite 1020 Mt. Pleasant, Texas	8/31/2020	2,750
Rock Tree Properties	1630 Clement Road Paris, Texas	5/31/2020	2,600
Glenn Bell/Bell Electronics	2870 N Main Paris, Texas	Month to month	3,000
Colton B. Perry	2995 Lamar Ave. Paris, Texas	8/31/2021	3,278
Nathan Bell Realtors	635 Clarksville St. Paris, Texas	8/31/2020	2,385
Rockwall Oceanhill, LLC	2435 Ridge Road, Suite 101 & 107 Rockwall, Texas	5/1/2020	11,997
James Baker	421 N. Sam Rayburn Sherman, Texas	8/31/2020	3,300
Tabstan Enterprises, LLC	151 E. Industrial Dr., Suite 500 Sulphur Springs, Texas	12/1/2019	7,466
Coy Johnson	354 Hillcrest Sulphur Springs, Texas	8/31/2020	650
Gearner Properties/ John Gearner	521 Main St., Suite 103 Sulphur Springs, Texas	Month to month	725
Mehdi Mahdavi	200 Lee Street Terrell, Texas	7/31/2021	3,051

LAKES REGIONAL COMMUNITY CENTER

SCHEDULE OF LEASE AND RENTAL COMMITMENTS (UNAUDITED)

AUGUST 31, 2020

<u>Lessor</u>	<u>Leased Property Location</u>	<u>Termination Date</u>	<u>Monthly Rental</u>
Mehdi Mahdavi	202 Lee Street Terrell, Texas	7/31/2021	\$ 2,113
Mehdi Mahdavi	204 Lee Street Terrell, Texas	4/30/2021	1,900
Mehdi Mahdavi	206 Lee Street Terrell, Texas	8/31/2021	2,700
Texas Department of State Health Services	1200 E. Brinn St., Cottage #731 Terrell, Texas	Month to month	600
The Storage Place	161 Business Circle Terrell, Texas	Month to month	451
Bill Efenev	1 Skyline Road Terrell, Texas	4/15/2024	2,500
Bill Efenev	303 Dallas St. Terrell, Texas	Month to month	1,225
Sam Ventura	115 East Moore St. Terrell, Texas	12/1/2019	3,400
YOY Holdings	101 Executive Ct., Suite 200 Waxahachie, Texas	8/31/2020	1,600
YOY Holdings	101 Executive Ct., Suite 300 Waxahachie, Texas	8/31/2020	1,600
Landmark Storage	275 Hillcrest Drive #771 Sulphur Springs, Texas	Month to month	229
Titus County Hospital District	107 W. 20th Street Mt. Pleasant, Texas	Month to month	3,863
Ben Faber	305 N. Main Paris, Texas	Month to month	500
Leaf/DeLuge	1630 Clement Rd. Paris, Texas	Month to month	99
Leaf/DeLuge	200 Lee St. Terrell, Texas	8/1/2021	142
Leaf/DeLuge	800 N. Main, Suite D2 Corsicana, Texas	7/18/2021	118

LAKES REGIONAL COMMUNITY CENTER

SCHEDULE OF LEASE AND RENTAL COMMITMENTS (UNAUDITED)

AUGUST 31, 2020

Lessor	Leased Property Location	Termination Date	Monthly Rental
Leaf/DeLuge	206 Lee St. Terrell, Texas	6/24/2021	\$ 167
Leaf/DeLuge	2870 N. Main St. Paris, Texas	10/1/2022	178
Leaf/DeLuge	2435 Ridge Rd., Suite 101 Rockwall, Texas	9/30/2022	204
Leaf/DeLuge	2995 Lamar Ave. Paris, Texas	12/20/2019	195
Leaf/DeLuge	101 Executive Ct., Suite 200 Waxahachie, Texas	12/23/2019	167
Leaf/DeLuge	2001 W. Ferguson, Suite 1020 Mt. Pleasant, Texas	12/23/2019	178
Leaf/DeLuge	151 Industrial Dr. Sulphur Springs, Texas	1/18/2020	204
Leaf/DeLuge	22 W. Cherry St. Paris, Texas	1/18/2020	161
Leaf/DeLuge	413 Royal St. Waxahachie, Texas	3/20/2020	172
Leaf/DeLuge	4200 Stuart St. Greenville, Texas	3/21/2020	221
Leaf/DeLuge	4200 Stuart St. Greenville, Texas	3/21/2020	301
Leaf/DeLuge	4200 Stuart St. Greenville, Texas	3/21/2020	60
Leaf/DeLuge	4804 Wesley St. Greenville, Texas	12/20/2019	221
Leaf/DeLuge	4804 Wesley St. Greenville, Texas	3/21/2020	301
Leaf/DeLuge	115 E. Moore Ave. Terrell, Texas	4/6/2020	119
Leaf/DeLuge	1525 Airport Rd. Rockwall, Texas	6/28/2020	161

LAKES REGIONAL COMMUNITY CENTER

SCHEDULE OF LEASE AND RENTAL COMMITMENTS (UNAUDITED)

AUGUST 31, 2020

<u>Lessor</u>	<u>Leased Property Location</u>	<u>Termination Date</u>	<u>Monthly Rental</u>
Leaf/DeLuge	1 Skyline Dr. Terrell, Texas	6/28/2020	\$ 369
Leaf/DeLuge	800 N. Main, Suite D Corsicana, Texas	6/28/2020	204
Leaf/DeLuge	1300 West 16th St. Mt. Pleasant, Texas	2/26/2021	190
Leaf/DeLuge	1300 West 16th St. Mt. Pleasant, Texas	2/26/2021	190
Leaf/DeLuge	1300 West 16th St. Mt. Pleasant, Texas	1/18/2020	172
Leaf/DeLuge	395 N. Main, St. Paris, Texas	2/26/2021	172
Leaf/DeLuge	400 Airport Rd. Terrell, Texas	3/5/2021	133
Leaf/DeLuge	400 Airport Rd. Terrell, Texas	6/17/2021	154
Leaf/DeLuge	400 Airport Rd. Terrell, Texas	6/12/2021	290
Leaf/DeLuge	400 Airport Rd. Terrell, Texas	6/12/2021	365
Leaf/DeLuge	400 Airport Rd. Terrell, Texas	6/12/2021	305
Leaf/DeLuge	2824 Terrell Pkwy, Suite 305 Greenville, Texas	8/30/2021	162
Leaf/DeLuge	655 Airport Rd. Sulphur Springs, Texas	3/21/2020	182
Leaf/DeLuge	655 Airport Rd. Sulphur Springs, Texas	9/3/2021	160
Leaf/DeLuge	655 Airport Rd. Sulphur Springs, Texas	9/3/2021	160
Leaf/DeLuge	410 W. Sam Rayburn Bonham, Texas	11/30/2021	166

LAKES REGIONAL COMMUNITY CENTER

SCHEDULE OF LEASE AND RENTAL COMMITMENTS (UNAUDITED)

AUGUST 31, 2020

<u>Lessor</u>	<u>Leased Property Location</u>	<u>Termination Date</u>	<u>Monthly Rental</u>
Leaf/DeLuge	635 Clarksville St. Paris, Texas	11/20/2021	\$ 145
Leaf/DeLuge	4221 Sam Rayburn Sherman, Texas	11/20/2021	204

LAKES REGIONAL COMMUNITY CENTER

SCHEDULE OF INSURANCE IN EFFECT (UNAUDITED)

AUGUST 31, 2020

Insurer	Policy Period		Coverage	Amount
	Begins	Ends		
Scarborough and Medlin	09/01/19	08/31/20	Property:	
			Real Property-Replacement Cost	\$ 16,517,873
			Person Property-Replacement Cost	3,359,227
Scarborough and Medlin	09/01/19	08/31/20	General Liability:	
			Each Occurrence	1,000,000
			Fire Damage	100,000
			Med Exp (Any one person)	5,000
			Personal & Adv Injury	1,000,000
			General Aggregate	3,000,000
			Products - Comp/OP AGG	3,000,000
			Personal Injury Protection - Per Occurrence	2,500
			Professional Liability:	
			Aggregate	3,000,000
			Each Occurrence	1,000,000
			Directors & Officers Liability:	
			D&O Liability	1,000,000
Employment Practices Limit	1,000,000			
Aggregate	2,000,000			
Scarborough and Medlin	09/01/19	08/31/20	Vehicle Liability:	
			Combines Single Limit	1,000,000
Scarborough and Medlin	09/01/19	08/31/20	Vehicle Physical Damage	Actual Cash Value
Scarborough and Medlin	09/01/19	08/31/20	Excess Liability:	
			Each Occurrence	1,000,000
			Aggregate	1,000,000
Scarborough and Medlin	09/01/19	08/31/20	Workers Compensation and Employer's Liability:	
			Bodily Injury by Accident - Each Accident	1,000,000
			Bodily Injury by Disease - Policy Limit	1,000,000
			Bodily Injury by Disease - Each Employee	1,000,000

LAKES REGIONAL COMMUNITY CENTER

SCHEDULE OF BONDED EMPLOYEES

AUGUST 31, 2020 (UNAUDITED)

<u>Name</u>	<u>Title</u>	<u>Surety Company</u>	<u>Bond Amount</u>
	None		

LAKES REGIONAL COMMUNITY CENTER

SCHEDULE OF SPACE OCCUPIED IN A STATE-OWNED FACILITY (UNAUDITED)

AUGUST 31, 2020

<u>Lessor</u>	<u>Leased Property</u>	<u>Termination Date</u>	<u>Monthly Rental</u>
Texas Department of State Health Services	Cottage 731, Terrell State Hospital Terrell, Texas	Month to Month	\$ 600

LAKES REGIONAL COMMUNITY CENTER

SCHEDULE OF PROFESSIONAL AND CONSULTING SERVICES (UNAUDITED)

AUGUST 31, 2020

Name	City	Type of Service	Amount
Abundant Life	Mt. Pleasant, Tx.	DayHab Services	\$ 2,599
Ansley Roan	Rockwall, Tx.	Speech Therapy	5,297
Brian Agnew	Clarksville, Tx.	Counseling	7,153
Camp County	Pittsburg, Tx.	Vocational Services	1,013
Charlene Scott	Greenville, Tx.	Nutritional Assessments	3,475
Curt Pitton	Commerce, Tx.	Counseling	37,487
Gina Hackett	Lone Oak, Tx.	Speech Therapy	1,720
Glen Oaks Hospital	Greenville, Tx.	Medical	368,000
Individual Care of Texas	Rockwall, Tx.	Residential Services	21,818
Jessica Lewis	Brashear, Tx.	Occupational Therapy	9,393
Katherine Donaldson	Waxahachie, Tx.	Medical	660
Kevin Weatherly	Greenville, Tx.	Psychology	2,100
Laura Dittlinger	Plano, Tx.	Behavior Support	4,883
Levi Armstrong	Wylie, Tx.	Psychology	400
Mac Walling,	Sulphur Springs, Tx.	Counseling	8,150
Melanie Reynolds	Waxahachie, Tx.	Speech Therapy	1,680
Mental Health with Dr Ruth	Greenville, Tx.	Counseling Svcs	600
Melissa Pierce	New Boston, Tx	Counseling	13,971
Pace Opportunities	Longview, Tx.	Day Habilitation Services	5,461
Philip Taft	Corsicana, Tx.	Psychology	350
Promedda, LTD	Amarillo, Tx.	Client Services	6,558
Reflections of Faith	Greenville, Tx.	Day Habilitation Services	806
Soundly Speaking speech Therapy Svcs	Rockwall, Tx.	Speech & Physical Therapy	248
Tailored Rides	Paris, Tx.	Equine Therapy	113
Tanya Ramos-Falcon	Prosper, Tx.	Behavioral Support	11,323
Texoma Medical Center	Dallas, Tx.	Medical	24,390
Vocnet, Inc.	Mt. Pleasant, Tx.	Vocational Services	14,800
Wyndham Music Solutions	Forney, Tx.	Music Therapy	1,625

LAKES REGIONAL COMMUNITY CENTER
SCHEDULE OF LEGAL SERVICES (UNAUDITED)
AUGUST 31, 2020

<u>Name</u>	<u>City</u>	<u>Type of Service</u>	<u>Amount</u>
Waddell, Serafino, Geary, Rechner, Jeneve	Dallas, TX	Human Resources Services	\$ 8,275

SINGLE AUDIT SECTION



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

Board of Trustees
Lakes Regional Community Center
Terrell, Texas

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 Lakes Regional MHMR Center dba Lakes Regional Community Center ("Center"), as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated January 14, 2021.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operating 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 Center's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

OFFICE LOCATIONS

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Waco, Texas
January 14, 2021



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

Board of Trustees
Lakes Regional Community Center
Terrell, Texas

Report on Compliance for Each Major Federal and State Program

We have audited the compliance of Lakes Regional MHMR Center dba Lakes Regional Community Center (the "Center") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement*, the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers (21st Revision)* (the "Guidelines") and the *State of Texas Uniform Grant Management Standards ("UGMS")* that could have a direct and material effect on each of the Center's major federal and state programs for the year ended August 31, 2020. The Center's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); the *Guidelines* and *UGMS*. Those standards, the Uniform Guidance, the Guidelines and UGMS 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.

OFFICE LOCATIONS

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Center complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2020.

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*, the *Guidelines* and *UGMS*. Accordingly, this report is not suitable for any other purpose.

Waco, Texas
January 14, 2021

LAKES REGIONAL COMMUNITY CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED AUGUST 31, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<u>U.S. DEPARTMENT OF EDUCATION:</u>				
Passed through the Texas Health and Human Services Commission:				
Special Education Grants to States	84.027	HHS000191200008	\$ 43,200	-
Special Education - Grants for Infants and Families	84.181	HHS000191200008	<u>499,136</u>	-
Total passed through the Texas Health and Human Services Commission			<u>542,336</u>	-
Total U.S. DEPARTMENT OF EDUCATION			<u>542,336</u>	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
Passed through the Texas Health and Human Services Commission:				
Every Student Succeeds Act/ Preschool Development Grants	93.434	HHS000191200008	5,060	-
Temporary Assistance for Needy Families	93.558	HHS000537200013	79,320	-
Temporary Assistance for Needy Families	93.558	HHS000191200008	<u>69,554</u>	-
Subtotal 93.558			<u>148,874</u>	-
Social Services Block Grant	93.667	HHS000537200013	86,136	-
Medical Assistance Program	93.778	529-09-0032-000076	1,412,217	-
Money Follows the Person Rebalancing Demonstration	93.791	HHS000629700001	72,584	-
Block Grants for Community Mental Health Services	93.958	HHS000537200013	151,487	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2016-048449-003	154,262	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2016-048466-003	125,384	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2017-049955-001	<u>37,069</u>	-
Subtotal 93.959			<u>316,715</u>	-
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829	1H79SM083154-01	<u>85,739</u>	-
Total passed through the Texas Health and Human Services Commission			<u>2,278,812</u>	-
Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>2,278,812</u>	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Passed through the Texas Health and Human Services Commission:				
COVID-19 - Crisis Counseling	97.032	HHS000434500012	<u>74,006</u>	-
Total passed through the Texas Health and Human Services Commission			<u>74,006</u>	-
Total U.S. DEPARTMENT OF HOMELAND SECURITY			<u>74,006</u>	-
Total Expenditures of Federal Awards			\$ <u>2,895,154</u>	\$ -

The accompanying notes are an integral part of this schedule.

LAKES REGIONAL COMMUNITY CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED AUGUST 31, 2020

State Grantor/Program Title	Grantor's Number	Total State Expenditures
<u>TEXAS HEALTH AND HUMAN SERVICES COMMISSION:</u>		
General Revenue - Mental Health Adult	HHS000537200013	\$ 3,189,745
General Revenue - Mental Health - Family Support	HHS000537200013	213
Crisis Redesign Services	HHS000537200013	360,547
Private Psychiatric Beds	HHS000537200013	464,342
Residential Treatment Program Contract Management - Hospitality House	HHS000537200013	3,650,472
General Revenue - Mental Health - Children	HHS000537200013	154,303
Mental Health First Aid (MHFA)	HHS000169400001	55,844
Total General Revenue - Mental Health		<u>7,875,466</u>
General Revenue - Intellectual and Developmental Disabilities (IDD)	HHS000629700001	1,965,829
Permanency Planning	HHS000629700001	24,730
Crisis Intervention Specialists	HHS000629700001	116,646
Crisis Respite Services	HHS000629700001	44,640
Nursing Facility Specialized Services Form 1048	HHS000629700001	35,723
Total General Revenue - IDD		<u>2,187,568</u>
IDD Collaborative Grant	HHS000776900002	75,000
Early Childhood Intervention	HHS000191200008	513,795
Early Childhood Intervention - Respite	HHS000191200008	2,790
TOTAL TEXAS HEALTH AND HUMAN SERVICES COMMISSION		<u>10,654,619</u>
<u>TEXAS DEPARTMENT OF CRIMINAL JUSTICE:</u>		
Substance Abuse Treatment and Therapy Counseling Services	696-PF-20-21-C109	360,776
TOTAL TEXAS DEPARTMENT OF CRIMINAL JUSTICE		<u>360,776</u>
Total Expenditures of State Awards		<u>11,015,395</u>
Total Expenditures of Federal and State Awards		<u>\$ 13,910,549</u>

LAKES REGIONAL COMMUNITY CENTER

NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED AUGUST 31, 2020

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of Lakes Regional Community Center (the "Center") under programs of the federal and state governments for the year ended August 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the State of Texas *Uniform Grant Management Standards (UGMS)*. Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Center.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the *Uniform Guidance* and *UGMS*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or use in the preparation of, the financial statements.

3. INDIRECT COST RATE

The Center has contracted with the respective granting agencies for indirect cost rates. Allowable indirect costs for each award are determined by the related terms and conditions developed by the awarding agency for each program. The Center has not elected to use the de minimis indirect cost rate allowed under the *Uniform Guidance*.

4. NATURE OF ACTIVITIES

Final determination of the eligibility of costs charged to federal and state grant programs will be made by the grantors. Should any costs be found ineligible, the Center could be responsible for reimbursing the grantors for these amounts.

5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal and state awards are reported in the Center's basic financial statements in the General Fund. Two state programs have been excluded from the Schedule of Expenditures of Federal and State Awards by specific request of the funding agencies. The state programs excluded from the schedule are the Texas Rehabilitation Commission in the amount of \$9,300, and the Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) in the amount of \$238,560. These state programs excluded from the accompanying schedule are not considered financial assistance as defined in the State of Texas *Uniform Grant Management Standards (UGMS)*.

State expenditures per schedule:	\$ 11,015,395
TCOOMMI program	238,560
Texas Rehabilitation Commission	<u>9,300</u>

State revenues per basic financial statements \$ 11,263,255

6. STATE AWARD GUIDELINES

Federal and state awards are subject to HHSC's *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*. Such guidelines are consistent with those required under the *Uniform Guidance*, *UGMS* and *Government Auditing Standards*, issued by the Comptroller General of the United States.

LAKES REGIONAL COMMUNITY CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2020

Summary of Auditor's Results

Financial Statements:

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

Federal and State Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the <i>Uniform Guidance</i> or the <i>State of Texas Single Audit Circular</i> ?	No
Identification of major programs:	
Federal:	
U.S. Department of Health and Human Services:	
Medical Assistance Program, CFDA # 93.778	
State:	
Texas Health and Human Services Commission:	
General Revenue - Mental Health Adult	
Crisis Redesign Services	
Private Psychiatric Beds	
Residential Treatment Program Contract Management - Hospitality House	
General Revenue - Intellectual and Developmental Disabilities (IDD)	
Early Childhood Intervention	
Dollar threshold used to distinguish between type A and type B federal programs	\$750,000
Dollar threshold used to distinguish between type A and type B state programs	\$330,462
Auditee qualified as low risk auditee for federal and state single audit?	No

Findings Related to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal and State Awards

None



**Lakes Regional
Community Center**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2020**

There were no findings or questioned costs in the prior year.

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www.lakesregional.org

Executive Director

John P. Delaney, M.Ed.

Board of Trustees

David Stewart, M.D., Chair
Lamar County
Tom Brown, Vice Chair
Hunt County
John Kegerreis, Secretary
Kaufman County

Vacant,

Franklin County

Carrie Hefner,

Camp County

Marti Shaner,

Navarro County

James Ervin

Rockwall County

Pamela Clayton,

Hopkins County

Lisa Heine

Ellis County

Frances Neal

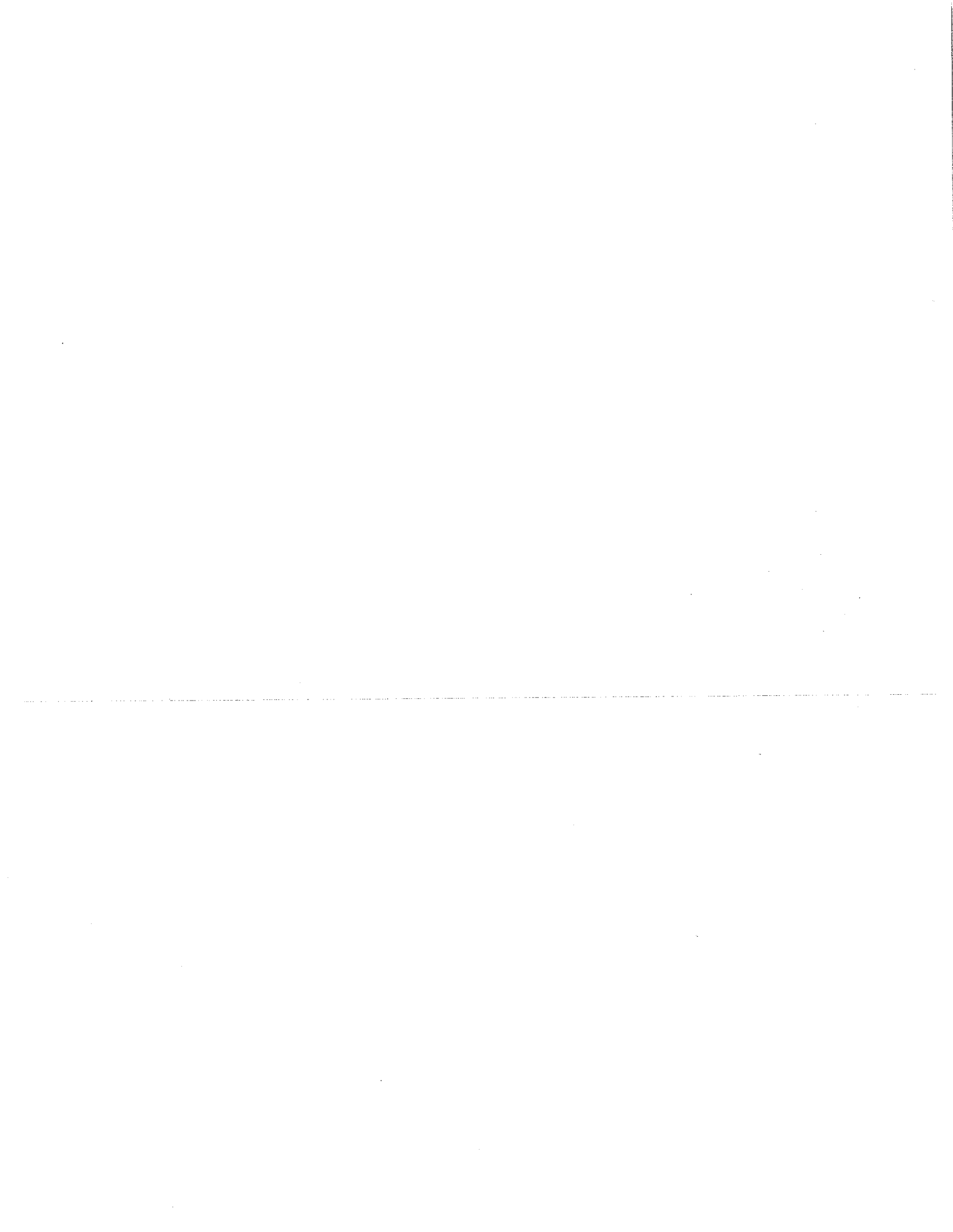
Titus County

EP Pewitt

Morris County

Theresa Marchand

Delta County



AGENDA Item No: 01.06.20
Executive Director's Report:

Recommended Board Action:
None: For Information Only

Rational:

Executive Director Report:

1. 1115 Transformation Waiver and Other Board Updates:

- Our Demonstration Year 9, round 2 payment should be received during the last week in January. Due to the continuation of the COVID related emergency federal enhanced matching rate, the funds will be around 200,000 more than originally budgeted.
- CCBHC Update: We received our state contract awarding us CCBHC status. The certification is good for 3-years.

2. COVID-19 Response Summary:

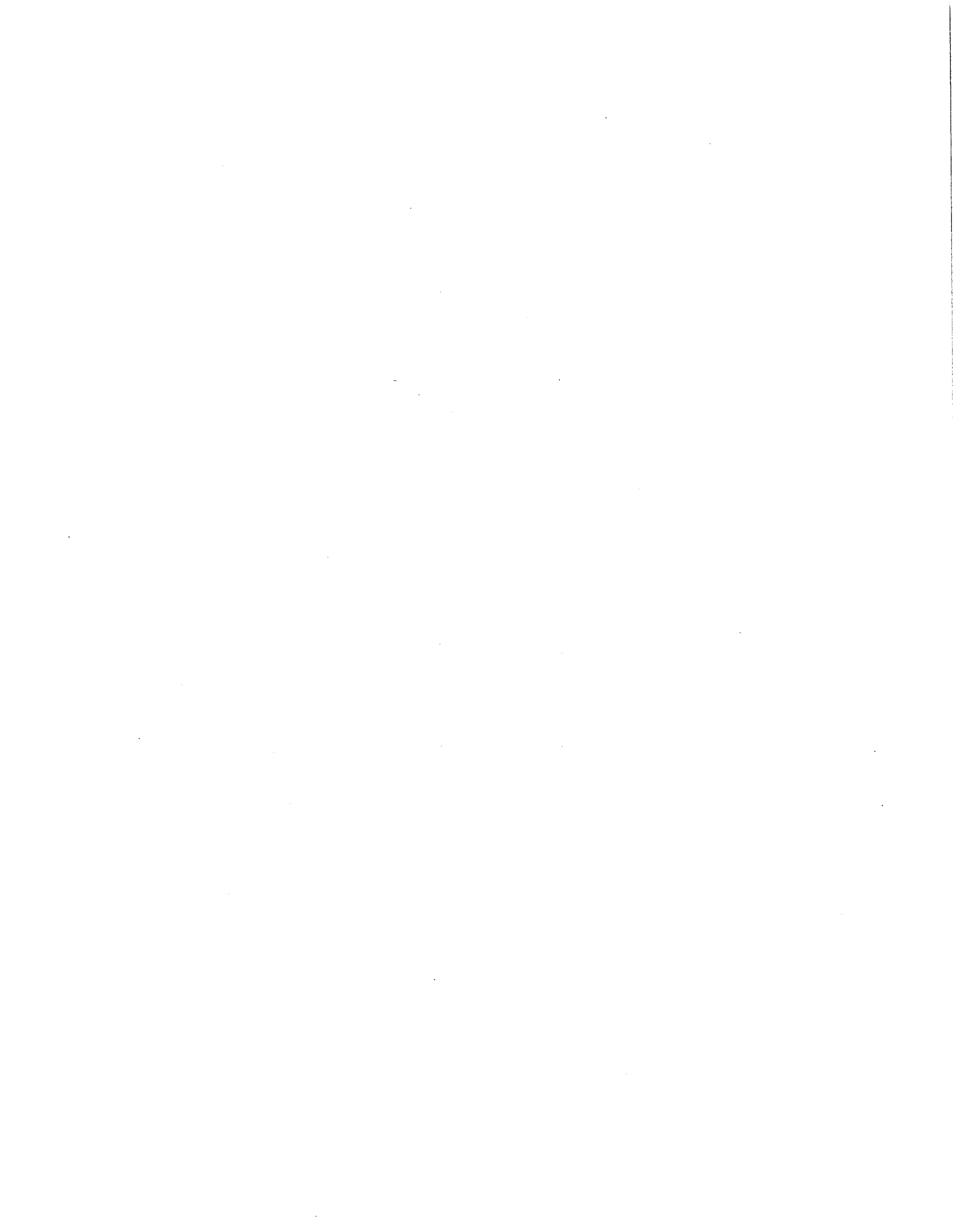
As expected, the state and federal government again extended the current public health national emergency for an additional 90-day period. This extension will extend through April 2021 unless renewed again. HHSC has also extended current state waivers that allow for delivering both mental health and IDD services through telephone and tele-video contact. We have seen a rise in positive cases throughout our region during the last month. We have also been able to access staff vaccination slots through Terrell State Hospital. This has allowed around 45 of our direct care staff to receive their first dose. Otherwise, we continue to review other sources for our staff to access. At the current time, the state is prioritizing distribution through larger vaccination hubs, which are limited in our area. Some staff have also been able to be vaccinated through their primary physician.

3. Texas Council Update:

The Health Opportunities Workgroup (HOW) and the Executive Directors Consortium met last week. With the start of the legislative session, TX. Council is currently tracking numerous bills filed.

As noted during our last meeting, HHSC requested request a one-year extension for the 1115 Waiver DSRIP program. It also requested a multiyear extension for the full 1115 Transformation Waiver. While no response has been received regarding continuing DSRIP, the TX. Council did report last week the following announcement regarding the full waiver:

Texas Health and Human Services Commission (HHSC) and the Centers for

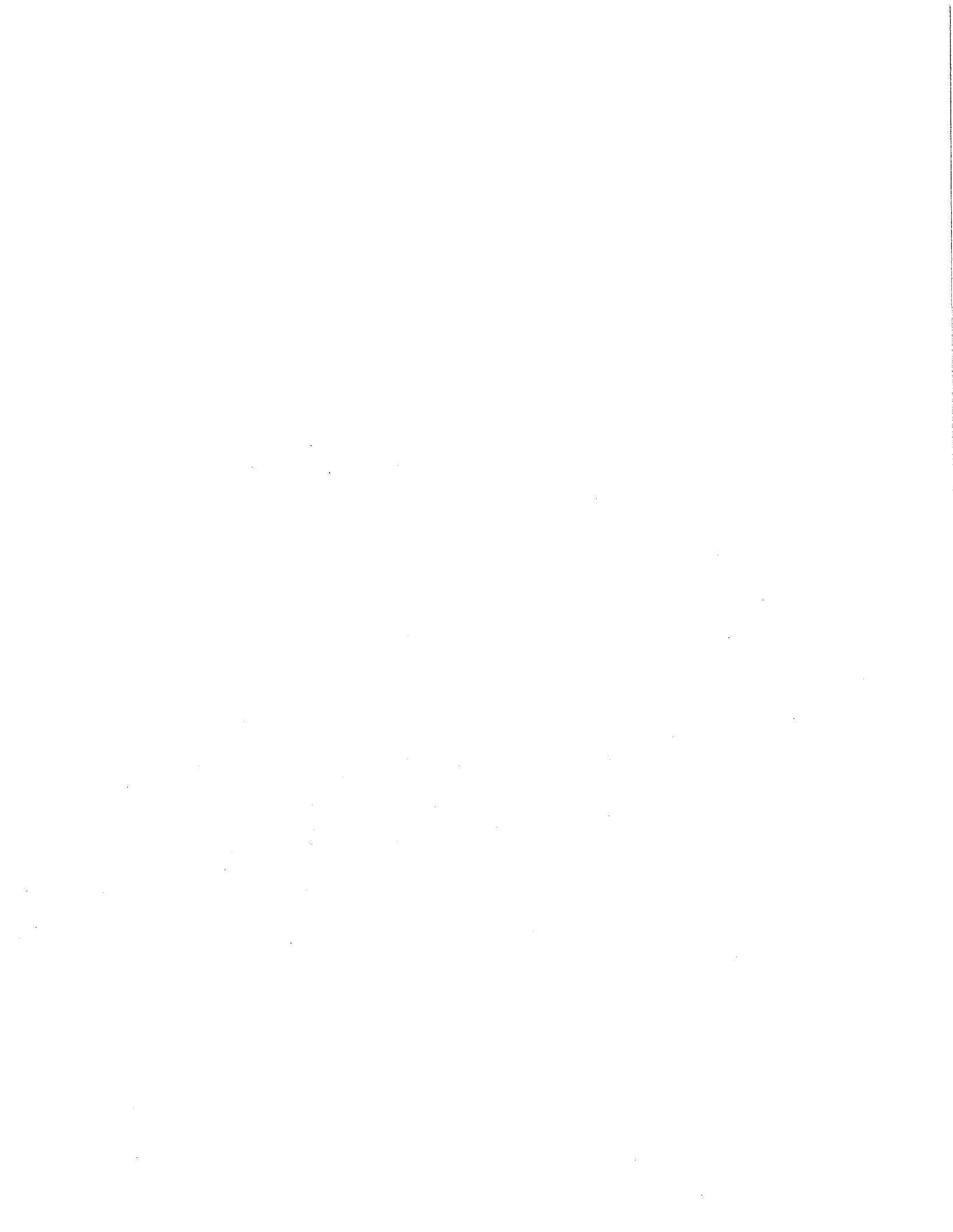


Medicare and Medicaid Services (CMS) have reached an agreement to continue the state's Medicaid 1115 Demonstration Waiver for the next 10 years. This agreement extends the Texas Healthcare Transformation and Quality Improvement 1115 Demonstration Waiver for the next 10 years and allows the state to continue to provide health care to millions of Texans while continuing the waiver's original goal to transform the Texas Medicaid program into a more efficient and higher quality program by delivering care through a managed care model. The waiver secures over \$11 billion in supplemental or directed-payments annually for Medicaid safety-net funding through September 30, 2030.

While the Delivery System Reform Incentive Payment program is being phased out in September 2021, securing the waiver extension now allows the state to develop and implement directed-payment programs for Medicaid-managed care services to improve quality and access, stabilizing Texas' health care safety-net while providers are continuing to respond to the ongoing public health pandemic. The waiver allows HHSC to continue existing directed-payment programs, including the Uniform Hospital Rate Increase Program for hospitals and the Quality Incentive Payment Program for nursing facilities, and to implement new or increased directed-payment programs for additional providers as outlined in the state's DSRIP transition plan. Examples of new directed-payment programs could include funding to hospitals, physicians, rural health clinics, and community behavioral health providers.

In addition, Texas received approval for a new uncompensated care program to help offset costs associated with providing care, including behavioral health, immunizations, chronic disease prevention, and other prevention services, for uninsured individuals. This program, which will provide up to \$500 million annually, will begin in the fall of 2021 and provide funding to publicly-owned and-operated community mental health centers, local mental health and behavioral health authorities, local health departments and public health districts. Annual funding amounts are scheduled to be adjusted for 2024 and after based on actual charity care costs.

The waiver also continues the current uncompensated charity care pool to support Texas hospitals and other Medicaid providers, including certain ambulance providers, pharmacies, physician and dental clinics. The extension maintains level funding at \$3.87 billion each year for the first and second year of the 10-year agreement. Annual funding amounts are scheduled to be adjusted for 2023 and after.



4. FY-21 Status of State Performance Contracts Updates:

- HHSC FY-21 Contract Status: No changes currently. All targets and measures are still being waived due to the COVID emergency.

AGENDA ITEM NO. 01.07.21

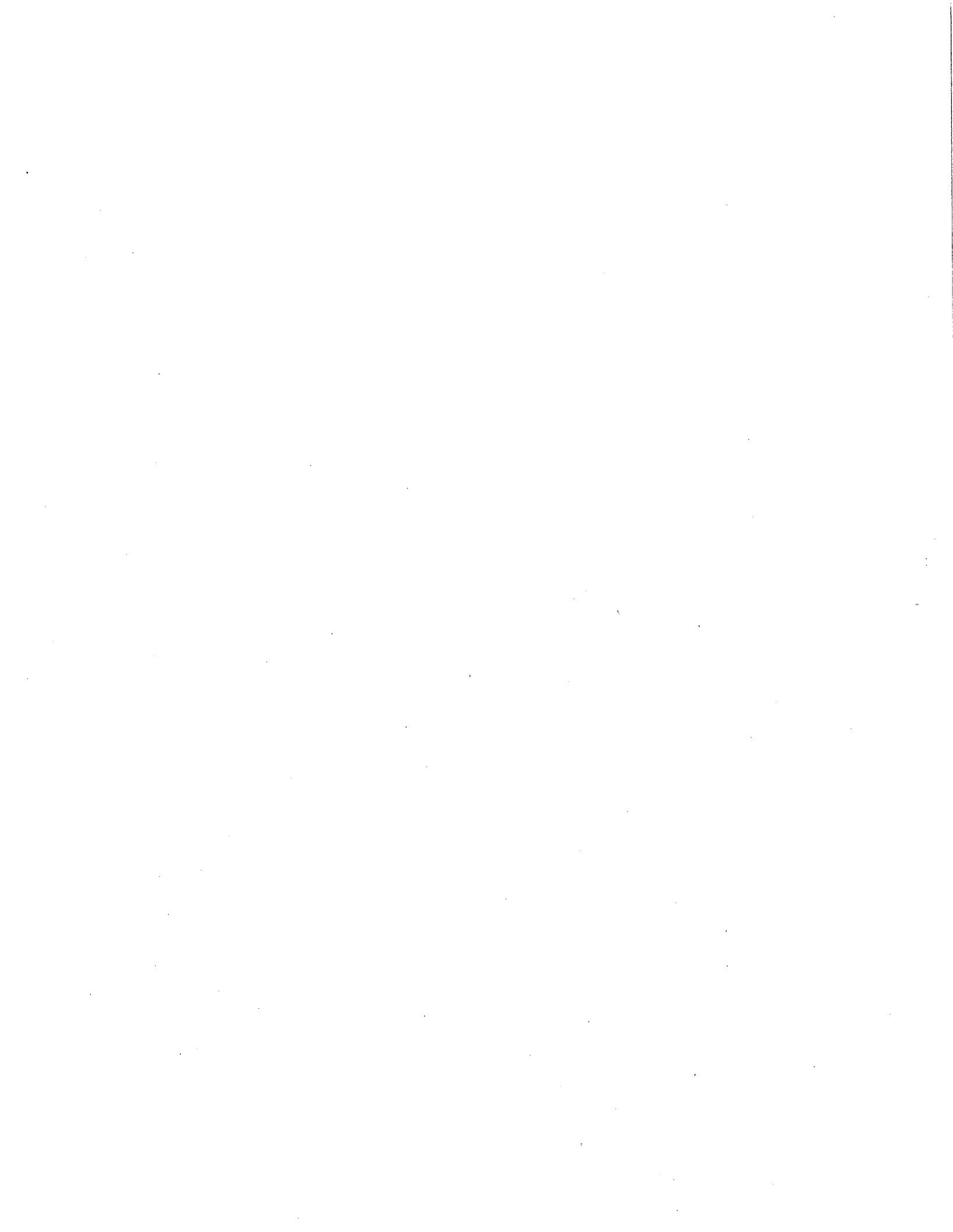
Fiscal Reports

RECOMMENDATIONS FOR APPROVAL:

- Center's financial statement for the month(s) of November, 2020 and December, 2020
- Center's 1st Quarterly Investment Report

Rationale:

- Review and discussion of the Center's financial statement for the month(s) of November, 2020 and December, 2020 for approval.
- Review and discussion of the Center's 1st Quarterly Investment Report for approval.



Lakes Regional Community Center
Financial Report
For the Month of November 2020

Erwin Hancock
Chief Financial Officer

January 27, 2021



Lakes Regional Community Center
Financial Report Outline

- | | | |
|------|--|--------------------------------|
| I. | Financial Summary | Page 1 |
| II. | Balance Sheet | Page 2 |
| III. | Income Recap by Division
Comparative Income Statement
Statement of Revenues & Expenditures | Page 3
Pages 4 -5
Page 6 |
| IV. | Related Data | Page 7 |
| V. | Quarterly Investment Report | Page 8 |
| VI. | Financial Ratios | Page 9 |

Lakes Regional Community Center
 Financial Summary for the Month Ending November 30, 2020

Profit and Loss Summary

	Current Month	Year to Date
Revenues	\$3,047,032	\$9,256,480
Expenses	\$2,859,497	\$8,645,795
Net Income	\$187,535	\$610,685

Balance Sheet Summary

	Current YTD as of November 30, 2020	Last YTD as of November 30, 2019	Year to Year Change
Total Assets	\$34,144,715	\$21,104,361	\$ 13,040,354
Total Liabilities	\$12,166,182	\$7,049,647	\$ 5,116,535
Fund Balance	\$21,978,533	\$14,054,714	\$ 7,923,819



Lakes Regional Community Center
Balance Sheet

	As of <u>11/30/2020</u>	As of <u>11/30/2019</u>	Net Change
Current Assets			
Cash	\$ 12,997,954	\$ 4,555,763	\$ 8,442,191
Accounts Receivable	4,379,915	4,137,695	242,220
Other Current Assets	213,005	172,778	40,227
Total Current Assets	\$ 17,590,874	\$ 8,866,236	\$ 8,724,638
Long-Term Assets			
Fixed Assets (net of depreciation)	\$ 7,985,910	\$ 8,187,682	\$ (201,772)
Other Long-Term Assets	8,567,931	4,050,443	4,517,488
Total Long-Term Assets	\$ 16,553,841	\$ 12,238,125	\$ 4,315,716
Total Assets	\$ 34,144,715	\$ 21,104,361	\$ 13,040,354
Current Liabilities			
Accounts Payable	\$ 739,962	\$ 968,846	\$ (228,884)
Accrued Expenses	895,031	552,598	\$342,433
Short-term Debt	2,150,758	1,477,760	672,998
Total Current Liabilities	\$ 3,785,751	\$ 2,999,204	\$ 786,547
Long-term Debt	\$ 8,380,431	\$ 4,050,443	\$ 4,329,988
Total Long-Term Debt	\$ 8,380,431	\$ 4,050,443	\$ 4,329,988
Total Liabilities	\$ 12,166,182	\$ 7,049,647	\$ 5,116,535
Investment In General Fund Assets	\$ 8,173,410	\$ 8,187,682	\$ (14,272)
Fund Balance at Beginning of Year	13,805,123	5,867,032	7,938,091
Total Equities and other Credits	\$ 21,978,533	\$ 14,054,714	\$ 7,923,819
Total Liabilities, Equities and other Credits	\$ 34,144,715	\$ 21,104,361	\$ 13,040,354



Lakes Regional Community Center
Income Statement Recap by Division
As of November 30, 2020

<u>Division</u>	<u>Current Month</u>	<u>Year to Date</u>
MH	\$ (44,753)	9,961
Mental Health First Aid & Outreach	(342)	1,110
Hospitality House	(13,224)	(34,241)
IDD	108,546	297,816
ECI	66	(1,381)
Administration	(3,715)	(5,022)
Bonham Property	74	(13,557)
Expending Fundraising	(656)	(767)
1115 Waiver	125,262	373,143
Medical Prescriber Services	811	(21,130)
Fema Grant	0	(2,750)
CCBHC Expansion Grant	11,961	9,228
Collaborative Grant	4,398	1,061
Education Services Pittsburgh	(892)	(2,784)
Total Lakes	\$ <u>187,535</u>	\$ <u>610,685</u>



Lakes Regional Community Center
Comparative Income Statement for the Month ended November 30, 2020

	<u>11/30/2020</u>	<u>11/30/2019</u>	Variance	Var %
Revenues				
General Revenue IDD	\$211,488	\$189,351	\$22,137	12%
General Revenue MH	\$672,802	\$616,828	\$55,974	9%
Early Childhood Intervention Revenue	\$63,774	\$103,416	(\$39,642)	-38%
1115b Waiver Revenue	\$561,188	\$523,077	\$38,111	7%
NTBHA Revenue	\$199,390	\$234,104	(\$34,713)	-15%
Medicaid Revenue	\$303,949	\$300,370	\$3,580	1%
Medicare Revenue	\$2,784	\$11,535	(\$8,752)	-76%
HCS Revenue	\$369,437	\$349,484	\$19,953	6%
Managed Care Revenue	\$92,710	\$101,015	(\$8,305)	-8%
Private Insurance	\$9,348	\$8,986	\$362	4%
Client Fees	\$2,589	\$6,795	(\$4,206)	-62%
Other Revenue	\$557,572	\$523,539	\$34,033	7%
Total Revenues	\$3,047,032	\$2,968,500	\$78,532	3%
Expenses				
Salaries and Wages	\$1,415,633	\$1,459,633	(\$44,000)	-3%
Employee Benefits	\$492,536	\$497,897	(\$5,361)	-1%
Staff Training	\$2,572	\$2,139	\$432	20%
Furniture and Equipment	\$3,755	\$2,087	\$1,668	80%
Maintenance and Repairs	\$18,886	\$18,340	\$546	3%
Utilities	\$47,906	\$35,683	\$12,223	34%
Client Support	\$5,550	\$2,659	\$2,891	109%
Supplies	\$23,665	\$33,242	(\$9,577)	-29%
Vehicle Maintenance	\$1,910	\$3,799	(\$1,889)	-50%
Insurance Costs	\$29,677	\$26,369	\$3,308	13%
Debt Service	\$49,628	\$55,864	(\$6,236)	-11%
Other Expenses	\$767,780	\$796,385	(\$28,605)	-4%
Total Expenses	\$2,859,497	\$2,934,098	(\$74,601)	-3%
Net Surplus/(Deficit)	\$187,535	\$34,403	\$153,132	-445%

Lakes Regional Community Center
Comparative Income Statement for the period ended November 30, 2020

	<u>YTD ended</u> <u>11/30/2020</u>	<u>YTD ended</u> <u>11/30/2019</u>	Variance	Var %
Revenues				
General Revenue IDD	\$642,388	\$568,250	\$74,138	13%
General Revenue MH	\$1,995,868	\$1,814,055	\$181,812	10%
Early Childhood Intervention Revenue	\$271,027	\$201,959	\$69,068	34%
1115b Waiver Revenue	\$1,683,564	\$1,569,231	\$114,333	7%
NTBHA Revenue	\$678,533	\$709,911	(\$31,378)	-4%
Medicaid Revenue	\$915,930	\$939,470	(\$23,540)	-3%
Medicare Revenue	\$8,897	\$25,461	(\$16,564)	-65%
HCS Revenue	\$1,149,323	\$1,112,526	\$36,796	3%
Managed Care Revenue	\$303,900	\$337,978	(\$34,078)	-10%
Private Insurance	\$22,650	\$34,194	(\$11,544)	-34%
Client Fees	\$7,070	\$21,280	(\$14,210)	-67%
Other Revenue	\$1,577,332	\$1,645,034	(\$67,702)	-4%
Total Revenues	\$9,256,480	\$8,979,348	\$277,132	3%
Expenses				
Salaries and Wages	\$4,356,506	\$4,362,490	(\$5,984)	0%
Employee Benefits	\$1,497,785	\$1,482,049	\$15,736	1%
Staff Training	\$7,898	\$7,135	\$763	11%
Furniture and Equipment	\$10,215	\$2,822	\$7,393	262%
Maintenance and Repairs	\$37,157	\$43,523	(\$6,366)	-15%
Utilities	\$98,082	\$116,758	(\$18,676)	-16%
Client Support	\$8,737	\$3,070	\$5,667	185%
Supplies	\$75,439	\$85,877	(\$10,438)	-12%
Vehicle Maintenance	\$7,927	\$17,636	(\$9,709)	-55%
Insurance Costs	\$89,030	\$79,107	\$9,923	13%
Debt Service	\$162,244	\$169,864	(\$7,620)	-4%
Other Expenses	\$2,294,775	\$2,356,855	(\$62,080)	-3%
Total Expenses	\$8,645,795	\$8,727,186	(\$81,391)	-1%
Net Surplus/(Deficit)	\$610,685	\$252,162	\$358,523	-142%

**Lakes Regional Community Center
Statement of Revenues and Expenditures
For the Period Ending November 30, 2020**

<u>Revenues</u>	<u>Aug-20</u>	<u>Sep-20</u>	<u>Oct-20</u>	<u>Total</u>
Local	\$ 64,976	\$ 133,243	\$ 64,381	\$ \$ 262,599
State Programs	1,468,465	1,558,503	1,515,762	4,542,729
Federal Programs	1,222,680	1,275,553	1,264,510	3,762,743
Interest Income	3,257	3,630	2,989	9,876
North Texas BH Assoc	238,835	240,308	199,390	678,533
				0
TOTAL REVENUES	\$ 2,998,212	\$ 3,211,236	\$ 3,047,032	\$ \$ 9,256,480

Expenditures

Current:				
Salaries & Wages	\$ 1,484,631	\$ 1,456,243	\$ 1,415,633	\$ \$ 4,356,506
Employee Benefits	506,938	498,310	492,536	1,497,785
Other Operating Expenses:				
Client Respite	3,108	7,011	3,880	13,999
HCS Contract	115,580	121,954	104,711	342,246
Consult/Pro Svcs - Internal				0
Nursing Contract - RK				0
Consult/Pro Svcs - External	2,487	3,325	12,360	18,172
Contracts with Other Orgs-Ext	320,753	359,293	363,891	1,043,937
ICF/MR Quality Assurance Fees	7,037	7,313	7,077	21,426
TXHML Contracts	14,692	11,912	15,858	42,462
Contracted Lab Services	1,436	993	698	3,126
Staff Development/Training	2,599	2,727	2,572	7,898
1115 Projects Certif./Training Fees				0
Non-Clinical Contracts with Others	5,495	4,146	4,099	13,739
Pharmaceuticals/Supplies	26,525	25,289	28,842	80,656
Atypical Meds	7,440	7,488	2,144	17,072
Patient Asst Program/Filling Fees	3,000	0	1,500	4,500
Training and Travel	3,739	15,051	18,016	36,806
Consumable Supplies	22,958	28,816	23,665	75,439
1115 Residential Equip/Supplies				0
Building Capital Outlay	6,350	9,480	(2,050)	13,780
Capital Outlay Projects	3,543	4,564	4,489	12,597
Furniture/Equipment over \$5,000				0
Computer Capital Outlay				0
Furniture/Equipment under \$5,000	4,287	2,173	3,755	10,215
Copier Equipment Rental	11,677	9,906	11,091	32,675
Computer Equipment Under \$5,000	9,137	4,128	6,375	19,640
Other Monthly Expenses	15,443	3,828	10,716	29,987
Computer Software Support Fees	12,499	9,573	896	22,968
Computer Software Fees for HR System	7,098	9,098	8,098	24,294
Bad Debts				0
Building Rent, Repair, Maintenance	105,974	122,208	120,497	348,679
Building Rent to Other Programs				0
Vehicle Operating Expense	3,140	2,876	1,910	7,927
Vehicle Fuel Costs	2,618	2,970	2,558	8,145
Non-Client Utilities	30,461	19,715	47,906	98,082
Telecommunications	18,188	27,582	27,553	73,322
Data Connect/Internet Access	7,455	7,455	7,455	22,365
Crisis Hotline Answering Svc	3,000	3,000	2,500	8,500
Insurance	29,677	29,677	29,677	89,030
Client Support Costs	1,595	1,592	5,550	8,737
Peer Training and Support				0
Client Reimbursable Services	9,463	9,300	3,615	22,378
NTBHA Supported Housing	3,836	5,450	7,144	16,430
Debt Service	54,410	58,207	49,628	162,244
Interest on PPP Loan				0
COVID-19 Expenses	7,824	7,375	7,514	22,713
ECI Client Support Costs				0
DSRIP Audit Costs				0
Expending Fund Raising Funds	0	90	677	767
Program Indirect				0
LRMHMRC Board Expenses	125	100	0	225
Expending Red River Funds	0	287	0	287
Expending Empowermet Funds				0
ECI In-Kind Volunteers				0
Service Costs Unallowable	4,913	4,663	4,461	14,037
Total Other Operating Expenses	889,563	950,614	951,328	2,791,504
TOTAL EXPENDITURES	2,881,132	2,905,167	2,859,497	8,645,795

Excess (deficiency) of revenues over expenditures \$ 117,080 \$ 306,069 \$ 187,535 \$ \$ 610,685



**Lakes Regional Community Center
FY21 Aged Accounts Receivable
NOVEMBER, 2020**

Accounts Relvable Description	Amount	NOV	OCT 30 Days	SEP 60 Days	AUG 90 Days	JUL & prior 120 +
MAC Adm Claim	956,917.55	74,507	74,507	74,507	79,448	653,949
NTBHA:						
Substance Abuse	3,126.84	3,127	-	-	-	-
ACT - add'l billed svcs	-	-	-	-	-	-
Medicaid	333,890.42	286,635	9,816	5,250	4,530	27,659
Medicare **	1,543.88	999	545	-	-	-
Private Insurance **	4,857.61	1,409	2,745	136	306	261
Chip **	605.61	393	213	-	-	-
MANAGED CARE:						
Amerigroup	25,672.65	23,503	2,170	-	-	-
Superior (Cenpatico)	24,829.61	23,529	973	328	-	-
Optum	10,699.57	10,057	543	-	-	-
Cigna	9,664.77	9,662	3	-	-	-
Texas Childrens Plan	1,176.96	1,092	85	-	-	-
Beacon	6,566.36	5,636	322	-	24	584
Molina	22,810.11	17,805	2,843	289	-	1,873
Aetna Better Health	2,467.53	1,272	635	561	-	-
Texas Home Living - North	17,361.97	17,362	-	-	-	-
Texas Home Living - South	13,998.48	10,200	3,798	-	-	-
HCS - North	265,128.32	264,521	607	-	-	-
HCS - South	85,726.04	85,726	-	-	-	-
Reimbursable Svcs-TxHmL North & South	6,357.22	2,100	663	1,029	1,952	613
Reimbursable Svcs-HCS North	16,198.71	466	142	5,255	2,177	8,159
Reimbursable Svcs-HCS South	2,280.35	-	1,571	128	192	390
HCS Rm/Brd	143.00	-	143	-	-	-
ICF Residential Homes	127,198.49	127,198	-	-	-	-
Block Grant/TANF-Title XX Gen Revenue	59,908.50	19,970	19,970	19,968	-	-
Block Grant Supp Housing	-	-	-	-	-	-
ISP Crisis Counseling FEMA Grant	26,089.69	-	-	12,927	13,163	-
CCBHC Expansion Grant	68,000.00	68,000	-	-	-	-
Supported Employment	750.00	750	-	-	-	-
Day Hab Billings (Private Providers)	298.14	278	20	-	-	-
1048 IDD Billed Svcs	2,348.28	1,174	1,174	-	-	-
ECI Grant Revenue	173,126.53	63,774	109,352	-	-	-
ECI Respite	-	-	-	-	-	-
ECI Priv Ins	8,669.05	5,421	1,066	756	395	1,031
ECI Medicaid	27,094.09	26,968	127	-	-	-
ECI Managed Care	31,974.40	30,498	824	361	291	-
ECI Chip	123.04	123	-	-	-	-
A/R Other Employees	-	-	-	-	-	-
A/R Employee Insurance (Cobra)	13.92	14	-	-	-	-
TCOOMMI GRANT	89,574.49	16,800	21,945	24,604	26,225	-
TDCJ Contract-Greenville	16,288.33	8,180	8,108	-	-	-
TDCJ - Sherman/Bonham/Paris	54,135.88	19,694	24,894	9,549	-	-
Fannin County Drug Court	2,000.00	2,000	-	-	-	-
Grayson County Drug Court	-	-	-	-	-	-
Titus County Drug Court	1,700.00	1,700	-	-	-	-
DSHS Region 3	28,698.24	13,708	14,991	-	-	-
DSHS Region 4	22,270.92	10,010	12,261	-	-	-
DSHS MHFA Outreach	11,663.15	5,052	6,612	-	-	-
ICF Upper Payment Limit	113,188.00	24,396	24,396	24,396	40,000	-
SAC Prog -Hunt County	700.00	700	-	-	-	-
ECC - (Enhanced Comm Coord)	10,318.95	6,851	3,468	-	-	-
Pharmacy Rental Income	-	-	-	-	-	-
Comm Education (Curt Pitton)	6,705.50	6,642	-	64	-	-
1115 Waiver Fed Share **accrual	1,683,564.00	561,188	561,188	561,188	-	-
Misc Revenue - 1370-1200 - \$1,590.03	-	-	-	-	-	-
** Priv Ins (BCBS) refund/stop pay balance due	1,590.03	-	-	-	-	1,590

Balance Due 4,379,915.08 GL bal bal ck - 4,379,915.08




**Lakes Regional Community Center Quarterly Investment Report
For the 3 Months Ending November 30, 2020**

Particulars		Amount
Beginning Balance September 1, 2020:		
	TexPool	\$ 3,168,165
	Certificate of Deposit	\$ 1,033,801
	Business Star A/C	\$ 6,054,647
	Omaha Res. Savings	\$ 8,257
	Total Sept. 1, 2020	\$10,264,870
Ending Balance November 30, 2020:		
	TexPool	\$ 4,419,529
	Certificates of Deposit	\$ 1,034,037
	Business Star A/C	\$ 7,212,112
	Omaha Res. Savings	\$ 8,258
	Total November 30, 2020	\$12,673,936
Net Change		\$ 2,409,066

The market value and the book value of our fund in TexPool are the same. The aforementioned funds are available upon demand and thus do not have a maturity date. Lakes investments include 2 certificates of deposit that pay interest at the rate of 0.40%. Lakes, additionally earns 0.40% interest on its business investment account at the American National Bank.

Lakes Regional Community Center's investment portfolio is in compliance with the Lakes Regional Community Center Investment and Cash Management Policy 4.07 and is in compliance with the Public Funds Investment Act.

Respectfully submitted,



Erwin Hancock
Chief Financial Officer
Investment Officer



Financial Ratios
Lakes Regional Community Center

For period ended November 30, 2020
 Unaudited

Current Ratio:		
Current Assets	\$	26,158,805
Current Liabilities	\$	3,785,751
Ratio		6.91
Greater than 1.5?		yes

Tangible Net Worth		
Equity	\$	21,978,533
Subordinated debt		
Intangible Assets		
Adjusted	\$	21,978,533
Debt/Worth Ratio:		
Total Liabilities	\$	12,166,182
Tangible Net Worth	\$	21,978,533
Ratio		0.55
Less than 2.0?		yes

Cash Flow Coverage		
Net Income	\$	610,685
Add Depreciation	\$	-
Add Interest Expense	\$	34,088
Cash Flow Available	\$	644,773
Debt Service	\$	128,156
Cashflow Surplus	\$	516,617
Ratio		5.03
Greater than 1.0?		yes

Days Cash on Hand		
Cash and Equivalents	\$	12,997,954
Annual Expenditures	\$	40,909,141
Daily Expenditure	\$	112,080
Days Cash on hand		116

Lakes Regional Community Center
Financial Report
For the Month of December 2020

Erwin Hancock
Chief Financial Officer

January 27, 2021

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Lakes Regional Community Center
Financial Report Outline

- | | | |
|------|--------------------------------------|------------|
| I. | Financial Summary | Page 1 |
| II. | Balance Sheet | Page 2 |
| III. | Income Recap by Division | Page 3 |
| | Comparative Income Statement | Pages 4 -5 |
| | Statement of Revenues & Expenditures | Page 6 |
| IV. | Related Data | Page 7 |



Lakes Regional Community Center
 Financial Summary for the Month Ending December 31, 2020

Profit and Loss Summary

	Current Month	Year to Date
Revenues	\$3,342,735	\$12,599,215
Expenses	\$3,119,675	\$11,765,470
Net Income	\$223,060	\$833,745

Balance Sheet Summary

	Current YTD as of December 31, 2020	Last YTD as of December 31, 2019	Year to Year Change
Total Assets	\$37,847,701	\$24,303,776	\$ 13,543,925
Total Liabilities	\$15,539,942	\$10,136,138	\$ 5,403,804
Fund Balance	\$22,307,759	\$14,167,638	\$ 8,140,121



Lakes Regional Community Center
Balance Sheet

	As of <u>12/31/2020</u>	As of <u>12/31/2019</u>	Net Change
Current Assets			
Cash	\$ 16,301,446	\$ 7,406,779	\$ 8,894,667
Accounts Receivable	4,825,281	4,486,116	339,165
Other Current Assets	397,602	172,756	224,846
Total Current Assets	\$ 21,524,329	\$ 12,065,651	\$ 9,458,678
Long-Term Assets			
Fixed Assets (net of depreciation)	\$ 7,985,910	\$ 8,187,682	\$ (201,772)
Other Long-Term Assets	8,337,462	4,050,443	4,287,019
Total Long-Term Assets	\$ 16,323,372	\$ 12,238,125	\$ 4,085,247
Total Assets	\$ 37,847,701	\$ 24,303,776	\$ 13,543,925
Current Liabilities			
Accounts Payable	\$ 750,850	\$ 877,118	\$ (126,268)
Accrued Expenses	859,976	683,140	\$176,836
Short-term Debt	5,591,654	4,525,437	1,066,217
Total Current Liabilities	\$ 7,202,480	\$ 6,085,695	\$ 1,116,785
Long-term Debt	\$ 8,337,462	\$ 4,050,443	\$ 4,287,019
Total Long-Term Debt	\$ 8,337,462	\$ 4,050,443	\$ 4,287,019
Total Liabilities	\$ 15,539,942	\$ 10,136,138	\$ 5,403,804
Investment In General Fund Assets	\$ 8,173,410	\$ 8,187,682	\$ (14,272)
Fund Balance at Beginning of Year	14,134,349	5,979,956	8,154,393
Total Equities and other Credits	\$ 22,307,759	\$ 14,167,638	\$ 8,140,121
Total Liabilities, Equities and other Credits	\$ 37,847,701	\$ 24,303,776	\$ 13,543,925



Lakes Regional Community Center
Income Statement Recap by Division
As of December 31, 2020

<u>Division</u>	<u>Current Month</u>	<u>Year to Date</u>
MH	\$ (45,664)	(35,703)
Mental Health First Aid & Outreach	294	1,404
Hospitality House	(13,363)	(47,604)
IDD	123,807	421,623
ECI	(325)	(1,705)
Administration	25,576	20,553
Bonham Property	74	(13,483)
Expending Fundraising	(1,164)	(1,932)
1115 Waiver	120,546	493,689
Medical Prescriber Services	11,297	(9,833)
Fema Grant	0	(2,750)
CCBHC Expansion Grant	3,000	12,228
Collaborative Grant	0	1,062
Education Services Pittsburgh	(1,020)	(3,804)
Total Lakes	\$ 223,060	\$ 833,745



Lakes Regional Community Center
Comparative Income Statement for the Month ended December 31, 2020

	<u>12/31/2020</u>	<u>12/31/2019</u>	Variance	Var %
Revenues				
General Revenue IDD	\$287,947	\$169,901	\$118,046	69%
General Revenue MH	\$698,593	\$601,253	\$97,340	16%
Early Childhood Intervention Revenue	\$108,753	\$85,077	\$23,676	28%
1115b Waiver Revenue	\$561,188	\$523,077	\$38,111	7%
NTBHA Revenue	\$205,371	\$231,111	(\$25,740)	-11%
Medicaid Revenue	\$293,384	\$282,966	\$10,418	4%
Medicare Revenue	\$2,891	\$9,725	(\$6,834)	-70%
HCS Revenue	\$426,797	\$376,062	\$50,735	13%
Managed Care Revenue	\$97,280	\$87,826	\$9,454	11%
Private Insurance	\$4,986	\$9,199	(\$4,213)	-46%
Client Fees	\$2,224	\$8,292	(\$6,068)	-73%
Other Revenue	\$653,322	\$520,473	\$132,849	26%
Total Revenues	\$3,342,735	\$2,904,963	\$437,773	15%
Expenses				
Salaries and Wages	\$1,500,349	\$1,423,098	\$77,251	5%
Employee Benefits	\$504,863	\$391,853	\$113,010	29%
Staff Training	\$4,353	\$3,252	\$1,101	34%
Furniture and Equipment	\$2,704	\$1,338	\$1,367	102%
Maintenance and Repairs	\$10,388	\$29,382	(\$18,994)	-65%
Utilities	\$35,460	\$37,873	(\$2,414)	-6%
Client Support	\$2,326	\$3,688	(\$1,362)	-37%
Supplies	\$28,172	\$22,663	\$5,510	24%
Vehicle Maintenance	\$3,491	\$3,301	\$190	6%
Insurance Costs	\$29,677	\$26,369	\$3,308	13%
Debt Service	\$53,907	\$55,856	(\$1,950)	-3%
Other Expenses	\$943,986	\$793,366	\$150,620	19%
Total Expenses	\$3,119,675	\$2,792,038	\$327,637	12%
Net Surplus/(Deficit)	\$223,060	\$112,925	\$110,136	-98%

Lakes Regional Community Center
Comparative Income Statement for the period ended December 31, 2020

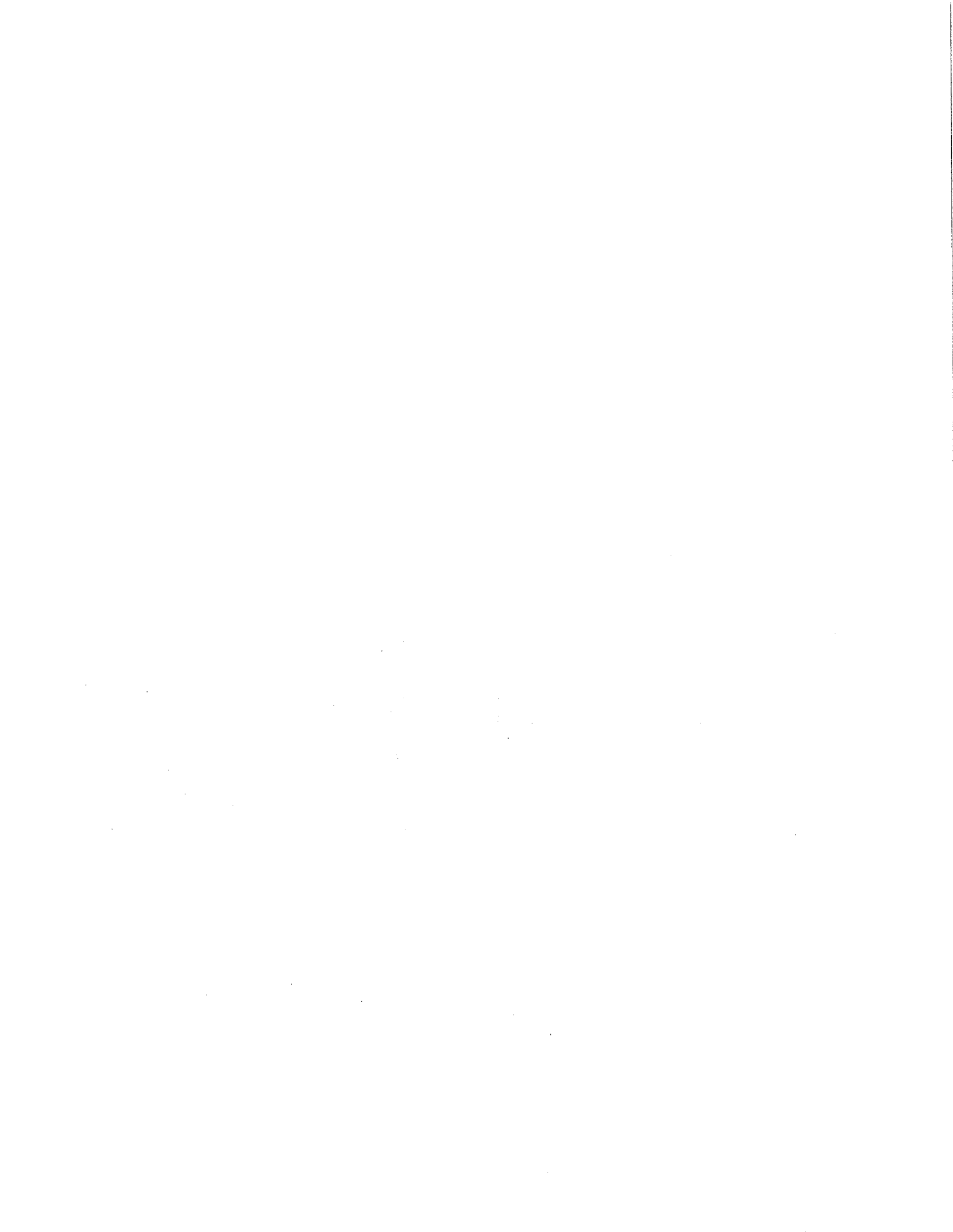
	<u>YTD ended</u> 12/31/2020	<u>YTD ended</u> 12/31/2019	Variance	Var %
Revenues				
General Revenue IDD	\$930,335	\$722,251	\$208,083	29%
General Revenue MH	\$2,694,461	\$2,415,308	\$279,152	12%
Early Childhood Intervention Revenue	\$379,780	\$290,203	\$89,577	31%
1115b Waiver Revenue	\$2,244,752	\$2,092,308	\$152,444	7%
NTBHA Revenue	\$883,904	\$941,022	(\$57,118)	-6%
Medicaid Revenue	\$1,209,314	\$1,222,436	(\$13,123)	-1%
Medicare Revenue	\$11,788	\$35,186	(\$23,398)	-66%
HCS Revenue	\$1,576,120	\$1,488,588	\$87,532	6%
Managed Care Revenue	\$401,179	\$425,803	(\$24,624)	-6%
Private Insurance	\$27,636	\$43,393	(\$15,757)	-36%
Client Fees	\$9,294	\$29,572	(\$20,278)	-69%
Other Revenue	\$2,230,654	\$2,178,240	\$52,414	2%
Total Revenues	\$12,599,215	\$11,884,311	\$714,905	6%
Expenses				
Salaries and Wages	\$5,856,855	\$5,785,588	\$71,266	1%
Employee Benefits	\$2,002,647	\$1,873,902	\$128,746	7%
Staff Training	\$12,251	\$10,387	\$1,864	18%
Furniture and Equipment	\$12,920	\$4,160	\$8,760	211%
Maintenance and Repairs	\$47,544	\$72,905	(\$25,360)	-35%
Utilities	\$133,542	\$154,631	(\$21,089)	-14%
Client Support	\$11,063	\$6,758	\$4,305	64%
Supplies	\$103,611	\$108,539	(\$4,928)	-5%
Vehicle Maintenance	\$11,418	\$20,937	(\$9,519)	-45%
Insurance Costs	\$118,707	\$105,476	\$13,231	13%
Debt Service	\$216,151	\$225,720	(\$9,569)	-4%
Other Expenses	\$3,238,761	\$3,150,221	\$88,540	3%
Total Expenses	\$11,765,470	\$11,519,225	\$246,246	2%
Net Surplus/(Deficit)	\$833,745	\$365,086	\$468,659	-128%



Lakes Regional Community Center
 FY21 Aged Accounts Receivable
 DECEMBER, 2020

Accounts Relvabe Description	Amount	DEC	NOV 30 Days	OCT 60 Days	SEP 90 Days	AUG & prior 120 +
MAC Adm Claim	695,268.00	74,507	74,507	74,507	74,507	397,240
NTBHA:						
Substance Abuse	1,674.96	1,675	-	-	-	-
ACT - addt'l billed svcs	-	-	-	-	-	-
Medicaid	350,884.76	290,049	13,161	10,235	5,250	32,189
Medicare **	989.27	971	18	-	-	-
Private Insurance **	3,200.68	2,081	157	352	111	499
Chip **	359.56	360	-	-	-	-
MANAGED CARE:						
Amerigroup	24,133.77	23,256	630	248	-	-
Superior (Cenpatico)	28,120.19	28,055	65	-	-	-
Optum	12,681.34	11,586	1,096	-	-	-
Cigna	11,024.76	11,025	-	-	-	-
Texas Childrens Plan	1,303.48	1,303	-	-	-	-
Beacon	5,656.35	5,136	186	-	-	334
Molina	23,826.27	19,196	1,470	2,184	53	924
Aetna Better Health	3,485.30	1,283	1,045	597	561	-
Texas Home Living - North	19,764.68	19,765	-	-	-	-
Texas Home Living - South	16,979.42	16,979	-	-	-	-
HCS - North	288,990.47	288,990	-	-	-	-
HCS - South	99,796.87	99,797	-	-	-	-
Reimbursable Svcs-TxHmL North & South	1,207.24	1,207	-	-	-	-
Reimbursable Svcs-HCS North	6,021.84	5,721	-	301	-	-
Reimbursable Svcs-HCS South	948.30	275	93	-	192	388
HCS Rm/Brd	1,341.75	-	1,199	143	-	-
ICF Residential Homes	137,771.02	126,464	-	4,401	4,582	2,324
Block Grant/TANF-Title XX Gen Revenue	19,964.25	19,964	-	-	-	-
Block Grant Supp Housing	-	-	-	-	-	-
ISP Crisis Counseling FEMA Grant	12,926.97	-	-	-	12,927	-
CCBHC Expansion Grant	75,929.00	75,929	-	-	-	-
Supported Employment	-	-	-	-	-	-
Day Hab Billings (Private Providers)	1,182.46	475	707	-	-	-
1048 IDD Billed Svcs	1,570.51	396	1,174	-	-	-
ECI Grant Revenue	172,077.39	108,303	63,774	-	-	-
ECI Respite	450.00	450	-	-	-	-
ECI Priv Ins	6,967.35	3,801	1,587	616	644	320
ECI Medicaid	21,654.99	21,655	-	-	-	-
ECI Managed Care	25,095.54	22,951	1,431	450	115	149
ECI Chip	135.62	136	-	-	-	-
A/R Other Employees	-	-	-	-	-	-
A/R Employee Insurance (Cobra)	615.52	616	-	-	-	-
TCOOMMI GRANT	87,509.83	16,800	24,161	21,945	24,604	-
TDCJ Contract-Greenville	21,798.78	6,656	8,180	6,963	-	-
TDCJ - Sherman/Bonham/Paris	65,044.30	20,824	19,694	24,507	20	-
Fannin County Drug Court	2,000.00	2,000	-	-	-	-
Grayson County Drug Court	-	-	-	-	-	-
Titus County Drug Court	1,700.00	1,700	-	-	-	-
DSHS Region 3	29,888.69	14,898	-	14,991	-	-
DSHS Region 4	23,263.26	11,002	-	12,261	-	-
DSHS MHFA Outreach	11,017.11	5,966	5,052	-	-	-
ICF Upper Payment Limit	137,584.00	24,396	24,396	24,396	24,396	40,000
SAC Prog -Hunt County	500.00	500	-	-	-	-
ECC - (Enhanced Comm Coord)	12,456.15	5,605	6,851	-	-	-
Pharmacy Rental Income	-	-	-	-	-	-
Comm Education (Curt Pitton)	13,927.00	7,286	6,642	-	-	-
1115 Waiver Fed Share **accrual	2,244,752.00	561,188	561,188	561,188	561,188	-
Misc Revenue - 1370-1200 - \$99,840.48	-	-	-	-	-	-
** Priv Ins (BCBS) refund/stop pay balance due	1,590.03	-	-	-	-	1,590
York Svcs Escrow Bal - Dec	500.00	500	-	-	-	-
Loan Proceeds - 209 N Rockwall project	97,750.45	97,750	-	-	-	-

Balance Due 4,825,281.48 GL bal 4,825,281.48 bal ck -



Lakes Regional Community Center
Statement of Revenues and Expenditures
For the Period Ending December 31, 2020

<u>Revenues</u>	<u>Sep-20</u>	<u>Oct-20</u>	<u>Nov-20</u>	<u>Dec-20</u>	<u>Total</u>
Local	\$ 64,976	\$ 133,243	\$ 84,381	\$ 152,050	\$ 414,649
State Programs	1,468,465	1,558,503	1,515,762	1,695,370	6,238,099
Federal Programs	1,222,680	1,275,553	1,264,510	1,286,279	5,049,021
Interest Income	3,257	3,830	2,989	3,666	13,542
North Texas BH Assoc	238,835	240,308	199,390	205,371	883,904
					0
TOTAL REVENUES	\$ 2,998,212	\$ 3,211,236	\$ 3,047,032	\$ 3,342,735	\$ 12,599,216

Expenditures

Current:

Salaries & Wages	\$ 1,484,631	\$ 1,456,243	\$ 1,415,633	\$ 1,500,349	\$ 5,856,855
Employee Benefits	506,938	498,310	492,536	504,863	2,002,647
Other Operating Expenses:					
Client Respite	3,108	7,011	3,880	4,753	18,752
HCS Contract	115,580	121,954	104,711	115,524	457,770
Consult/Pro Svcs - Internal					0
Nursing Contract - RK					0
Consult/Pro Svcs - External	2,487	3,325	12,360	12,253	30,425
Contracts with Other Orgs-Ext	320,753	359,293	363,891	386,667	1,430,604
ICF/MR Quality Assurance Fees	7,037	7,313	7,077	6,955	28,382
TXHML Contracts	14,692	11,912	15,858	11,605	54,067
Contracted Lab Services	1,436	893	698	738	3,864
Staff Development/Training	2,599	2,727	2,572	4,353	12,251
1115 Projects Certif./Training Fees					0
Non-Clinical Contracts with Others	5,495	4,146	4,099	3,935	17,675
Pharmaceuticals/Supplies	26,525	25,289	28,842	21,194	101,850
Atypical Meds	7,440	7,488	2,144	11,654	28,726
Patient Asst Program/Filling Fees	3,000	0	1,500	1,500	6,000
Training and Travel	3,739	15,051	18,016	18,138	54,943
Consumable Supplies	22,958	28,816	23,665	28,172	103,611
1115 Residential Equip/Supplies					0
Building Capital Outlay	6,360	9,480	(2,050)	96,549	110,329
Capital Outlay Projects	3,543	4,564	4,489	0	12,597
Furniture/Equipment over \$5,000					0
Computer Capital Outlay				4,489	4,489
Furniture/Equipment under \$5,000	4,287	2,173	3,755	2,704	12,920
Copier Equipment Rental	11,677	9,906	11,091	11,939	44,614
Computer Equipment Under \$5,000	9,137	4,128	6,375	31,353	50,993
Other Monthly Expenses	15,443	3,828	10,716	13,738	43,725
Computer Software Support Fees	12,499	9,573	896	11,213	34,181
Computer Software Fees for HR System	7,098	9,098	8,098	8,098	32,393
Bad Debts					0
Building Rent, Repair, Maintenance	105,974	122,208	120,497	111,558	460,237
Building Rent to Other Programs					0
Vehicle Operating Expense	3,140	2,876	1,910	3,491	11,418
Vehicle Fuel Costs	2,618	2,970	2,558	2,558	10,703
Non-Client Utilities	30,461	19,715	47,906	35,460	133,542
Telecommunications	18,188	27,582	27,553	27,713	101,035
Data Connect/Internet Access	7,455	7,455	7,455	7,455	29,820
Crisis Hotline Answering Svc	3,000	3,000	2,500	2,500	11,000
Insurance	29,677	29,677	29,677	29,677	118,707
Client Support Costs	1,595	1,592	5,550	2,326	11,083
Peer Training and Support					0
Client Reimbursable Services	9,463	9,300	3,615	6,070	28,448
NTBHA Supported Housing	3,836	5,450	7,144	8,333	24,763
Debt Service	54,410	58,207	49,628	53,907	216,151
Interest on PPP Loan					0
COVID-19 Expenses	7,824	7,375	7,514	7,783	30,496
ECI Client Support Costs				450	450
DSRIP Audit Costs					0
Expending Fund Raising Funds	0	90	677	1,164	1,932
Program Indirect					0
LRMHMRC Board Expenses	125	100	0		225
Expending Red River Funds	0	287	0		287
Expending Empowerment Funds				note1 (200)	(200)
ECI In-Kind Volunteers					0
Service Costs Unallowable	4,913	4,663	4,461	6,695	20,732
Total Other Operating Expenses	889,563	950,614	951,328	1,114,464	3,905,968

TOTAL EXPENDITURES 2,881,132 2,905,167 2,859,497 3,119,675 11,765,470

Excess (deficiency) of revenues over expenditures \$ 117,080 \$ 306,069 \$ 187,535 \$ 223,060 \$ 833,745

note1 - Void Check from Prior Fiscal Year

AGENDA ITEM NO.
Behavioral Health Director

01.08.21

Recommended Board Action:
None. Informational purposes only.

Rationale:

1. 1115 Medicaid Waiver
 - a. Rule Change Time Extension and Funding

2. COVID
 - a. System Impact
 - b. Personal Impact

3. Sherman SUD
 - a. New Office Space

4. NTBHA RFP
 - a. Greenville Coffee House

5. Medical Services
 - a. Reduction in Time
 - b. Reduction in Retirements



AGENDA Item No.: 01.09.20

Intellectual and Developmental Disabilities Director's Report

Recommended Board Action: None Information Only

Electronic Visit Verification (EVV)

EVV (Electronic Visit Verification) officially started January 1, 2020. As an agency we chose Datalogic for our vendor. We are verifying PASHAB CFC services as well as In-Home Respite services through the Vesta Dashboard (Data Logic) for accuracy. This is required before we turn in Medicaid waiver billing to the billing specialist for payment. All login/logouts for our Lakes Regional and Subcontracted staff have to match the Vesta system for accuracy before it will be paid.

Since January 1st the Vesta system has had very slow server time and printing errors. We have since put in a ticket for the printer error and are awaiting contact back on this. There is a message on the Vesta dashboard system stating they are looking into the slow server issues and to be patient. It is taking IDD Admin staff lengthy periods of time to link service calls and run reports. As well, a ticket was submitted for an alert that we had "48 Failed to Export (FTE) services". It took 2 weeks to resolve the issue, but it is fixed and closed. The problem was on Datalogic end not Lakes Regional. So far, our billing specialist has been able to bill all CFC PASHAB and in-home respite services without denial for claims.

Program Updates:

ICF- L3 employees, through their "Adopt an Adult" program, contributed many gifts to our individuals who did not go home for Christmas, Elks Club provided a gift a day for the 12 days of Christmas to each individual. Highland Terrace Baptist Church gifted each of our individuals through their "Adopt and Angel Program", and the AT&T Pioneer Club bought gifts for the Sayle St. individuals, as they do every year. It was a very bountiful Christmas for our individuals.

Greenville ICF is currently having to utilize staff from other regions to help in the coverage of certain homes.

HCS-The individual in Terrell will be coming home February 1, 2021, from Nursing Facility. All Home Health agencies we have reached out to for coverage do not accept shift if anyone is Covid positive. Sadly, we have another individual that has reached a point that medical oversight is required 24/7 and will probably be vacating the Group Home in Terrell.

All programs are waiting for vaccines for our individuals and staff.

Outpatient Biopsychosocial IDD (OBI) Services Update:

The Outpatient Biopsychosocial IDD pilot is well on its way to meeting the 25 new enrollments requirement. Currently, 15 individuals have been enrolled with an additional 5 individuals in the pre-enrollment phase. This service is showing to be instrumental in helping individual access community resources such as prescription pay assistance as well as access to specialized therapies. On January 28, 2021, the OBI project will be hosting a virtual lunch discussion, "***Mental Health In Intellectual and Developmental Disabilities (IDD): A Discussion of JUST What You Need to Know!***" This taped discussion will be available to all Lakes Regional Clinical and support staff. In addition, individuals, families, local college students, hospitals and medical professionals are invited to participate. (Flyer Attached)

Day Habilitation

Rockwall day program is currently providing limited in-person services (no more than 10 individuals in the facility). The soft launch, in large part, has been successful. The Day Program Workgroup is currently discussing expanding soft openings in 1-2 additional day programs. The transitions to in-person services will continue to operate on limited hours and smaller census with a maximum of 10 individuals per scheduled day. Staff are adhering to CDC and HHSC guidelines which includes scheduled sanitation, social distancing and mask wearing. The continuation of Zoom in the Room has expanded access to daily activities across all regions. Day Habilitation staff continue to facilitate day programming in the Group Homes. Additionally, Host Home providers continue to facilitate day programming to individuals receiving Host Home services.

Covid Update

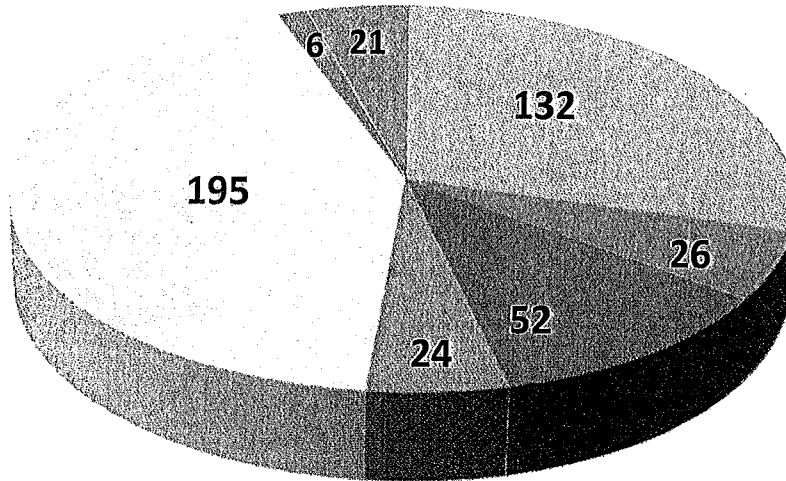
This past month we have been hit pretty hard in Greenville with Covid. The rising numbers in cases are impacting more staff that is continues to negatively impact coverage. We continue to increase the recruitment efforts. Home Health agencies that we have reached out to will not work in Covid positive homes.

AGENDA Item No.: 01.09.21

Intellectual and Developmental Disabilities Director's Report

Recommended Board Action: None Information Only

**Total Number of Individuals
Served in December - 456**



■ HCS 132

■ PASRR: 26

■ TxHMI 52

■ ICF 24

■ GR:195

■ TWS: 6

■ Private 21

Mental Health In Intellectual and Developmental Disabilities

A Discussion of JUST What You Need to Know!

A Virtual Series

January 28, 2021 12:00-1:00 p.m.

Register in advance at:

<https://zoom.us/meeting/register/tJwscu-hrTwvHtBZFwWHHAMRIQRpSNYQb0g5>

After registering, you will receive a confirmation

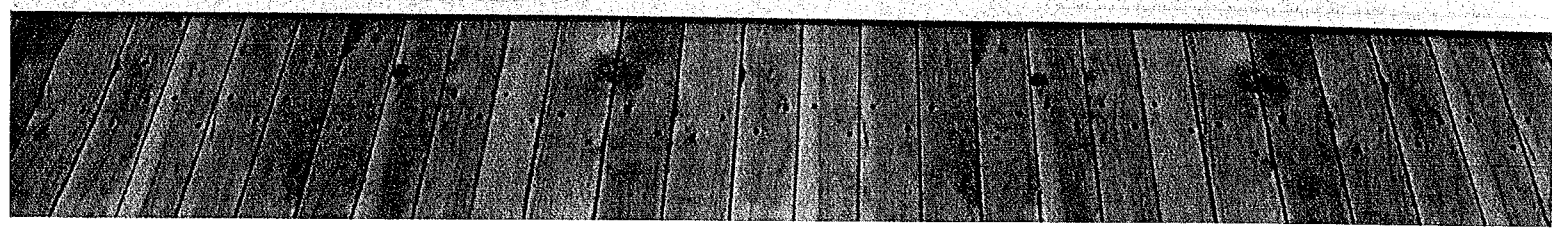


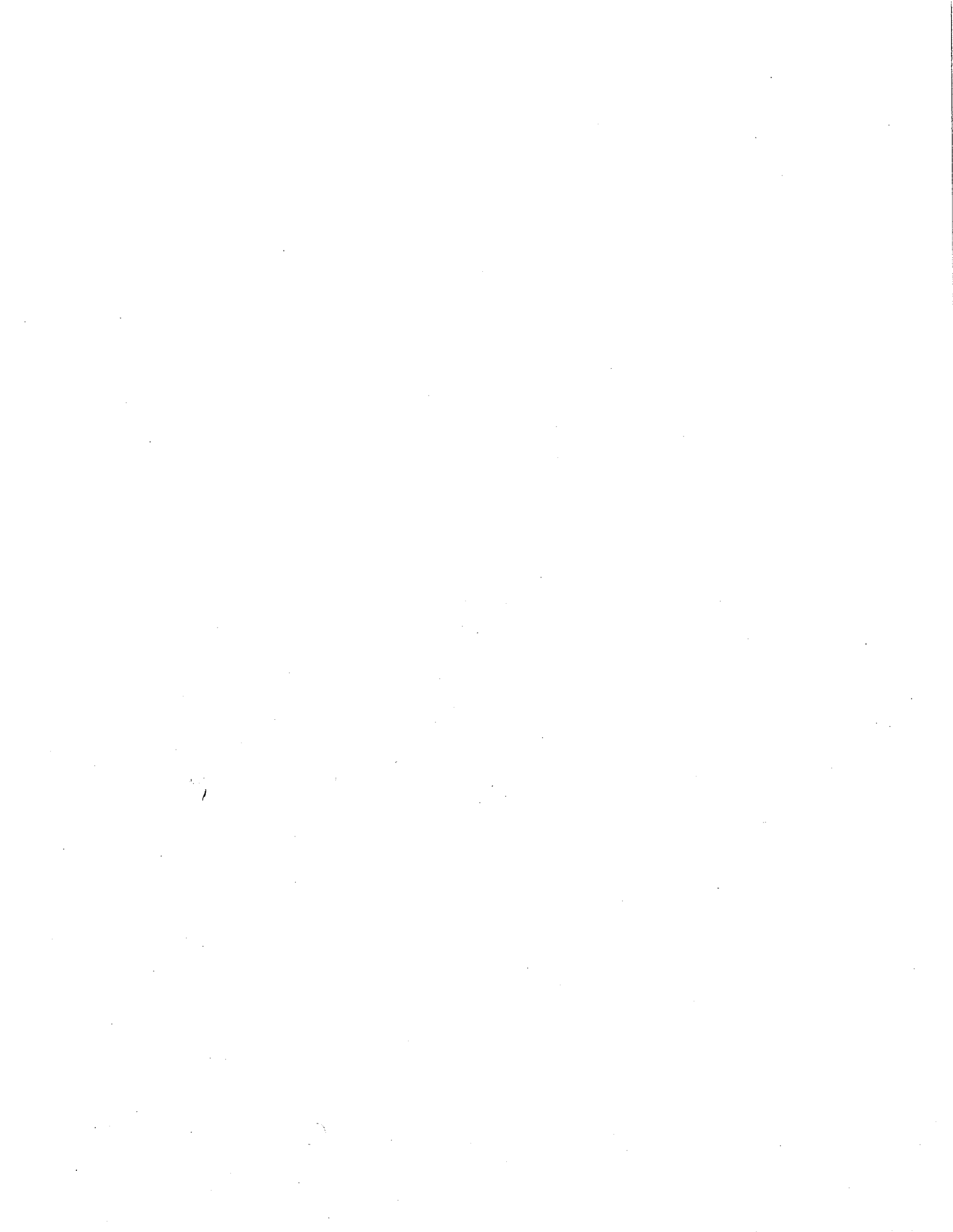
Lakes Regional Community Center

IDDP Specialty Services

A certificate will be provided to those that **complete** this awareness event

Presenter: Joey G. Garner MA, LPC-S





AGENDA ITEM No. 01.10.21

Contracts & Quality Management Report

Recommended Board Action:

None. Information only

Rationale:

1. CONTRACTS/NETWORK DEVELOPMENT

- Number of executed contracts and/or agreements for FY21 : 277
- NTBHA RFP proposals: NTBHA notified Lakes that we received an award of \$90,000 for the Hunt County Coffee House proposal.
- IDD/MH Learning Collaborative: Lakes received an amendment increasing the contracted amount by \$300,000.

2. PNAC

- Membership: Both Local and Regional PNAC's are in need of members. The Local PNAC members recommended reaching out to Clinic/Program Directors for membership referrals.
- Meetings: The next RPNAC meeting will be held February 17, 2021.

3. PLANNING

- The Consolidated Local Service Plan (CLSP) and Local Service Area Plan (LSAP) were presented at the PNAC meeting held November 9, 2020. There were no comments or recommendations noted from the committee.

4. RIGHTS/ ABUSE, NEGLECT, & EXPLOITATION ALLEGATIONS

Rights

- MH GR: 1 Unconfirmed (Paris MH)

APS

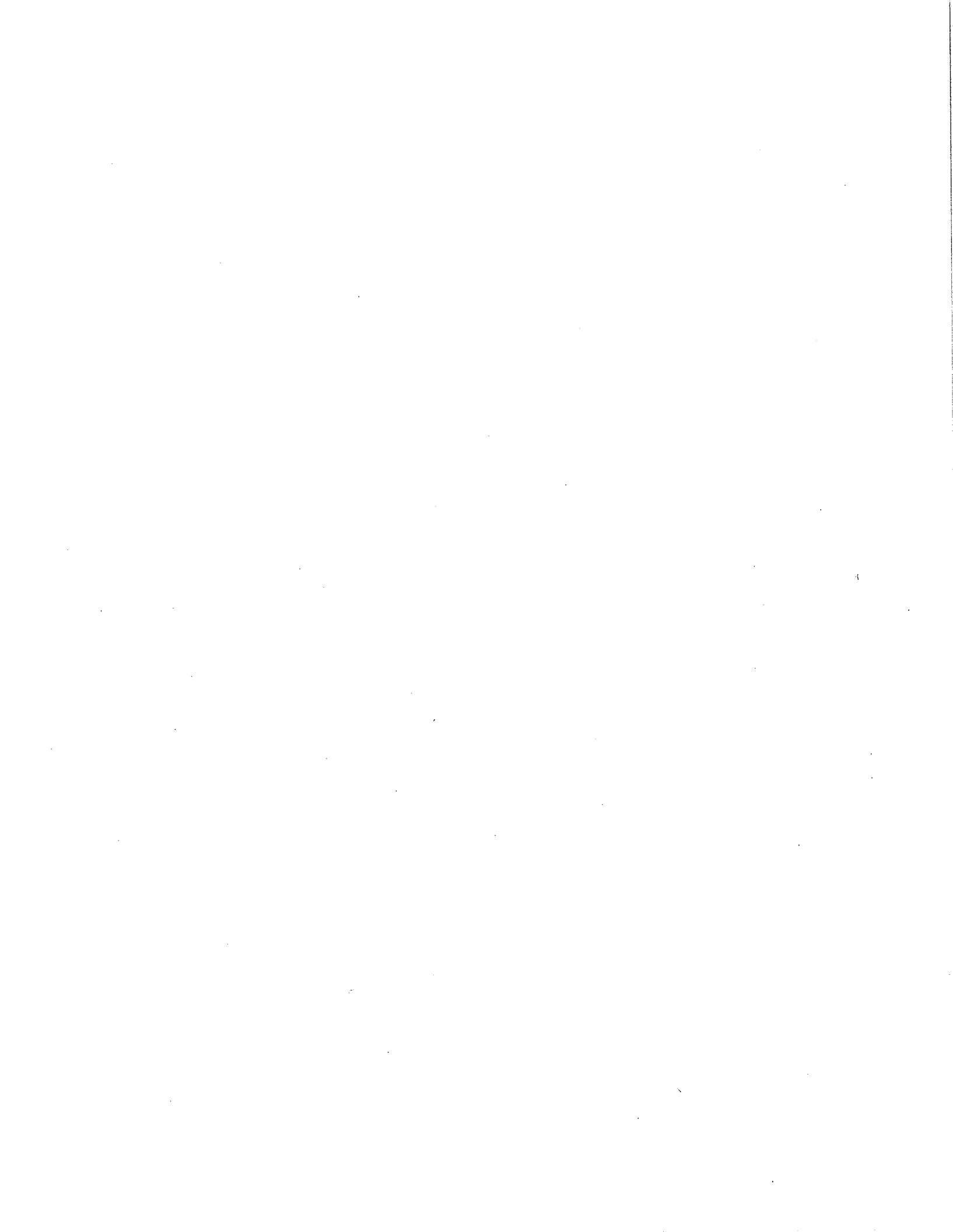
- APS Investigation: 1 – Allegation: Neglect/Terrell Group Home/Unconfirmed

5. QM MH, NTBHA & SUBSTANCE ABUSE

- MH Performance Measures: Lakes Regional will be held harmless for performance measures and outcomes until further notice due to COVID-19.
- HHSC SUD Audit: HHSC is conducting a comprehensive SUD audit for Region 3 & 4. Lakes is sending HHSC documentation as needed. HHSC expects to have results by the end of January.
- HHSC Yes Waiver Audit: HHSC will be conducting a Yes Waiver Audit on February 1, 2021. HHSC will hold an entrance call on January 25, 2021.
- HHSC Hospitality House Audit: HHSC will be conducting a desk review the week on March 8, 2021.
- Superior Chart Audit: Superior conducted a chart audit on January 14, 2021. The overall chart score was 93%, the overall claims score was 100%.
- Billing Audit: QM conducted a MH Counseling billing audit. All charts received 100%.
- QM Walk Behinds of Peer Reviews
 - Recovery Plans: 0 charts scored below 70%. Difference between peer scoring and QM was 6%.

6. IDD

- IDD Service Target: Lakes Regional will be held harmless for performance measures and outcomes until further notice due to COVID-19.



AGENDA ITEM NO. 01.11.21

Human Resources Report

Recommended Board Action:

None; information only.

Headcount

We finished November and December with a total of 455.75 authorized FTEs and 394 employees. We filled 21 positions during these two months, 16 of which were new hires. We had eight separations, seven of which were voluntary. Reasons cited for separations include finding similar work for more pay (3 staff); one was working towards an MD degree and left to begin a residency program; one quit in lieu of discipline for poor performance; another quit on medical advice due to potential for contracting COVID; and one did not provide any explanation. The single involuntary separation was neutral due to an extended medical absence.

Compensation & Benefits

Over the course of these two months, 94 staff reported possible exposure and testing for COVID. Twenty-three (23) of these employees tested positive and one required hospitalization. Eight administrative staff were granted 404 hours of emergency paid sick leave through the FFCRA program. Twenty-six (26) direct care staff were granted 1,295 hours of paid sick leave from the emergency COVID-19 Sick Leave Pool. We held a donation drive for the COVID-19 Sick Leave Pool in December; 23 employees donated 1,510.5 hours.

The emergency paid sick leave provided through the FFCRA expired on December 31, 2020 and the federal government allowed covered business to extend the program on a voluntary basis through March 31, 2021. We elected to continue to provide this leave under this condition. Now the Biden Administration has released its American Rescue Plan, which will restore the FFCRA mandate through September 30, 2021. It will also eliminate exemptions for healthcare workers, so that all employees will be covered.

We continue to enjoy lower than usual health claims. Our loss ratio in November was 69.2% and that went down to 54.2% in December. We still have three large claims with only one that has exceeded the individual stop-loss limit.



