



## **FINANCE COMMITTEE MEETING**

*Integral Care's mission is to improve the lives of people affected by behavioral health and developmental and/or intellectual challenges.*

**DATE:** Monday, January 22, 2017  
**TIME:** 1:00 p.m.  
**PLACE:** 1430 Collier St. – Board Room  
Austin, Texas 78704

### **AGENDA**

- I. Citizens' Comments** (Presentations are limited to 3 minutes)
- II. Approval of Finance Committee Minutes for December 11, 2017** (pages 1-5)
- III. Discuss and take Appropriate Action on FY17 Financial Audit** (Weden, R. Mendoza & Company, P.C. – pages 6-90)
- IV. Discuss and Take Appropriate Action on Cash & Investment Report – November** (pages 91-93) **& December, 2017** (Weden – pages 94-96)
- V. Discuss and Take Appropriate Action on Financial Statements and Amendments (if applicable) for the Periods Ending November 30, 2017** (pages 97-102) **and December 31, 2017 (Subject to Audit)** (Weden, Thompson – pages 103-112)
- VI. Discuss and Take Appropriate Action Regarding Selection of Contractor for build out of Suite 230, 1700 South Lamar** (Weden, Spencer – page 113)
- VII. Update and Discussion on Dashboard Financial Metrics** (Weden, Baker – 114)
- VIII. Update on 1115 Transformation Waiver** (Weden – verbal report)
- IX. Update on Electronic Health Record Request for Proposal** (Weden – verbal report)
- X. Update on Certified Community Behavioral Health Clinic** (Weden – verbal report)
- XI. Update on Housing First Oak Springs** (Weden – verbal report)
- XII. Announcements**

**XIII. New Business**

- a. Identify Consent/Non-Consent Agenda Items

**XIV. Citizens' Comments** (Presentations are limited to 3 minutes)

*Integral Care is committed to compliance with the Americans with Disabilities Act. For reasonable accommodations, please call 512-440-4002 for information.*

***Note: The full packet is available on Integral Care's webpage at: <http://integralcare.org/agendas-minutes/> (Under the heading "Finance Committee") Finance Committee packets will not be available to staff/public at the meeting. Only Agendas will be available.***



## FINANCE COMMITTEE MINUTES

**DATE:** December 11, 2017  
**TIME:** 12:00 p.m.  
**PLACE:** 1430 Collier St. – Board Room  
Austin, Texas 78704

**MEMBERS PRESENT:** Tom Young, Robert Chapa, Luanne Southern

**MEMBERS ABSENT:**

**OTHERS IN ATTENDANCE:** Mike Hawkins, LeafHouse Financial Advisors; Pat Sullivan, QS Tech LP; David Quintanilla, QS Tech LP; and center staff

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The meeting was called to order by Mr. Young at 12:00 p.m.

### **I. CITIZENS' COMMENTS**

None.

### **II. APPROVAL OF FINANCE COMMITTEE MINUTES**

No changes were noted to the minutes of the October 23, 2017 meeting. They stand approved as submitted.

### **III. DISCUSS AND TAKE APPROPRIATE ACTION ON CASH & INVESTMENT REPORT FOR October, 2017**

Mr. Young made a motion to recommend to the Board the acceptance of the Cash and Investment Report for August, 2017.

Mr. Chapa seconded.

Mr. Weden reviewed the Cash and Investment Report for October, 2017 stating the interest earned in 10/2017 was \$11,266 and total market and book value at end of month was \$21,653,460. A comparison of FY 2016 vs. FY 2017 cash and investment amounts was reviewed.

All were in favor. Motion carried.

**IV. DISCUSS AND TAKE APPROPRIATE ACTION ON FINANCIAL STATEMENTS AND AMENDMENTS  
(IF APPLICABLE) FOR THE PERIOD ENDING OCTOBER 31, 2017 (SUBJECT TO AUDIT)**

Mr. Young made a motion to recommend to the Board the acceptance of the Financial Statements and amendments (if applicable) for the period ending August 31, 2017 subject to audit.

Mr. Chapa seconded.

Mr. Weden and Ms. Thompson discussed the following information from the schedules found in the packet: Financial Summary, Balance Sheet General Operating Fund and Notes (Schedule N2), Combined (Schedule C1), Statement of Revenue and Expenditures and Notes (Schedule C2), Waiver (Schedule C3), and Capital Projects (Schedule C4). Ms. Thompson discussed in detail the information on the Summary page including: Total Annual Budget; YTD Net; Fund Balance; and Capital Projects. Discussion followed.

All were in favor. Motion carried.

**V. DISCUSS AND TAKE APPROPRIATE ACTION REGARDING RESOLUTIONS AUTHORIZING  
REVENUE ANTICIPATION NOTES WITH FROST BANK**

Mr. Young made a motion to recommend to the Board authorization of a \$13,000,000 Revenue Anticipation Note with Frost Bank.

Mr. Chapa seconded.

Mr. Weden stated that the note is for one time use and will be utilized to ensure cash flow during the period of the intergovernmental transfer of funds in order to draw down the 1115 waiver payment.

All were in favor. Motion carried.

**VI. DISCUSS AND TAKE APPROPRIATE ACTION REGARDING RESOLUTION WAIVING GOVERNMENTAL IMMUNITY IN RELATION TO HOUSING FIRST OAK SPRINGS**

Mr. Chapa made a motion to recommend to the Board waiving any governmental immunity in regards to the financing of Housing First Oak Springs.

Ms. Southern seconded.

Mr. Weden gave an overview of the financing structure of Housing First Oak Springs and the request by the company financing the project to have an explicit resolution waiving any potential governmental immunity that could exist.

All were in favor. Motion carried.

**VII. DISCUSS AND TAKE APPROPRIATE ACTION REGARDING RETIREMENT PLAN RECORDKEEPING AND ADMINISTRATIVE SERVICES**

Mr. Chapa made a motion to recommend to the Board the approval of Transamerica for Retirement Plan Recordkeeping and Administrative Services.

Ms. Southern seconded.

Mike Hawkins from LeafHouse Financial Advisors and Ms. Buie reviewed the Request for Proposal responses and scoring and an overview of the top three finalists. Recommendation by staff was made to award a contract to Transamerica for Retirement Plan Recordkeeping and Administrative Services.

All were in favor. Motion carried.

**VIII. DISCUSS AND TAKE APPROPRIATE ACTION REGARDING SELECTION OF ROOFING CONTRACTOR FOR COLLIER STREET BUILDING**

Mr. Chapa made a motion to recommend to the Board awarding a contract, not to exceed \$500,000, for roof replacement at 1430 Collier to J. R. Reynolds.

Mr. Young seconded.

Ms. Spencer in conjunction with representatives from QS Tech, David Quintanilla and Pat Sullivan, provided an overview of the Request for Proposal process and review of bids for replacing the roof on 1430 Collier Street with a recommendation to award a contract to J.R. Reynolds.

All were in favor. Motion carried.

**IX. INFORMATION REGARDING REVENUE CYCLE MANAGEMENT & PRODUCTIVITY UPDATE**

Mr. Cook provided an overview of the revenue cycle management, current alternative payment agreements in which Integral Care participates, and an overview of the commercial insurance for which Integral Care is in network. Mr. Cook and Mr. Weden continued the discussion with an overview of fee-for-service revenue compared to budget.

**X. INFORMATION REGARDING STAFF TURNOVER**

Mr. Weden gave an overview of the current staff turnover rate including reported reasons for employees leaving Integral Care.

**XI. UPDATE ON FISCAL YEAR 2018 BUSINESS PLAN**

Mr. Weden gave an overview of progress made in implementing the FY18 Business Plan in support of the Integral Care Strategic Plan.

## **XII. RESOURCE DEVELOPMENT**

Ms. Eldridge gave an overview of current fundraising efforts including an update on status to achieving the Rathgeber Challenge Grant.

## **XIII. UPDATE ON MANAGEMENT INFORMATION SYSTEMS (MIS)**

Mr. Weden gave an overview of current projects within the Management Information Systems Department.

## **XIV. ANNOUNCEMENTS – 1115 WAVIER**

Mr. Weden gave an update on the status of reporting to Health and Human Services Commission (HHSC) on the 1115 Waiver and the approval by HHSC of 49 measures with a total valuation of \$31,668,187.

## **XV. NEW BUSINESS**

- Non-Consent: Items IV, V, VI
- Consent: Items III, VII, VIII

## **XV . CITIZENS' COMMENTS**

None.

There being no further business, the meeting adjourned at 1:15 p.m.

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Tom Young, Chair  
Finance Committee

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Date

*Libby Worsham*

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Libby Worsham,  
Executive Assistant

January 25, 2018

To the Board of Trustees  
Integral Care

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Integral Care ('Integral Care') for the year ended August 31, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 12, 2017. Professional Standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Integral Care are described in Notes 3 and 4 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by Integral Care during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of vacation banks.
- Management's estimate of the allowance for uncollectible receivable balance is based on past experience and future expectation for collection of various account balances.

The financial statement disclosures are neutral, consistent, and clear.



### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No misstatements were detected as a result of our audit procedures.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 25, 2018.

### *Management Consultations with other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of accounting principle to Integral Care's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Integral Care's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the Management Discussion and Analysis (MD&A) (pages 4-13), which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Other Supplementary Information (pages 46-47), which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Statistical Section (pages 48-56), which accompany the financial statements but are not RSI. Such information has 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 it.

#### Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of Integral Care and is not intended to be, and should not be, used by anyone other than these specified parties.

Yours truly,

R. Mendoza & Company, P.C.  
Austin, Texas

## INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Board of Trustees and Management  
of Integral Care

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Integral Care ('Integral Care') as of and for the year ended August 31, 2017, 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, we considered Integral Care'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 Integral Care's internal control. Accordingly, we do not express an opinion on the effectiveness of Integral Care's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

This communication is intended solely for the information and use of management, the Board of Trustees, others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

R. Mendoza & Company, P.C.  
Austin, Texas

January 25, 2018



**BASIC FINANCIAL STATEMENTS**  
(With Independent Auditors' Report Thereon)

**For the Year Ended August 31, 2017**



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## **INTRODUCTORY SECTION**

**INTEGRAL CARE**  
**CERTIFICATE OF BOARD APPROVAL**  
**YEAR ENDED AUGUST 31, 2017**

**I, Hal Katz, Chairperson of the Board of Trustees of Integral Care, hereby certify that this accompanying audit report for fiscal year 2017 from R. Mendoza and Company, P.C., was reviewed and approved at a meeting of the Board of Trustees held on the 25th day of January, 2018.**

\_\_\_\_\_  
**Chairperson, Board of Trustees**

\_\_\_\_\_  
**1/25/18**  
**Date**





LISTING OF OFFICIALS  
AUGUST 31, 2017

***BOARD OF TRUSTEES***

**Officers**

Matthew Snapp, Ph.D. – Chairperson  
Richard E. Hopkins – Vice Chair  
Robert T. Chapa Jr. Secretary/Treasurer

**Members**

Hal Katz  
Luanne Southern  
Vincent Torres  
Tom Young  
Guadalupe Zamora, M.D.

**Key Officers**

David Evans	Chief Executive Officer
David Weden	Chief Administrative Officer/CFO
Lisa Laky	General Counsel
Dawn Handley	Chief Operations Officer
Louise Lynch	Provider Network & Authority Officer
Ellen Richards	Chief Strategy Officer
Hugh Simmons	Director of Child and Family Services
Darilynn Cardona-Beiler	Director of Adult Behavioral Health Systems
Ken Winston	Director of Intellectual & Developmental Disability Services
Sherry Blyth	Director of Practice Management, Crisis, Criminal Justice and Substance Use Treatment Services
Dr. James Baker	Systems Chief Medical Officer
Mesha Barnes	Executive Manager



## **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Integral Care

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Integral Care ('Integral Care'), as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise Integral Care's basic financial statements as listed in the table of contents. We did not audit the financial statements of NMF Housing I – VII, Inc., which is both a major fund and 92%, 92%, and 84%, respectively, of the assets, net position, and revenues of the business-type activities.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of NMF Housing I – VII, Inc., which is both a major fund and 92%, 92%, and 84%, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for NMF Housing I – VII, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

To the Board Of Trustees  
Integral Care

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

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Integral Care, as of August 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 13 and 19 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Integral Care's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* and the State of Texas Single Audit Circular, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

To the Board Of Trustees  
Integral Care

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, based on our audit, and the procedures performed as described above, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2018, on our consideration of Integral Care's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Integral Care's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Integral Care's internal control over financial reporting and compliance.

R. Mendoza & Company, P.C.  
Austin, Texas

January 25, 2018

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Integral Care, we offer readers of Integral Care's financial statements this overview and analysis of the financial activities of Integral Care for the fiscal year ended August 31, 2017.

### FINANCIAL HIGHLIGHTS

- The assets of Integral Care exceeded its liabilities at the close of the most recent fiscal year by \$54,376,169 (*net position*). Of this amount, \$22,994,562 (*unrestricted net position*) may be used to meet Integral Care's ongoing obligations.
- Integral Care's total government-wide net position increased by \$9,990,433 in fiscal year 2017. Of that, Integral Care's governmental operations provided an increase in net position of \$10,001,773. New Milestones Foundation had a decrease in net position of \$11,340.
- As of the close of the fiscal year, Integral Care's governmental funds reported combined ending fund balances of \$24,651,141, an increase of \$1,707,672 in comparison with the prior fiscal year.
- At the end of the fiscal year, unassigned (unreserved and undesignated) fund balance for the General Fund was \$5,516,162, 5.74% of total General Fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Integral Care's basic financial statements. Integral Care'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 Integral Care's finances, in a manner similar to a private-sector business.

The *statement of net position* presents all of Integral Care's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Integral Care is improving or deteriorating.

The *statement of activities* presents information showing how Integral Care's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected Medicaid receipts and earned but unused vacation leave).

The government-wide financial statements distinguish functions of Integral Care that are provided from federal, state, and local funding sources (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

- The *governmental activities* of Integral Care include *Adult Behavioral Health Services, Children's Mental Health Services, Developmental Disabilities, Substance Use Disorder, Early Childhood Intervention and 1115 Transformation Waiver*.
- The *business-type activities* of Integral Care include *New Milestones Foundation*, a non-profit organization that raises funds and acquires real property for use by Integral Care.

The government-wide financial statements can be found on pages 14-15 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. Integral Care, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of Integral Care's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how cash resources flow into and out of those funds and the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which requires the recognition of revenue when earned, only so long as the funds are collected within the period or soon enough afterwards to be used to pay liabilities of the current period.

It is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Integral Care maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Improvement Fund, and the Information Technology Fund.

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

The basic governmental fund financial statements can be found on pages 16-20 of this report.

**Proprietary Funds.** Integral Care maintains an *enterprise fund*, which is a type of proprietary fund. An *enterprise funds* is used to report the same functions as *business-type activities* in the government-wide financial statements. Integral Care uses an enterprise fund to account for New Milestones Foundation.

The basic proprietary fund financial statements can be found on pages 21-23 of this report.

**Fiduciary Funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Integral Care's own programs.

The basic fiduciary fund financial statements can be found on page 24 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-45 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Integral Care that is required by the Health and Human Services Commission, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State of Texas Single Audit Circular. Other supplementary information and the statistical section can be found on pages 46-56 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Integral Care, assets exceeded liabilities by \$54,376,169 at the close of the most recent fiscal year.

Approximately 57.24% of Integral Care's net position reflect its net investment in capital assets (e.g., land, buildings, vehicles, furniture and equipment, net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. Integral Care uses these capital assets to provide services to the individuals it serves; consequently, these assets are not available for future spending.

Additionally, a 42.29% portion of Integral Care's net position represents unrestricted financial resources available for future operations.

The remaining 0.47% balance of Integral Care's net position represents resources restricted by the terms of the Midelburg Trust and the permanent endowment.



# INTEGRAL CARE

## Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	8/31/2017	8/31/2016	8/31/2017	8/31/2016	8/31/2017	8/31/2016
Current assets	\$36,050,794	\$34,321,430	\$541,013	\$424,916	\$36,591,807	\$34,746,346
Noncurrent assets	26,828,928	18,485,503	4,591,072	4,683,179	31,420,000	23,168,682
Total assets	62,879,722	52,806,933	5,132,085	5,108,095	68,011,807	57,915,028
Current liabilities	11,422,144	11,408,899	239,426	204,096	11,661,570	11,612,995
Noncurrent liabilities	1,974,068	1,916,297	-	-	1,974,068	1,916,297
Total liabilities	13,396,212	13,325,196	239,426	204,096	13,635,638	13,529,292
Net position:						
Net investments in capital assets	26,783,882	18,399,139	4,340,401	4,446,962	31,124,283	22,846,101
Restricted for Middelburg Trust	6,653	6,653	-	-	6,653	6,653
Restricted for permanent endowment - nonspendable	-	-	250,671	236,217	250,671	236,217
Unrestricted	22,692,975	21,075,945	301,587	220,820	22,994,562	21,296,765
Total net position	\$49,483,510	\$39,481,737	\$4,892,659	\$4,903,999	\$54,376,169	\$44,385,736

**Governmental Activities.** Governmental activities increased Integral Care's net position by \$10,001,773. Key elements of the increase are as follows on the next page.

## INTEGRAL CARE

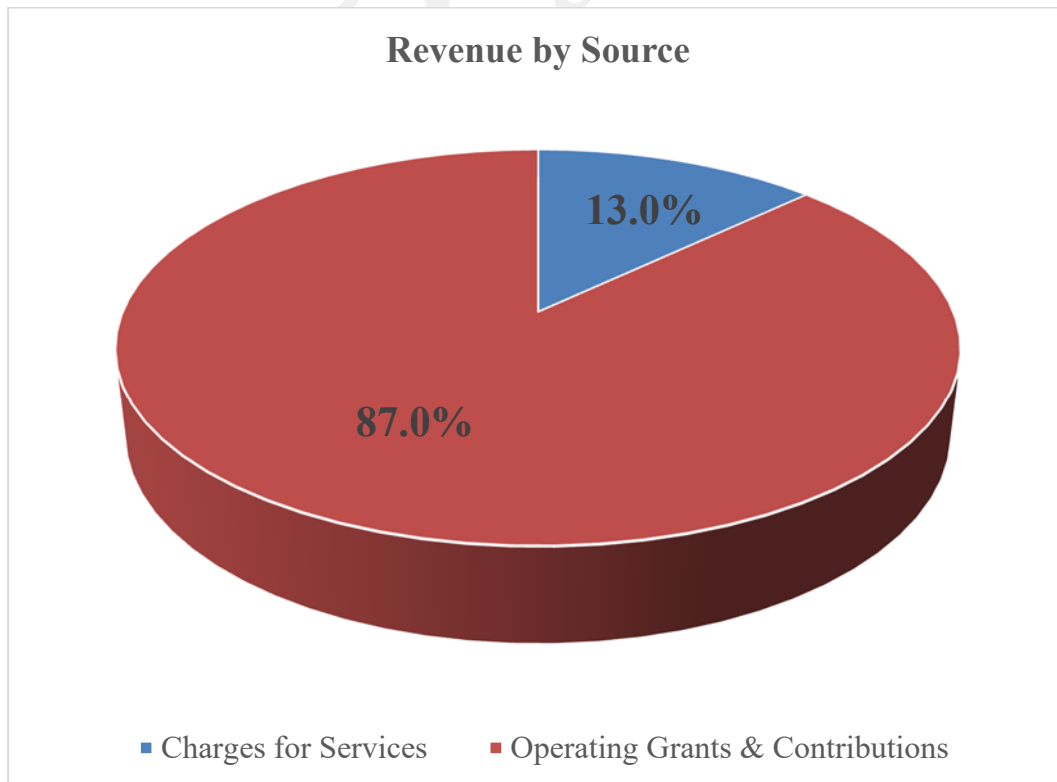
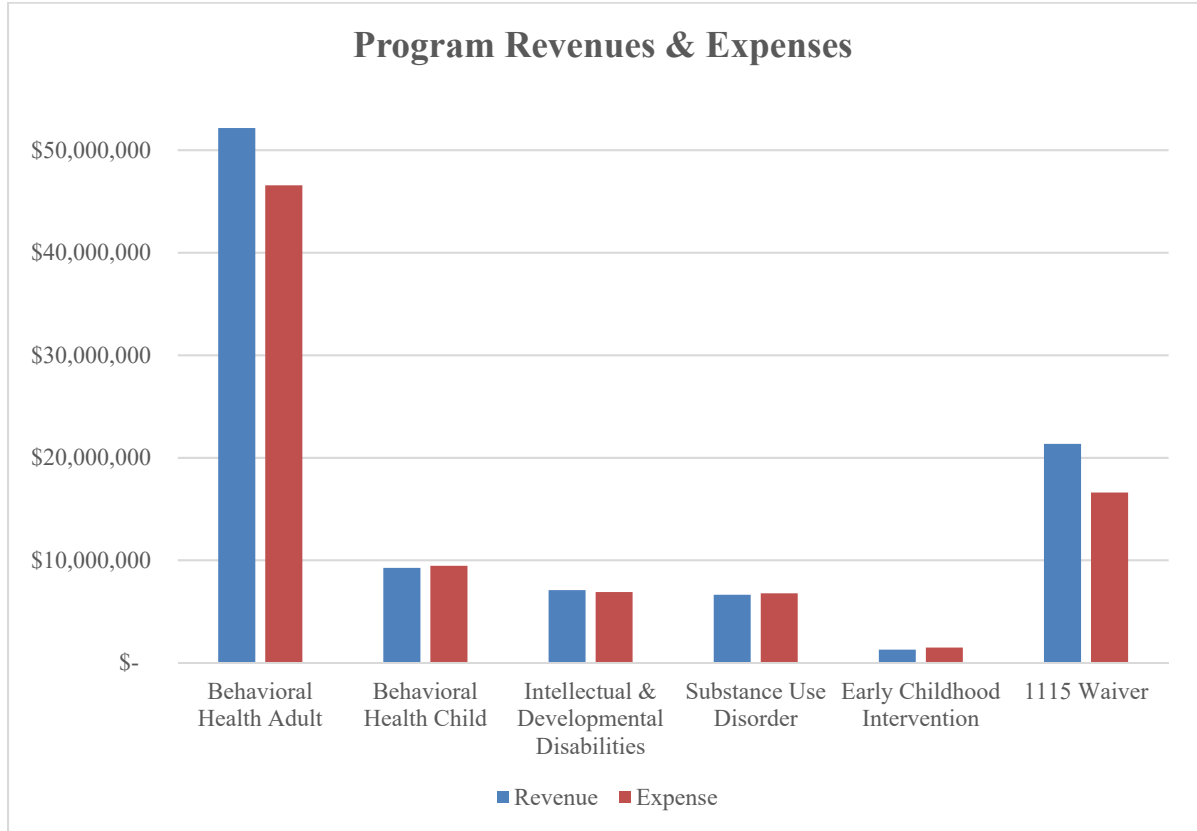
### Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	8/31/2017	8/31/2016	8/31/2017	8/31/2016	8/31/2017	8/31/2016
Revenues:						
Program revenues:						
Charges for services	\$12,669,633	\$11,934,394	-	-	\$12,669,633	\$11,934,394
Operating grants and contributions	85,104,443	74,352,805	-	-	85,104,443	74,352,805
General revenues						
Unrestricted interest earnings	56,954	52,845	28,878	14,473	85,832	67,318
Other income						
Property revenues	-	-	760,974	676,532	760,974	676,532
Other	-	-	117,265	232,348	117,265	232,348
Total revenues	97,831,030	86,340,044	907,117	923,353	98,738,147	87,263,397
Expenses:						
Behavioral health adult	46,572,007	42,708,099	-	-	46,572,007	42,708,099
Behavioral health child	9,468,285	8,850,017	-	-	9,468,285	8,850,017
Intellectual & developmental disabilities	6,909,919	7,499,067	-	-	6,909,919	7,499,067
Substance Abuse	6,774,052	6,334,224	-	-	6,774,052	6,334,224
Early childhood intervention	1,484,683	1,519,246	-	-	1,484,683	1,519,246
1115 Transformation Waiver	16,612,980	16,623,282	-	-	16,612,980	16,623,282
Interest and fees on long-term debt	7,331	11,142	-	-	7,331	11,142
New Milestones Foundation Inc.	-	-	918,457	1,005,426	918,457	1,005,426
Total expenses	87,829,257	83,545,077	918,457	1,005,426	88,747,714	84,550,503
Increase (decrease) in net position	10,001,773	2,794,967	(11,340)	(82,073)	9,990,433	2,712,894
Net position – fiscal year beginning	39,481,737	36,686,770	4,903,999	4,986,072	44,385,736	41,672,842
Net position – fiscal year end	\$49,483,510	\$39,481,737	\$4,892,659	\$4,903,999	\$54,376,169	\$44,385,736

#### BUSINESS-TYPE ACTIVITIES:

Integral Care generated \$907,117 in revenue from Integral Care's business-type activities. Total expenses were \$918,457. Net position decreased by \$11,340 to \$4,892,659.

## GOVERNMENTAL ACTIVITIES



## FINANCIAL ANALYSIS OF INTEGRAL CARE'S FUNDS

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

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

As Integral Care completed the year, its governmental funds, as presented in the balance sheet on page 16, reported a *combined* fund balance of \$24,651,141 which is an increase of \$1,707,672 from last year's total of \$22,943,469.

The General Fund is the chief operating fund of Integral Care. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,516,162 while the total fund balance reached \$24,443,418. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 5.7% of the total General Fund expenditures.

Integral Care continued participation in the Patient Assistance Program with a dispense value of \$7,612,724 of medications dispensed.

**Proprietary Funds.** Integral Care's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The New Milestones Foundation had an \$11,340 reduction in net position in fiscal year 2017, compared to a decrease of \$82,073 in 2016.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The original General Fund budgeted revenue plus net changes in fund balances was equal to \$117,965,675. Over the course of the year, the budgeted revenue plus net changes in fund balance changed to \$120,644,874. This increase in budget of \$2,679,199 can be summarized as follows:

### Budget Amendments \$100,000 or Greater:

Health and Human Services Commission (HHSC) – Behavioral Health	\$ 1,261,193
Travis County	512,008
Medicaid/Medicare/ HMO/ Other State Contracts	374,375
Saint David’s Foundation – Mental Health First Aid	355,000
HHSC - Intellectual & Developmental Disabilities	169,957
HHSC – Substance Use Disorder	169,019
US Department of Housing & Urban Development pass-through Lifeworks	125,000
City of Austin	110,494
All Other (line items < \$100,000)	<u>(397,847)</u>
<b>Total 2017 Revenue Budget Amendments</b>	<b><u>\$ 2,679,199</u></b>

On September 1, 2017, Integral Care’s contracts with the Department of State Health Services (DSHS), Department of Aging and Disability Services (DADS), and Department of Assistive and Rehabilitative Services (DARS) were transitioned to Health and Human Services Commission (HHSC) due to the reorganization of the agencies within HHSC. References within the audit report regarding DSHS, DADS, and DARS are for consistency between years and to assist the reader of the report to distinguish between contracts.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** Integral Care’s investment in capital assets for its governmental and business-type activities as of August 31, 2017, amounts to \$31,169,329 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, furniture, and equipment.

## INTEGRAL CARE

### Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total	
	8/31/2017	8/31/2016	8/31/2017	8/31/2016	8/31/2017	8/31/2016
Land, Buildings and Construction in progress	\$37,068,150	\$27,578,612	\$6,626,383	\$6,570,398	\$43,694,533	\$34,149,010
Furniture and Equipment	4,139,337	3,905,413	20,979	10,584	4,160,316	3,915,997
Vehicles	942,716	942,716	-	-	942,716	942,716
Less: Accumulated Depreciation	(15,321,275)	(13,941,238)	(2,306,961)	(2,143,535)	(17,628,236)	(16,084,773)
	<u>\$26,828,928</u>	<u>\$18,485,503</u>	<u>\$4,340,401</u>	<u>\$4,437,447</u>	<u>\$31,169,329</u>	<u>\$22,922,950</u>

Additional information regarding Integral Care’s capital assets can be found at Note 9 titled “Capital Assets” on pages 37-38 of this report.

**Long-term debt.** Integral Care has capital leases on several vehicles. The present value of minimum lease payments, as of August 31, 2017 is \$45,046 and is shown at Note 10 titled “Long Term Debt” on page 39 of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Integral Care's current fiscal year 2018 amended budget of \$118,673,328 (November 2017) is a total decrease of \$1,971,546, from the final fiscal year 2017 budget of \$120,644,874.

### **Major Budget Changes include the following:**

Housing First Oak Springs LTD Partnership	\$ 2,700,000
1115 Transformation Waiver	2,144,326
Saint David's Foundation Housing First Oak Springs Capital	1,562,000
Tax Credit Housing First Oak Springs Capital	1,000,000
City of Austin Housing First Oak Springs Capital	888,112
University of Texas Dell Medical School Collaborative Projects	442,843
HHSC Substance Use Disorder Contracts	313,847
Community Care Collaborative Medication Assisted Therapy	300,000
Fund Balance Reserve	(3,872,656)
Saint David's Foundation Judge Guy Herman Mental Health Crisis Center Capital	(2,760,381)
Health and Human Services Commission Housing First Oak Springs Capital	(2,629,556)
Fund Raising Housing First Oak Springs Capital	(1,834,438)
All Other Changes (Less than \$100,000 each)	<u>( 225,643)</u>

**Total Fiscal Year 2018 Budget Change** **\$(1,971,546)**

### **The major budget issues that impact the 2018 budget:**

- As of August 31, 2017, Integral Care has been awarded a \$4.442 million Healthy Community Collaborative (HCC) grant from the former Texas Department of State Health Services (DSHS), currently Health and Human Services Commission (HHSC). HHSC matched or will dollar for dollar up to \$4.442 million and the source of Integral Care's match must be from private dollars. This project will provide new construction for 50 housing units in addition to comprehensive integrated care services to homeless individuals in Travis County. Services include coordinated assessment, behavioral health, primary care, substance use treatment, peer recovery, housing based case management, repaid rehousing assistance and permanent supportive housing. Consistent with the best practice and innovative Housing First model, HCC will follow a consumer choice philosophy; separation of housing and services; recovery oriented services; and community integration. On October 12, 2017, the Texas Department of Housing and Community Affairs issued a Housing Tax Credit Program Determination Notice for an Annual Tax Credit Commitment Amount of \$832,349 for the development of Housing First Oak Springs, LP, the 50 housing units and clinic referenced above. On December 19, 2017, Integral Care entered into a Limited Partnership Agreement of Housing First Oak Springs, LP with NEF Assignment Corporation in which Integral Care serves as the General Partner and NEF Assignment Corporation serves as the Limited Partner. On December 22, 2017, Housing First Oak Springs, LP, closed on financing for development of Housing First Oak Springs. Construction financing in the amount of \$11,500,000 is provided through Multifamily Housing Mortgage Revenue Bond Series 2017 issued by Austin Housing Finance Corporation. Construction begins in January 2018 with an approximate 14-month construction time-line for completion.

- Integral Care has set aside \$1,793,160 as a reserve in the 2018 budget. This reserve is designed to address a mid-year classification compensation adjustment that is scheduled for March 1, 2018 to bring all Integral Care staff wages up to the current mid-point of the current state classification compensation levels. It is estimated that the mid-year classification compensation adjustment will utilize approximately \$1,165,155 of the budgeted reserve amount.
- Integral Care's fiscal year 2018 will be the 1115 Transformation Waiver demonstration year 7 of the Delivery System Reform Incentive Payment (DSRIP) program. The Center for Medicare and Medicaid Services (CMS) has authorized an extension of the original 5 year waiver through September 2021 for DSRIP. The State of Texas Health and Human Services Commission (HHSC) is currently finalizing protocols regarding DSRIP for the remaining demonstration years. The initial renewal agreement between CMS and HHSC shows level DSRIP funding through September 2019, October 2019 through September 2020 being 93.9% of current valuation and October 2020 through September 2021 being 80.3% of current funding. In addition, renewed protocols have moved to provider based measures as opposed to the former project based measures. This will result in incorporating aspects of various projects into the main service delivery system of care as well as determining appropriate transition of resources throughout the year as areas for achieving improvement in provider based metrics are identified. The current timetable has Integral Care submitting a list of provider based metrics to HHSC for approval in April 2018 through the Regional Healthcare Partnership plan.
- The Integral Care Board of Trustees approved the utilization of Unassigned Fund Balance to be transferred to Committed Fund Balance in the amount of \$1.057 million to support the fiscal year 2018 budget. Included within this amount is \$666,769 for the completion of the Richard E. Hopkins Behavioral Health Building, \$167,015 for ongoing support of the Early Childhood Intervention program, and \$223,620 for other expenses.

## **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of Integral Care's finances for all those with an interest in Integral Care's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Integral Care, Accounting Services Department, P.O. Box 3548, Austin, Texas 78764-3548.

In addition, complete financial statements of New Milestones Foundation can be obtained from the administrative offices of Integral Care, Accounting Services Department, P.O. Box 3548, Austin, Texas 78764-3548.



## **BASIC FINANCIAL STATEMENTS**

DRAFT



**INTEGRAL CARE**  
**STATEMENT OF NET POSITION**  
**August 31, 2017**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and investments	\$ 23,193,910	\$ 525,638	\$ 23,719,548
Accounts receivable, net	-	5,568	5,568
Employee receivables, net	565,609	-	565,609
Due from other governments, net	11,713,017	-	11,713,017
Prepaid expenses and other assets	578,258	9,807	588,065
<b>Total current assets</b>	<b>36,050,794</b>	<b>541,013</b>	<b>36,591,807</b>
<b>Noncurrent Assets:</b>			
Restricted assets:			
Investment in Austin Community Foundation	-	250,671	250,671
Capital assets, net			
Nondepreciable assets	12,483,648	530,700	13,014,348
Depreciable assets	14,345,280	3,809,701	18,154,981
<b>Total noncurrent assets</b>	<b>26,828,928</b>	<b>4,591,072</b>	<b>31,420,000</b>
<b>TOTAL ASSETS</b>	<b>\$ 62,879,722</b>	<b>\$ 5,132,085</b>	<b>\$ 68,011,807</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 6,115,281	\$ 59,143	\$ 6,174,424
Accrued expenses and other liabilities	3,192,067	34,010	3,226,077
Internal balances	(128,649)	128,649	-
Unearned revenue	2,220,954	17,624	2,238,578
Capital lease - due within one year	22,491	-	22,491
<b>Total current liabilities</b>	<b>11,422,144</b>	<b>239,426</b>	<b>11,661,570</b>
<b>Noncurrent Liabilities:</b>			
Capital lease - due in more than one year	22,555	-	22,555
Accrued compensated absences - due in more than one year	1,951,513	-	1,951,513
<b>Total noncurrent liabilities</b>	<b>1,974,068</b>	<b>-</b>	<b>1,974,068</b>
<b>TOTAL LIABILITIES</b>	<b>13,396,212</b>	<b>239,426</b>	<b>13,635,638</b>
<b>NET POSITION</b>			
Net investment in capital assets	26,783,882	4,340,401	31,124,283
Restricted for Midelburg Trust	6,653	-	6,653
Restricted for permanent endowment - nonexpendable	-	250,671	250,671
Unrestricted	22,692,975	301,587	22,994,562
<b>TOTAL NET POSITION</b>	<b>\$ 49,483,510</b>	<b>\$ 4,892,659</b>	<b>\$ 54,376,169</b>

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

**INTEGRAL CARE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended August 31, 2017**

	Expenses			Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Administration Allocation	Expenses After Allocation of Administration	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>Governmental activities</b>								
Behavioral health - adult	\$ 41,416,688	\$ 5,155,319	\$ 46,572,007	\$ 3,575,272	\$ 48,571,211	\$ 5,574,476	\$ -	\$ 5,574,476
Behavioral health - children	8,594,184	874,101	9,468,285	2,527,570	6,732,137	(208,578)	-	(208,578)
Intellectual & developmental disabilities	6,268,839	641,080	6,909,919	2,918,715	4,173,520	182,316	-	182,316
Substance Abuse	6,151,990	622,062	6,774,052	1,610,505	5,028,182	(135,365)	-	(135,365)
Early Childhood Intervention	1,349,712	134,971	1,484,683	372,947	909,218	(202,518)	-	(202,518)
1115 Transformation Waiver	15,099,319	1,513,661	16,612,980	1,664,624	19,690,175	4,741,819	-	4,741,819
Administration	8,941,194	(8,941,194)	-	-	-	-	-	-
Interest and fees on long term debt	7,331	-	7,331	-	-	(7,331)	-	(7,331)
<b>Total governmental activities</b>	<b>87,829,257</b>	<b>-</b>	<b>87,829,257</b>	<b>12,669,633</b>	<b>85,104,443</b>	<b>9,944,819</b>	<b>-</b>	<b>9,944,819</b>
<b>Business-type activities</b>								
New Milestones Foundation	918,457	-	918,457	760,974	117,265	-	(40,218)	(40,218)
<b>Total business-type activities</b>	<b>918,457</b>	<b>-</b>	<b>918,457</b>	<b>760,974</b>	<b>117,265</b>	<b>-</b>	<b>(40,218)</b>	<b>(40,218)</b>
<b>Total primary government</b>	<b>\$ 88,747,714</b>	<b>\$ -</b>	<b>\$ 88,747,714</b>	<b>\$ 13,430,607</b>	<b>\$ 85,221,708</b>	<b>\$ 9,944,819</b>	<b>\$ (40,218)</b>	<b>\$ 9,904,601</b>
<b>General revenues</b>								
Investment earnings						\$ 56,954	\$ 28,878	\$ 85,832
<b>Total General revenues</b>						<b>56,954</b>	<b>28,878</b>	<b>85,832</b>
<b>Change in net position</b>						10,001,773	(11,340)	9,990,433
<b>NET POSITION, beginning</b>						39,481,737	4,903,999	44,385,736
<b>NET POSITION, ending</b>						<b>\$ 49,483,510</b>	<b>\$ 4,892,659</b>	<b>\$ 54,376,169</b>

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

**INTEGRAL CARE**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**August 31, 2017**

		<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>Governmental</b>	<b>Governmental</b>
<b>ASSETS</b>		<b>Funds</b>	<b>Funds</b>
Cash and investments	\$ 23,193,910	\$ -	\$ 23,193,910
Employee receivables, net	565,609	-	565,609
Due from other governments, net	11,713,017	-	11,713,017
Due from other funds	128,649	207,723	336,372
Prepaid items	578,258	-	578,258
<b>TOTAL ASSETS</b>	<b>\$ 36,179,443</b>	<b>\$ 207,723</b>	<b>\$ 36,387,166</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 6,115,281	\$ -	\$ 6,115,281
Accrued expenditures and other liabilities	3,192,067	-	3,192,067
Unearned revenues	2,220,954	-	2,220,954
Due to other funds	207,723	-	207,723
<b>Total liabilities</b>	<b>11,736,025</b>	<b>-</b>	<b>11,736,025</b>
<b>FUND BALANCES</b>			
Nonspendable	578,258	-	578,258
Restricted	6,653	-	6,653
Committed	3,173,961	-	3,173,961
Assigned	15,168,384	207,723	15,376,107
Unassigned	5,516,162	-	5,516,162
<b>Total fund balances</b>	<b>24,443,418</b>	<b>207,723</b>	<b>24,651,141</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 36,179,443</b>	<b>\$ 207,723</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	26,828,928
The following liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Capital leases payable	(45,046)
Accrued compensated absences	(1,951,513)
Net position of governmental activities	<u>\$ 49,483,510</u>

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

**INTEGRAL CARE**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2017**

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Local and earned revenues	\$ 37,073,820	\$ -	\$ 37,073,820
State programs	31,445,282	-	31,445,282
Federal programs	29,254,975	-	29,254,975
Investment earnings	56,954	-	56,954
<b>Total Revenues</b>	<b>97,831,031</b>	<b>-</b>	<b>97,831,031</b>
<b>EXPENDITURES</b>			
Current			
Behavioral health - adult	40,893,660	-	40,893,660
Behavioral health - child and adolescents	8,479,822	-	8,479,822
Intellectual and developmental disabilities	6,136,926	-	6,136,926
Substance Abuse	6,030,457	-	6,030,457
Early childhood intervention	1,307,697	-	1,307,697
1115 transformation waiver	14,652,306	-	14,652,306
Administration	8,737,839	7,576	8,745,415
Debt service			
Principal	41,318	-	41,318
Interest	7,331	-	7,331
Capital outlay	9,777,320	51,107	9,828,427
<b>Total Expenditures</b>	<b>96,064,676</b>	<b>58,683</b>	<b>96,123,359</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,766,355</b>	<b>(58,683)</b>	<b>1,707,672</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>1,766,355</b>	<b>(58,683)</b>	<b>1,707,672</b>
<b>FUND BALANCES, September 1, 2016</b>	<b>22,677,063</b>	<b>266,406</b>	<b>22,943,469</b>
<b>FUND BALANCES, August 31, 2017</b>	<b>\$ 24,443,418</b>	<b>\$ 207,723</b>	<b>\$ 24,651,141</b>

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

**INTEGRAL CARE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended August 31, 2017**

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Net change in fund balance - total governmental funds	\$ 1,707,672
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	9,828,427
Depreciation expense	(1,485,002)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Capital lease principal payments	41,318
Change in accrued compensated absences	(90,642)

Change in net position of governmental activities	<u>\$ 10,001,773</u>
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The accompanying notes are an integral part of the financial statements.

**INTEGRAL CARE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended August 31, 2017**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>LOCAL AND EARNED REVENUES</b>				
City funds	\$ 7,897,821	\$ 8,008,315	\$ 4,663,411	\$ (3,344,904)
County funds	5,288,536	5,800,544	5,030,267	(770,277)
Other taxing authority funds	10,085,269	10,085,269	10,956,789	871,520
Earned income	11,035,516	11,409,891	10,359,414	(1,050,477)
Rental income	648,208	648,208	685,765	37,557
Miscellaneous income & contributions	19,876,528	20,111,631	5,378,174	(14,733,457)
<b>Total local revenues</b>	<b>54,831,878</b>	<b>56,063,858</b>	<b>37,073,820</b>	<b>(18,990,038)</b>
<b>STATE PROGRAM REVENUES</b>				
DSHS - Mental Health	24,708,297	25,414,653	25,283,647	(131,006)
DSHS - substance abuse	2,420,402	397,387	333,439	(63,948)
DADS	3,852,670	3,763,454	3,721,200	(42,254)
DARS - early childhood intervention	636,610	149,168	146,506	(2,662)
TCOOMMI	1,821,958	1,859,030	1,767,847	(91,183)
Other state programs	351,286	254,478	192,643	(61,835)
<b>Total state program revenues</b>	<b>33,791,223</b>	<b>31,838,170</b>	<b>31,445,282</b>	<b>(392,888)</b>
<b>FEDERAL PROGRAM REVENUES</b>				
DSHS - Mental Health	2,765,604	3,320,441	3,301,894	(18,547)
DSHS - substance abuse	-	1,831,984	2,010,101	178,117
DADS	373,911	633,084	269,720	(363,364)
Ryan White	324,279	337,239	311,541	(25,698)
CDBG - YAFAC	203,700	203,700	209,262	5,562
HUD - Lifeworks	-	125,000	69,469	(55,531)
HUD Supported Housing	376,668	376,668	240,887	(135,781)
SAMSHA Aware	125,000	125,000	105,748	(19,252)
Travis County - Parents in Recovery (SAMHSA)	165,625	165,625	160,213	(5,412)
Veterans Administration Safe Haven	733,650	733,650	602,866	(130,784)
Tax Credit - HCC	6,000,000	6,000,000	-	(6,000,000)
DARS - early childhood intervention	-	504,156	504,156	-
Medicaid Administrative Claiming	2,187,526	2,187,526	2,502,620	315,094
1115 Transformation Waiver	16,042,075	16,154,237	18,966,498	2,812,261
<b>Total federal program revenues</b>	<b>29,298,038</b>	<b>32,698,310</b>	<b>29,254,975</b>	<b>(3,443,335)</b>
<b>INVESTMENT EARNINGS</b>	<b>44,536</b>	<b>44,536</b>	<b>56,954</b>	<b>12,418</b>
<b>TOTAL REVENUES</b>	<b>\$117,965,675</b>	<b>\$120,644,874</b>	<b>\$ 97,831,031</b>	<b>\$(22,813,843)</b>

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

**INTEGRAL CARE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND- CONTINUED**  
**For the Year Ended August 31, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>EXPENDITURES</b>				
Current				
Personnel	\$ 46,222,643	\$ 46,835,251	\$ 43,232,966	3,602,285
Employee benefits	12,844,427	12,835,155	10,794,907	2,040,248
Training and travel	892,265	962,925	967,943	(5,018)
Medication costs	1,857,310	1,818,543	511,598	1,306,945
Consumable supplies	282,160	301,379	348,862	(47,483)
Consultation and professional fees	21,540,865	22,142,339	20,112,455	2,029,884
Furniture and equipment	152,301	219,934	628,714	(408,780)
Facilities, telephone, & utilities	5,199,584	5,415,348	5,632,210	(216,862)
Insurance	310,529	312,165	322,574	(10,409)
Transportation	120,270	120,270	88,862	31,408
Professional fees	733,963	733,963	350,608	383,355
Client support costs	1,232,614	1,402,400	1,474,550	(72,150)
Other operating costs	3,268,296	3,370,407	1,772,458	1,597,949
<b>Total current</b>	<b>94,657,227</b>	<b>96,470,079</b>	<b>86,238,707</b>	<b>10,231,372</b>
<b>DEBT SERVICE</b>				
Principal	41,319	41,319	41,318	1
Interest	7,331	7,331	7,331	-
<b>Total debt service</b>	<b>48,650</b>	<b>48,650</b>	<b>48,649</b>	<b>1</b>
<b>CAPITAL OUTLAY</b>	<b>23,259,798</b>	<b>24,126,145</b>	<b>9,777,320</b>	<b>14,348,825</b>
<b>TOTAL EXPENDITURES</b>	<b>117,965,675</b>	<b>120,644,874</b>	<b>96,064,676</b>	<b>24,580,198</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>1,766,355</b>	<b>1,766,355</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>-</b>	<b>-</b>	<b>1,766,355</b>	<b>1,766,355</b>
<b>FUND BALANCES, September 1, 2016</b>	<b>6,317,035</b>	<b>6,352,884</b>	<b>22,677,063</b>	<b>16,324,179</b>
<b>FUND BALANCES, August 31, 2017</b>	<b>\$ 6,317,035</b>	<b>\$ 6,352,884</b>	<b>\$ 24,443,418</b>	<b>\$ 18,090,534</b>

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

**INTEGRAL CARE**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
**August 31, 2017**

	<b>Business-type Activities - Enterprise Fund</b>
	<b>NMF</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 525,638
Accounts receivables, net	5,568
Other assets	9,807
<b>Total current assets</b>	541,013
<b>Noncurrent assets</b>	
Restricted assets:	
Investment in Austin Community Foundation	250,671
Capital assets, net	4,340,401
<b>Total noncurrent assets</b>	4,591,072
<b>TOTAL ASSETS</b>	<b>\$ 5,132,085</b>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable	\$ 59,143
Other liabilities	34,010
Unearned revenues	17,624
Due to other funds	128,649
<b>Total current liabilities</b>	239,426
<b>TOTAL LIABILITIES</b>	<b>239,426</b>
<b>NET POSITION</b>	
Net investment in capital assets	4,340,401
Restricted for permanent endowment - nonexpendable	250,671
Unrestricted	301,587
<b>TOTAL NET POSITION</b>	<b>\$ 4,892,659</b>

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



**INTEGRAL CARE**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION - PROPRIETARY FUND**  
**For the Year Ended August 31, 2017**

	<b>Business-type Activities - Enterprise Fund</b>
	<b>NMF</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ -
Property revenues	760,974
Other revenues	117,265
<b>Total operating revenues</b>	<b>878,239</b>
<b>OPERATING EXPENSES</b>	
Property expenses	212,528
Depreciation	163,426
Administrative	542,503
<b>Total operating expenses</b>	<b>918,457</b>
<b>OPERATING LOSS</b>	<b>(40,218)</b>
<b>NONOPERATING REVENUES/EXPENSES</b>	
Investment income (loss)	28,878
<b>Total nonoperating revenues/expenses</b>	<b>28,878</b>
<b>Change in net position</b>	<b>(11,340)</b>
<b>NET POSITION, Beginning of year</b>	<b>4,903,999</b>
<b>NET POSITION, End of year</b>	<b>\$ 4,892,659</b>

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

**INTEGRAL CARE**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**For the Year Ended August 31, 2017**

	<b>Business-type Activities - Enterprise Fund</b>
	<b>NMF</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 757,996
Other receipts	117,265
Cash payments to suppliers for goods and services	(715,772)
<b>Net cash provided by operating activities</b>	<b>159,489</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Payment received from (paid to) other funds	-
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchase of capital assets	(66,380)
<b>Net cash used in capital and related financing activities</b>	<b>(66,380)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest on investments	28,878
Change in investment in Austin Community Foundation	(14,454)
<b>Net cash provided by investing activities</b>	<b>14,424</b>
<b>Net increase in cash and cash equivalents</b>	<b>107,533</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<b>418,105</b>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<b>\$ 525,638</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating loss	\$ (40,218)
<b>Adjustments to reconcile operating loss to net cash used in operating activities:</b>	
<b>Noncash items included in net operating loss:</b>	
Depreciation	163,426
<b>Change in assets and liabilities:</b>	
(Increase) decrease in:	
Accounts receivable	(2,978)
Other assets	(5,586)
Increase (decrease) in:	
Accounts payable	31,785
Other liabilities	760
Unearned revenues	12,300
Due to other funds	-
<b>Net cash provided by operating activities</b>	<b>\$ 159,489</b>

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

**INTEGRAL CARE**  
**STATEMENT OF NET POSITION - FIDUCIARY FUND**  
**AUGUST 31, 2017**

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	<b>Client Agency Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 23,087
<b>TOTAL ASSETS</b>	<u><u>\$ 23,087</u></u>
<b>LIABILITIES</b>	
Due to clients	\$ 23,087
<b>TOTAL LIABILITIES</b>	<u><u>\$ 23,087</u></u>

The accompanying notes are an integral part of the financial statements



## **NOTES TO FINANCIAL STATEMENTS**

**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

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**NOTE 1: REPORTING ENTITY**

Austin Travis County Mental Health Mental Retardation Center dba Integral Care ('Integral Care') is established by the City of Austin and Travis County Central Health, as provided in the Texas Mental Health and Mental Retardation Act of 1965 (HB3). The purpose of this tax-exempt agency is to provide comprehensive behavioral health and intellectual & developmental disabilities services at the community level to citizens in the Austin and Travis County area. Principal funding sources are local, state and federal grants, the majority of which are subject to renewal on an annual basis. Integral Care is governed by a nine-member Board of Trustees (the Board) that has governance responsibilities over activities related to Integral Care. Integral Care is not included in any other governmental "reporting entity" as defined in *Section 2100, Codification of Governmental Accounting and Financial Reporting Standards*. The appointed members of the Board have the authority to make decisions, possesses the power to designate management, have the responsibility to significantly influence operations, and maintain primary accountability for fiscal matters.

In evaluating how to define Integral Care for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". GASB defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either A) the ability for the primary government to impose its will; or B) the possibility the component unit will provide a financial benefit to or impose a financial burden on the primary government. Although legally separate entities, blended component units are in substance, part of the government's operations and are combined with data of Integral Care. The component unit discussed in Note 3 and Note 6 is included in Integral Care's reporting entity as a blended component unit because of the significance of its operational and financial relationships with Integral Care.

**NOTE 2: GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

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**NOTE 2: GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS –  
CONTINUED**

Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead, as general revenue.

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

**NOTE 3: MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL  
STATEMENT PRESENTATION**

The accounting policies of Integral Care conform to generally accepted accounting principles (GAAP) as applicable to state and local governmental units as promulgated by the GASB. The financial statements have been prepared in accordance with the Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers published by the Texas Department of Health and Human Services (HHSC).

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to accrued employee time and claims and judgments, are recorded only when payment is due.

Grant revenue, patient fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so, have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by Integral Care.

Integral Care reports the following major governmental fund:

The ***General Fund*** is Integral Care's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

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**NOTE 3: MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION– CONTINUED**

Integral Care also reports the following nonmajor governmental funds:

The ***Capital Projects Funds*** are used to account for financial resources to be used for the acquisition of capital improvements and information technology. Integral Care accounts for these activities in the Capital Improvement fund and/or the Information Technology fund.

Additionally, Integral Care reports the following fund types:

The ***Enterprise Funds*** (proprietary fund types) are used to account for operations that are financed and operated in a manner similar to private business enterprises. Integral Care accounts for the activities of New Milestones Foundation (New Milestones) as a major enterprise fund. New Milestones is a component unit of Integral Care and is blended in this fund.

The ***Agency Fund*** (a fiduciary fund type) includes assets held for clients of Integral Care. The fund is purely custodial (assets equal liabilities) and does not involve the measurement of the results of operations.

Integral Care complies with the provisions of GASB Statement No. 62, “*Codifications of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement*” for the government-wide and proprietary funds, which incorporates into GASB’s authoritative literature certain accounting and financial reporting guidance issued by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

Amounts reported as program revenue include 1) charges for goods, services, or privileges provided; and 2) operating and capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Administrative expenses are allocated among Integral Care’s programs, excluding interest on long-term debt, based on each program’s proportionate share of expenses. Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is Integral Care’s policy to use restricted resources first, then unrestricted resources as needed.

**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

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**NOTE 4: ASSETS, LIABILITIES AND NET POSITION OR EQUITY**

**Cash and Cash Equivalents**

Integral Care's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**Investments**

Investments with maturities exceeding twelve months at the date of purchase are stated at fair value, which is the amount at which the investment can be exchanged in a current transaction between willing parties. Investments with maturities of twelve months or less at the date of purchase are held at amortized cost. For investments in local government investment pools, the reported value of the pool is measured at amortized cost. All current asset investments consist of cash in local government investment pools and certificates of deposit.

Investments reported as noncurrent assets are restricted investments by the New Milestones Foundation in the Austin Community Foundation (See Note 6).

**Due from Other Governments, Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interim loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans.) All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Accounts receivable from patients and insurance carriers for services rendered are reduced by the amount of such billings deemed by management to be ultimately uncollectable. Integral Care provides for an amount of uncollectible patient fees using the reserve method based on past history. The allowance for uncollectible accounts in the general fund as of August 31, 2017, is \$246,244.

During fiscal year 2016, Integral Care made a payroll system conversion and a payroll change to its pay period from a bi-monthly (current) payroll period to bi-weekly (in-arrears) payroll period. A payroll advance was made available to all employees up to a maximum amount of 68 hours per employee. At August 31, 2017, the employee receivable balance on payroll advances was \$521,225, and the allowance for uncollectible was \$62,000. An additional payroll receivable of \$106,384 is also due from previous employees for health insurance (COBRA).



**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

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**NOTE 4: ASSETS, LIABILITIES AND NET POSITION OR EQUITY – CONTINUED**

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond August 31, 2017 are recorded as prepaid items in both government-wide and fund financial statements. Prepaid assets are equally offset by a fund balance reserve in the governmental funds balance sheet, which indicates that it does not constitute available spendable resources even though they are components of total assets.

On the Statement of Net Position, prepaid expenses and other assets include deposits, prepaid insurance and prepaid other for a total of \$578,258.

**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by Integral Care as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Building and improvements	30-40 years
Furniture and equipment	3-20 years
Vehicles	5 years

**Source of Funds**

Some funds from federal and other state sources represent fees for service reimbursements, as well as project grants. The funds that are specifically for individual patient service reimbursements are reported as local funds under patient fees or insurance reimbursements, identified by source as directed by Texas Health and Human Services Commission (HHSC).

**Deferred Outflows/Inflows of Resources**

Integral Care complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of Integral Care's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent Integral Care's acquisition of net position applicable to a future reporting period.

**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

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**NOTE 4: ASSETS, LIABILITIES AND NET POSITION OR EQUITY – CONTINUED**

**Deferred Outflows/Inflows of Resources - Continued**

In addition, Integral Care complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

**Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations, such as compensated absences payable, are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

**Compensated Absences**

Integral Care has personnel policies for vacation and holiday time which allow for accumulation of unused time. This can be taken by employees in future periods or paid upon termination. In accordance with GASB *Statement 16, Accounting for Compensated Absences*, Integral Care accrues its liability for such accumulated unpaid benefits in the government-wide financial statements. Actual compensated absences benefits paid during the year are recorded as expenditures in the general fund.

**Risk Management**

Integral Care is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omission, injuries to employees, doctor's malpractice, and natural disasters. During fiscal year 2017, Integral Care was covered by insurance for these various risks at a cost it considered to be economically justifiable.

**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

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**NOTE 4: ASSETS, LIABILITIES AND NET POSITION OR EQUITY – CONTINUED**

**Net Position and Fund Balances**

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources and categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets*– This category consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.
- *Restricted* – This category reflects net position that is subject to constraints either by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* – This category represents net position of Integral Care not restricted for any project or other purpose. Outstanding liabilities attributable to these assets reduce the balance of this category.

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which Integral Care is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

- *Nonspendable fund balance*

The nonspendable fund balance includes amounts that are not in spendable form or are legally or contractually required to be maintained intact. The ‘not in spendable form’ criterion includes items that are not expected to be converted to cash. This classification includes inventories and prepaid items.

- *Restricted fund balance*

The restricted fund balance includes amounts with constraints on their use that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

- *Committed fund balance*

The committed fund balance includes amounts that can only be used for the specific purposes determined by formal action of Integral Care’s highest level of decision-making authority, the Board of Trustees. Commitments may be changed only by the Board of Trustees taking the same formal action that originally imposed the constraint.

**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

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**NOTE 4: ASSETS, LIABILITIES AND NET POSITION OR EQUITY – CONTINUED**

**Net Position and Fund Balances - Continued**

- *Assigned fund balance*

The assigned fund balance includes amounts that are constrained by Integral Care's intent to be used for specific purposes. The intent can be expressed by either the highest level of decision-making authority, or by a body or an official to which the Board of Trustees has delegated the authority.

- *Unassigned fund balance*

The unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes.

**Tax Exempt Status**

The Internal Revenue Service has issued a determination letter dated October 1972, stating that Integral Care qualifies as an organization described in Section 501(c)(3) of the Internal Revenue Code and accordingly, is exempt from federal income taxes. The Organization's tax returns are generally subject to examination by the Internal Revenue Service for a period of three years from the date they are to be filed. Integral Care's tax years 2013 through 2015 remain open for possible examination.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**NOTE 5: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The budget for the general fund is prepared on an accounting basis consistent with U.S. generally accepted accounting principles. The statement of revenues, expenditures and changes in fund balances – budget and actual, is presented using the same format, terminology and classifications used in the budget document. Integral Care's annual budget for the general fund is prepared based on estimated expenditures provided on a unit basis summarized by program category. The budget is submitted to the Board of Trustees. The budget must have the Board of Trustees approval. Budget amendment of \$100,000 or more must be approved by the Board of Trustees. All state annual appropriations lapse at fiscal year-end.

**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

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**NOTE 6: NEW MILESTONES FOUNDATION**

The New Milestones Foundation (New Milestones), a non-profit organization, was established in 1981 primarily for the purpose of acquiring real and personal property for use by Integral Care. Two of Integral Care's Trustees are members of the New Milestones Board of Directors. Although it is legally separate from Integral Care, New Milestones is reported as if it were part of Integral Care because it provides services primarily to Integral Care. New Milestones is accounted for as an enterprise fund in the basic financial statement of Integral Care and has an August 31 fiscal year end. New Milestones uses the accrual basis of accounting. Complete financial statements of New Milestones can be obtained from the administrative offices of Integral Care.

**Integral Care and New Milestones Transactions**

New Milestones receives clerical and administrative assistance from Integral Care at no charge.

**NMF Housing I-VII Corporations**

A condition of the U.S. Department of Housing and Urban Development (HUD) Section 202 and 811 grants required New Milestones to form affiliated non-profit corporations – NMF Housing I, Inc., NMF Housing II, Inc., NMF Housing III, Inc., NMF Housing IV, Inc., NMF Housing V, Inc., NMF Housing VI, Inc., and NMF Housing VII, Inc. At August 31, 2017, the assets, liabilities and net position of the corporations have been consolidated with New Milestones.

**Mortgage Notes Payable**

On September 18, 1995, NMF Housing I-V corporations entered into capital advance program mortgage notes with HUD. The notes bear no interest and repayment is not required so long as the housing remains available for very low-income elderly persons or very low-income persons with disabilities in accordance with Section 202 of the Housing Act of 1959 or Section 811 of the National Affordable Housing Act of 1990 (Acts). The notes shall be deemed to be paid and discharged beginning June 1, 2036, provided that 1) the housing has remained available for occupancy by eligible families until the maturity date; and 2) the notes have not otherwise become due and payable by reasons of default. If default occurs under the terms of the note, the entire principal and interest shall be due and payable at an interest rate of 7.875%. The debt may not be prepaid prior to the maturity date without the prior written approval of HUD. As of August 31, 2017, New Milestones and its affiliated corporations had capital advances of \$6,140,299 of which \$4,340,401 was capitalized in the financial statements and are deemed reimbursable costs under Section 202 and Section 811 of the Acts. The surplus cash was placed in a separate replacement reserve account in accordance with HUD guidelines.

**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

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**NOTE 6: NEW MILESTONES FOUNDATION - CONTINUED**

**Capital Assets**

Capital assets of New Milestone Foundation, less accumulated depreciation at August 31, 2017 consisted of the following:

Land	\$ 530,700
Building and improvements	6,095,683
Equipment	<u>20,979</u>
	6,647,362
Less: Accumulated depreciation	<u>(2,306,961)</u>
Capital assets, net	<u>\$ 4,340,401</u>

Depreciation expense for the year ended August 31, 2017, was \$163,426. Capital assets are depreciated over their useful life on a straight-line basis. Useful lives range from 5 to 40 years.

**Income Taxes**

New Milestones and its affiliated non-profit corporations are qualified as not-for-profit organizations under Section 501(c)(3) of the Internal Revenue Code of 1986. Accordingly, they are exempt from federal income taxation. The Organization's tax returns are generally subject to examination by the Internal Revenue Service for a period of three years from the date they are to be filed. New Milestone's tax years 2013 through 2015 remain open for possible examination.

**NOTE 7: DEPOSITS AND INVESTMENTS**

**Cash and Time Deposits**

*Custodial Credit Risk – Deposits* – Integral Care's demand and time deposits are required to be fully secured at August 31, 2017 by federal deposit insurance and by pledged securities held by Integral Care's agent in Integral Care's name. Such total collateralization and insurance coverage is required by the Rules of the Commissioner of the Texas HHSC and the Board of Trustees of Integral Care.

State statutes and Integral Care's investment policy require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies or instrumentalities that have a market value of not less than the principal amount of the deposits. Integral Care's deposits were not fully insured or collateralized as required by state statutes as of August 31, 2017. At year end, the carrying amount of Integral Care's deposits was \$20,965,048, with a bank balance of \$25,146,360. Of the bank balance, \$500,000 was covered by Federal Depository Insurance Corporation (FDIC) insurance and the majority of the remaining balance was covered by pledged securities held as collateral by the Federal Reserve Bank of New York, held in Integral Care's name. Integral Care was under collateralized at August 31, 2017 by \$892,299.

**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

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**NOTE 7: DEPOSITS AND INVESTMENTS - CONTINUED**

**Investments**

Integral Care's investment policies and types of investments are governed by the Public Funds Investment Act (PFIA). These policies authorize Integral Care to invest in 1) obligations of the United States Government, its agencies and instrumentalities, excluding all mortgage-backed securities; 2) fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas; 3) FDIC insured *Brokered Certificates of Deposit* purchased from a broker or a bank in Texas; 4) AAA-rated, no-load, SEC registered money market funds, restricted to investments authorized by the Act; 5) AAA-rated, constant-dollar Texas Local Government Investment Pools, as defined by the Act; 6) interest bearing accounts of banks doing business in Texas; and 7) general debt obligations of any US state or locality rated AA or higher by at least one nationally recognized rating agency.

At August 31, 2017, Integral Care had the following investments, which also included cash equivalents:

	<b>August 31, 2017</b>	<b>Due in less than one year</b>
<i>Texpool</i>	<u>\$ 2,233,154</u>	<u>\$ 2,233,154</u>
	<u>\$ 2,233,154</u>	<u>\$ 2,233,154</u>

*Texpool*, a Texas Local Government Investment Pool, uses the amortized cost to value portfolio assets and follows the criteria established by GASB Statement No. 79, *Certain External Investment Pools Participants* ('GASB 79'). In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. *Texpool* has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or nation state of emergency that affect the pool's liquidity.

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates may adversely affect the fair value of an investment. The risk increases the longer the investment is held. At August 31, 2017, Integral Care's investments mature in less than one year, thereby limiting exposure from rising interest rates.

**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

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**NOTE 7: DEPOSITS AND INVESTMENTS - CONTINUED**

*Credit Risk* – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law and Integral Care policy limit investments in public funds investment pools to those rated no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized statistical rating organization. As of August 31, 2017, Integral Care's investment in TexPool was rated AAAm by Standard & Poor's, the highest rating a local government investment pool can achieve. Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool.

*Concentration of Credit Risk* – Concentration of credit risk is the risk of loss attributed to the magnitude of Integral Care's investments in a single user. Integral Care's investment policy does not limit investments in any one issuer, except as limited by the PFIA.

**NOTE 8: DUE FROM OTHER GOVERNMENTS**

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

Source of grant

City of Austin	\$ 1,107,066
Travis County	1,065,149
Community Care Collaborative (CCC)	2,642,164
HHSC -Behavioral Health & Substance Abuse	3,235,591
HHSC - Intellectual Developmental Disabilities	126,521
HHSC - Medicaid Administrative Claim, TxHmLvg	1,828,892
Medicaid/Medicare/HMO/State SA	1,231,600
TCOOMMI	353,727
Other Local	259,429
Other State	36,590
Other Federal	72,532
Total due from other governments	11,959,261
Allowance for uncollectible accounts	(246,244)
	<u>\$ 11,713,017</u>



**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

**NOTE 9: CAPITAL ASSETS**

A summary of changes in capital assets for governmental activities for the year ended August 31, 2017 is as follows:

	Balance at September 1, 2016	Additions	Retirements/ Transfers	Balance at August 31, 2017
Governmental Activities:				
Non-depreciable assets				
Land	\$ 1,582,517	\$ -	\$ -	\$ 1,582,517
Construction in progress	6,816,733	9,438,431	(5,354,033)	10,901,131
Total non-depreciable assets	8,399,250	9,438,431	(5,354,033)	12,483,648
Depreciable assets				
Buildings and improvements	19,179,362	51,107	5,354,033	24,584,502
Furniture and equipment	3,905,413	338,889	(104,965)	4,139,337
Vehicles	942,716	-	-	942,716
	24,027,491	389,996	5,249,068	29,666,555
Less accumulated depreciation	13,941,238	1,485,002	(104,965)	15,321,275
Total depreciable assets	10,086,253	(1,095,006)	5,354,033	14,345,280
Total capital assets	\$ 18,485,503	\$ 8,343,425	\$ -	\$26,828,928

Depreciation expense for the year ended August 31, 2017 was charged to the following function and program of the government-wide financial statements as follows:

Governmental activities	
Behavioral health - adult	\$ 523,028
Behavioral health - children	114,362
Intellectual and developmental disabilities	131,913
Substance abuse	121,533
Early childhood intervention	42,015
1115 waiver transformation	447,013
Authority and general administration	105,138
Total depreciation expense	<u>\$ 1,485,002</u>

**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

**NOTE 9: CAPITAL ASSETS - Continued**

A summary of changes in capital assets for business-type activities is as follows:

	Balance at September 1, 2016	Additions	Retirements	Balance at August 31, 2017
Business-type activities				
Non-depreciable assets				
Land	\$ 530,700	\$ -	\$ -	\$ 530,700
Depreciable assets				
Buildings and improvements	6,039,698	55,985	-	6,095,683
Equipment	10,584	10,395	-	20,979
	6,050,282	66,380	-	6,116,662
Less accumulated depreciation	2,143,535	163,426	-	2,306,961
Total depreciable assets	3,906,747	(97,046)	-	3,809,701
Total capital assets	\$ 4,437,447	\$ (97,046)	\$ -	\$ 4,340,401

Depreciation expense charged to operating expenses in the statement of revenues, expenses and changes in net position for proprietary funds, business-type activities - enterprise fund, for the year ended August 31, 2017 was \$163,426.

**NOTE 10: LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended August 31, 2017:

	Balance at September 1, 2016	Additions	Retirements	Balance at August 31, 2017	Due Within One Year
Governmental activities					
Capital lease payable	\$ 86,364	\$ -	\$ (41,318)	\$ 45,046	\$ 22,491
Compensated absences	1,860,871	4,355,926	(4,265,284)	1,951,513	-
Total	\$ 1,947,235	\$ 4,355,926	\$ (4,306,602)	\$ 1,996,559	\$ 22,491

**Capital Leases**

In April 2013, Integral Care acquired a vehicle for a total of \$22,765 from Leasing Associates through a capital lease agreement. The lease requires sixty (60) monthly payments of \$548 beginning on May 1, 2013. The lease carries an effective interest rate of 15.5% and as of August 31, 2017 had a balance of \$4,138. Related amortization expense is included in depreciation expense.

**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

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**NOTE 10: LONG-TERM DEBT**

In January 2015, Integral Care acquired a vehicle for a total of \$24,609 from Leasing Associates through a capital lease agreement. The lease requires sixty (60) monthly payments of \$579 beginning on February 1, 2015. The lease carries an effective interest rate of 15.5% and as of August 31, 2017 had a balance of \$13,533. Related amortization expense is included in depreciation expense.

Throughout the years, Integral Care has acquired copiers through capital lease arrangements ranging from \$7,213 to \$38,360. The leases require either forty eight (48) or sixty (60) monthly payments ranging from \$119 to \$742. The leases carry an effective interest rate of 6.00% and as of August 31, 2017 had balances ranging from \$551 to \$22,509. Related amortization expense for these copiers is included in depreciation expense.

Minimum future lease payments on capital leases as of August 31, 2017 are:

2018	\$ 22,491
2019	19,278
2020	8,992
2021	-
2022	-
Total	<u>50,761</u>
Less amount representing interest	<u>5,715</u>
Present value of minimum lease payments	<u>\$ 45,046</u>

At August 31, 2017, Integral Care is not obligated in any manner for the debt of its component unit, New Milestones.

**NOTE 11: LEASES**

Integral Care leases equipment and certain of its facilities under operating leases which expire at various dates through 2022. The following is a schedule by year of future minimum lease payments under noncancelable operating leases with initial or remaining term greater than one year:

2018	\$ 1,779,197
2019	1,533,691
2020	1,573,751
2021	1,404,422
2022	220,477
Thereafter	<u>-</u>
	<u>\$ 6,511,538</u>

Total rent expenditures under operating leases, including leases with maturities of less than one year, were \$2,489,326 for the year ended August 31, 2017.

**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

**NOTE 12: INTERFUND RECEIVABLES AND PAYABLES**

The following is a summary of interfund receivables and payables:

	Interfund Receivables	Interfund Payables
General fund	\$ 128,649	\$ (207,723)
Non major governmental funds	207,723	-
Total governmental funds	<u>336,372</u>	<u>(207,723)</u>
 New Milestones Foundation	 -	 (128,649)
Total enterprise fund	<u>\$ -</u>	<u>\$ (128,649)</u>

The balance of \$207,723 due to the nonmajor governmental fund from the general fund resulted from payments due for capital improvement fees. All remaining balances resulted from various timing differences between dates that interfund goods and services are provided and payments between funds are made.

**NOTE 13: FUND BALANCES**

At August 31, 2017, the fund balance for governmental funds is made up of the following:

	General Fund	Other Governmental Funds	Total
Nonspendable			
Prepaid items	\$ 578,258	\$ -	\$ 578,258
Pharmacy Inventory	-	-	-
Restricted			
Midelburg Trust	6,653	-	6,653
Committed			
2018 Budget Contingency	3,173,961	-	3,173,961
Assigned			
Accrued compensated absences	1,951,513	-	1,951,513
1115 Waiver	11,650,932	-	11,650,932
Proceeds from sale of property	1,565,939	-	1,565,939
Capital improvements	-	207,723	207,723
Unassigned	5,516,162	-	5,516,162
Total	<u>\$ 24,443,418</u>	<u>\$ 207,723</u>	<u>\$ 24,651,141</u>

**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

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**NOTE 14: EMPLOYEE BENEFIT PLAN**

Integral Care has a pension benefit plan for its full time employees under a 401(a) defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after six months of service. Integral Care has elected to contribute four and one-half percent (4.5%) of the employees' base salary each pay period plus plan administrative costs. The plan allows loans by participants. Participants start to vest in the employers' contribution at the completion of one year of service with 100% vesting occurring after five years. Integral Care's contributions were \$1,608,098 for 2017 which were approximately 3.7% of the covered payroll. Integral Care also sponsors a Section 403(b) salary reduction plan, which is also a defined contribution plan that covers all full-time employees. Employees may contribute the maximum allowed by IRS regulations. Integral Care is not required to match the employee's contribution. Contributions from participating employees totaled \$1,122,960 for the year ended August 31, 2017. In addition, employees contributed an additional \$58,536 to a 457 plan and \$243,453 to a 403 ROTH.

**NOTE 15: CONTINGENCIES**

Integral Care has participated in a number of state and federally assisted grant programs, Medicare, and Medicaid programs. These programs are subject to financial and compliance audits by the grantors or their representatives and regulatory authorities. The purpose of the audits is to ensure compliance with conditions relating to the granting of funds and other reimbursement regulations. Integral Care'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 Integral Care. Integral Care is subject to certain penalties in the event that performance targets are not met.

For fiscal years 2006 through 2017, Integral Care funded 80% of workers' compensation premiums up front (assessed by Texas Council Risk Management Fund ('TCRMF') based on the standard contribution for that year). Based on actual claims for those years, TCRMF can later assess up to 110% of that year's standard contribution.

Thus, Integral Care has contingencies relating to previous years' workers' compensation claims for plan years that have not been declared closed. Due to low reported losses to date for open plan years, Integral Care has not accrued any estimated liabilities for these contingencies in the accompanying financial statements.

**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

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**NOTE 16: COMMUNITY ACTION NETWORK**

Effective February 1, 1998, Integral Care entered into an agreement with the Community Action Network (CAN) to act as the CAN's fiscal agent. The CAN is a separate organization that resulted from a contractual arrangement between the City of Austin and Austin Travis County Health and Human Services Department, United Way Capital Area, Greater Austin Chamber of Commerce, Health Partnership 2000, Austin Area Research Organization, Austin Independent School District, Community Justice Council, Austin Metropolitan Ministries, Workforce Development Board and Integral Care. Representatives from these organizations comprise the CAN Resource Council. Under the terms of the contract between Integral Care and the CAN, Integral Care's role entails the following:

The CAN staff members become official employees of Integral Care and are eligible for Integral Care's employee benefits, services, obligations and responsibilities. The CAN employees are paid through Integral Care's payroll using CAN funds. Integral Care has no direct supervisory control or authority over the staff of the CAN. Responsibility for the CAN employees is that of the CAN Resource Council. Integral Care receives all money contributed or paid to CAN and disburses all monies for CAN expenses as directed by the CAN staff and approved by the CAN Executive Director and CAN Executive Committee.

Integral Care provides monthly CAN income and expense reports to support CAN financial reporting requirements. The partners of the organization jointly control and govern the CAN. Each partner retains an ongoing financial responsibility of this organization.

**NOTE 17: INDIGENT CARE COLLABORATION**

Effective June 29, 2001, Integral Care entered into an agreement with the Indigent Care Collaboration (ICC) to act as the ICC's fiscal agent. The ICC is a public-private organization of regional health care providers and partners established to improve healthcare services for the uninsured in Hays, Travis and Williamson counties. Representatives from these regional healthcare providers and partners comprise the ICC Council. Under the terms of the contract between Integral Care and the ICC, Integral Care's role entails the following:

The ICC staff members become official employees of Integral Care and are eligible for Integral Care's employee benefits, services, obligations and responsibilities. The ICC employees are paid through Integral Care's payroll using ICC funds. Integral Care has no direct supervisory control or authority over the staff of the ICC. Responsibility for the ICC employees is that of the ICC Council.

Integral Care receives all money contributed or paid to ICC and disburses all monies for ICC expenses as directed by the ICC staff and approved by the ICC Executive Director and ICC Executive Committee.

Integral Care provides monthly ICC income and expense reports to support ICC financial reporting requirements. The partners of the organization jointly control and govern the ICC. Each partner retains an ongoing financial responsibility of this organization.

**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

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**NOTE 18: AUSTIN HOUSING FINANCE CORPORATION**

Effective January 31, 2009, Integral Care entered into a loan agreement with Austin Housing Finance Corporation in the amount of \$2,300,000 in order to acquire property for renovation into a 37 bed/unit transitional housing facility for low-income individuals. The note matures on January 30, 2018 with principal and interest, at 0%, due at that time. However, according to the loan agreement, provided Integral Care does not violate any of the terms and conditions of that certain RHDA Affordable Housing General Obligation Bonds Loan agreement, unpaid principal and accrued unpaid interest will be forgiven. As such, the loan proceeds are restricted as they are not available for operations in the current or future periods.

Effective March 10, 2010, Integral Care entered into a loan agreement with Austin Housing Finance Corporation in the amount of \$1,752,175 in order to renovate a former short-stay hotel facility to serve as a 24-unit/bed transitional housing facility for low-income individuals. The note matures on January 31, 2030 with principal and interest at 0%, due at that time. However, according to the loan agreement, provided Integral Care does not violate any of the terms and conditions of that certain RHDA Affordable Housing General Obligation Bonds Loan agreement, unpaid principal and accrued unpaid interest will be forgiven. As such, the loan proceeds are restricted as they are not available for operations in the current or future periods.

**NOTE 19: HEALTHCARE TRANSFORMATION AND QUALITY IMPROVEMENT  
PROGRAM 1115 DEMONSTRATION WAIVER ('1115 WAIVER')**

In December 2011, the Centers for Medicare and Medicaid Services (CMS) approved the Texas Health and Human Services Commission (HHSC) Healthcare Transformation and Quality Improvement Program 1115 demonstration waiver (the '1115 wavier'). As it pertains to Community Centers like Integral Care, this 1115 waiver aims to:

- Transform the healthcare delivery system for low income Texans, and
- Increase access to quality behavioral health services as a recognized means to improve both individual and system level outcomes.

The 1115 waiver will be in effect until September 30, 2022. The 1115 waiver is intended to reimburse providers in the State of Texas that undertake and complete projects that accomplish the goals of the 1115 waiver. Integral Care (as a Community Center and a public Medicaid provider) has been designated as a performing provider of the 1115 waiver and has been granted the ability to transfer locally managed state and local dollars to draw down federal funding for projects of the 1115 waiver through intergovernmental transfers (IGT). Integral Care will be cooperating and collaborating with other community partners to carry out the 1115 waiver projects by increasing access to behavioral health services through the 1115 waiver's key component entitled the Delivery System Incentive Reform Payment (DSRIP) pool. The DSRIP portion of the 1115 Waiver, the portion in which Integral Care participates, will have funding through September 30, 2021. Beginning October 1, 2017, the DSRIP measures are moving to provider based measures for achievement of payment and will no longer be based on specific projects.

**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

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**NOTE 19: HEALTHCARE TRANSFORMATION AND QUALITY IMPROVEMENT**  
**PROGRAM 1115 DEMONSTRATION WAIVER ('1115 WAIVER') – Continued**

Fiscal year 2017 was the 1115 transformation waiver demonstration year 6. During fiscal year 2017, Integral Care recognized and earned \$18,966,498 in revenues from this program and of this amount, \$11,650,932 was categorized as 'assigned funds' in the balance sheet - governmental funds financial statements. At August 31, 2017, the 'assigned funds' are considered constrained by Integral Care's intent to be used for future 1115 transformation waiver projects.

**NOTE 20: SUBSEQUENT EVENTS**

***Housing First Oak Springs, LP***

On October 12, 2017, the Texas Department of Housing and Community Affairs issued a Housing Tax Credit Program Determination Notice for an Annual Tax Credit Commitment Amount of \$832,349 for the development by Housing First Oak Springs, LP, a 40,000 square-foot housing complex with 50 fully-furnished single occupancy efficiency apartments, an integrated health clinic offering primary care and behavioral health services, and a community room. The development will be located at 3000 Oak Springs Drive. The anticipated first year of the tax credit period is 2019.

On December 19, 2017, Integral Care entered into a Limited Partnership Agreement of Housing First Oak Springs, LP with NEF Assignment Corporation in which Integral Care serves as the General Partner and NEF Assignment Corporation serves as the Limited Partner. On December 22, 2017, Housing First Oak Springs, LP, closed on financing for development of Housing First Oak Springs. Construction financing in the amount of \$11,500,000 is provided through Multifamily Housing Mortgage Revenue Bonds Series 2017 issued by Austin Housing Finance Corporation.

Additionally, through an Intercreditor and Subordination Agreement dated December 1, 2017, Austin Housing Finance Corporation has agreed to make available \$3,888,112 of proceeds of general obligation bonds for the construction of the Housing First Oak Springs housing complex.

As of August 31, 2017, the Texas Health and Human Services Commission has made available \$4,442,438 of funds through the Healthy Community Collaborative Grant for this housing complex and \$4,640,995 has been provided through local fundraising efforts by Integral Care. As of August 31, 2017, Integral Care has expended \$4,325,509 in Construction in Progress for the construction of the housing complex and the Construction in Progress is recorded on the Statement of Net Position – Governmental Funds and \$976,623 remain in unearned revenues on the Balance Sheet for the Governmental Funds and the Statement of Net Position – Governmental Activities.

The Limited Partner will make Capital Contributions in the amount of \$7,906,525 in multiple installments in accordance with achieving terms set forth in the Limited Partnership Agreement and rental income for the units will be provided through Project Based Vouchers in accordance with terms through an agreement executed December 5, 2017 between the Housing Authority of the City of Austin and Housing First Oak Springs, LP.



**INTEGRAL CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2017**

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**NOTE 21: SUBSEQUENT EVENTS - Continued**

*Revenue Anticipation Notes*

On December 28, 2017, Integral Care issued Revenue Anticipation Note, Series 2014 in the amount of \$13,000,000. The note proceeds will provide the Center with interim funds for the payment of current and operating expenses for the 2018 fiscal year in anticipation of the receipt of revenues collected for the same fiscal year. In addition, the note is payable from revenues collected in the same fiscal year in which the note was issued. The note bears interest, payable quarterly, at the *Wall Street Journal* London Interbank Offered Rate (LIBOR) (for three months quoted in the most recently published issue of *The Wall Street Journal* (U.S. Edition) in the “Money Rates” column provided LIBOR will not decrease below a minimum LIBOR of 0.15% per annum) in effect from time to time (the “Index”), plus 2.25% per annum and matures on August 31, 2018.



## **OTHER SUPPLEMENTARY INFORMATION**

**INTEGRAL CARE  
COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2017**

	<b>CAPITAL PROJECTS FUNDS</b>		
	<b>Capital Improvement Fund</b>	<b>Information Technology Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Due from other funds	\$ 207,723	\$ -	\$ 207,723
<b>TOTAL ASSETS</b>	<u>207,723</u>	<u>-</u>	<u>207,723</u>
<b>LIABILITIES</b>			
Due to other funds	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Assigned	207,723	-	207,723
<b>TOTAL FUND BALANCES</b>	<u>207,723</u>	<u>-</u>	<u>207,723</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 207,723</u>	<u>\$ -</u>	<u>\$ 207,723</u>

**INTEGRAL CARE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2017**

	<b>CAPITAL PROJECTS FUNDS</b>		
	<b>Capital Improvement Fund</b>	<b>Information Technology Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Other revenues	\$ -	\$ -	\$ -
<b>Total revenue</b>	-	-	-
<b>EXPENDITURES</b>			
Administration	7,576	-	7,576
Capital outlay	51,107	-	51,107
<b>Total expenditures</b>	58,683	-	58,683
<b>Excess (deficiency) of revenues over expenditures</b>	(58,683)	-	(58,683)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-
<b>Net change in fund balances</b>	(58,683)	-	(58,683)
<b>FUND BALANCES, September 1, 2016</b>	266,406	-	266,406
<b>FUND BALANCES, August 31, 2017</b>	<u>\$ 207,723</u>	<u>\$ -</u>	<u>\$ 207,723</u>



**STATISTICAL SECTION  
(UNAUDITED)**

INTEGRAL CARE  
SCHEDULE OF REVENUES AND EXPENDITURES BY SOURCE OF FUNDS - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2017  
(UNAUDITED)

FUND SOURCE	Total Revenues	Total Behavioral Health Adult Expenditures	Total Behavioral Health Children Expenditures	Total Crisis Services Expenditures	Total Intellectual & Developmental Disabilities Expenditures	Total Other Expenditures	Total Center Expenditures	Excess Revenues Over Expenditures
<b>Objects of Expense</b>								
Personnel	\$ 43,232,966	\$ 13,447,894	\$ 4,592,714	\$ 7,246,122	\$ 5,132,140	\$ 12,814,096	\$ 43,232,966	\$ -
Employee benefits	10,885,549	3,365,840	1,153,156	1,709,798	1,424,700	3,232,055	10,885,549	-
Professional and consultant services	22,706,165	2,071,603	529,118	12,812,412	564,982	6,728,050	22,706,165	-
Training and travel	967,943	248,586	77,529	76,033	131,436	434,359	967,943	-
Debt service	49,470	24,533	4,384	10,536	2,473	7,544	49,470	-
Capital outlay	6,968,602	4,298	1,384	28,935	1,519	6,932,466	6,968,602	-
Non-capitalized equipment	643,182	148,931	50,764	238,634	42,667	162,186	643,182	-
Pharmaceutical expense	511,598	225,863	1,841	29,904	4,718	249,272	511,598	-
Pharmaceutical expense (PAP only)	7,612,724	7,612,724	-	-	-	-	7,612,724	-
Other operating expense	10,189,843	3,161,009	829,365	1,733,100	641,309	3,825,060	10,189,843	-
<b>Total expenditures</b>	<u>\$ 103,768,042</u>	<u>\$ 30,311,281</u>	<u>\$ 7,240,255</u>	<u>\$ 23,885,474</u>	<u>\$ 7,945,944</u>	<u>\$ 34,385,088</u>	<u>\$ 103,768,042</u>	<u>\$ -</u>
<b>Method of Finance</b>								
General revenue - behavioral health	\$ 11,229,807	\$ 8,983,154	\$ 2,246,653	\$ -	\$ -	\$ -	\$ 11,229,807	\$ -
General revenue - IDD	3,375,454	-	-	-	3,375,454	-	3,375,454	-
Mental Health Block Grant	1,621,777	1,207,418	414,359	-	-	-	1,621,777	-
OBRA funds	3,449	-	-	-	3,449	-	3,449	-
CLOIP	345,746	-	-	-	345,746	-	345,746	-
Title XX - TANF	167,842	99,806	-	68,036	-	-	167,842	-
Title XX - Social Services Block Grant	550,985	63,684	487,301	-	-	-	550,985	-
Other federal - DADS	269,720	-	-	-	269,720	-	269,720	-
Other general revenue	6,108,192	2,595,185	-	426,184	-	3,086,823	6,108,192	-
Crisis services - mental health	8,334,941	-	-	8,334,941	-	-	8,334,941	-
Other state funds	5,526,689	2,508	-	-	21,638	5,502,543	5,526,689	-
Earned income	27,403,257	4,509,174	2,089,110	4,944,422	3,567,109	12,293,442	27,403,257	-
Required local match	3,123,609	1,905,809	-	854,972	362,828	-	3,123,609	-
Additional local match	35,706,574	10,944,543	2,002,832	9,256,919	-	13,502,280	35,706,574	-
<b>Total expended sources</b>	<u>\$ 103,768,042</u>	<u>\$ 30,311,281</u>	<u>\$ 7,240,255</u>	<u>\$ 23,885,474</u>	<u>\$ 7,945,944</u>	<u>\$ 34,385,088</u>	<u>\$ 103,768,042</u>	<u>\$ -</u>

**INTEGRAL CARE  
RECONCILIATION OF TOTAL REVENUES AND EXPENDITURES  
TO FOURTH QUARTER FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2017  
(UNAUDITED)**

	REVENUES			Audited Financial Statements
	Care Report III	Additions	Deletions	
<b>LOCAL REVENUES</b>				
City funds	\$ 4,663,411	\$ -	\$ -	\$ 4,663,411
County funds	5,030,267	-	-	5,030,267
Other taxing authority funds	10,956,789	-	-	10,956,789
Earned income	10,359,414	-	-	10,359,414
Rental income	685,765	-	-	685,765
Miscellaneous income & contributions	5,378,174	-	-	5,378,174
Patient Assistance Programs	7,612,724	-	(7,612,724) (a)	-
<b>Total local revenue</b>	<b>44,686,544</b>	<b>-</b>	<b>(7,612,724)</b>	<b>37,073,820</b>
<b>STATE PROGRAM REVENUES</b>				
DSHS - Mental Health	25,283,647	-	-	25,283,647
DSHS - substance abuse	333,439	-	-	333,439
DADS	3,721,200	-	-	3,721,200
TCOOMMI	1,767,847	-	-	1,767,847
DARS - early childhood intervention	146,506	-	-	146,506
Other state programs	192,643	-	-	192,643
<b>Total state program revenues</b>	<b>31,445,282</b>	<b>-</b>	<b>-</b>	<b>31,445,282</b>
<b>FEDERAL PROGRAM REVENUES</b>				
DSHS - Mental Health	3,301,894	-	-	3,301,894
DSHS - substance abuse	2,010,101	-	-	2,010,101
DADS - HUB	269,720	-	-	269,720
Ryan White	311,541	-	-	311,541
CDBG - YAFAC	209,262	-	-	209,262
HUD - Lifeworks	69,469	-	-	69,469
HUD - supported housing	240,887	-	-	240,887
SAMSHA	105,748	-	-	105,748
Travis County - Parents in Recovery (SAMHSA)	160,213	-	-	160,213
Veterans Administration - SafeHaven grant	602,866	-	-	602,866
DARS - early childhood intervention	504,156	-	-	504,156
Medicaid Administrative Claiming	2,502,620	-	-	2,502,620
1115 Transformation Waiver	18,966,498	-	-	18,966,498
<b>Total federal program revenues</b>	<b>29,254,975</b>	<b>-</b>	<b>-</b>	<b>29,254,975</b>
<b>INVESTMENT EARNINGS</b>	<b>56,954</b>	<b>-</b>	<b>-</b>	<b>56,954</b>
<b>TOTAL REVENUES</b>	<b>\$ 105,443,755</b>	<b>\$ -</b>	<b>\$ (7,612,724)</b>	<b>\$ 97,831,031</b>

(a) Free medicine used

**INTEGRAL CARE  
RECONCILIATION OF TOTAL REVENUES AND EXPENDITURES  
TO FOURTH QUARTER FINANCIAL REPORT - CONTINUED  
FOR THE YEAR ENDED AUGUST 31, 2017  
(UNAUDITED)**

FUNCTION	EXPENDITURES			
	Care Report III	Additions	Deletions	Audited Financial Statements
Personnel	\$ 43,232,966	\$ -	\$ -	\$ 43,232,966
Employee benefits	10,885,549	-	(90,642) (a)	10,794,907
Professional and consultant service	22,706,165	-	(2,593,710) (d)	20,112,455
Training and travel	967,943	-	-	967,943
Debt service	49,470	-	(821) (c)	48,649
Capital outlay	6,968,602	2,808,718 (d)	-	9,777,320
Non-capitalized equipment	643,182	-	(14,468) (d)	628,714
Pharmaceutical expense	511,598	-	-	511,598
Pharmaceutical expense (PAP only)	7,612,724	-	(7,612,724) (b)	-
Other operating expense	10,189,843	821 (c)	(200,540) (d)	9,990,124
	<u>\$ 103,768,042</u>	<u>\$ 2,809,539</u>	<u>\$ (10,512,905)</u>	<u>\$ 96,064,676</u>

(a) Change in compensated absences - used only in government-wide financial statements

(b) Free medicine used

(c) Reclassification of expenses to other operating expenses

(d) Reclassification of expenses to capital outlay



**INTEGRAL CARE  
SCHEDULE OF INDIRECT COSTS  
FOR THE YEAR ENDED AUGUST 31, 2017  
(UNAUDITED)**

	<b>Total Costs</b>	<b>Nonallowable Costs</b>	<b>Depreciation</b>	<b>Total Adjusted Costs</b>	<b>Direct Costs</b>	<b>Indirect Costs</b>
Personnel	\$ 43,232,966	\$ (98,508)	\$ -	\$ 43,134,458	\$ 37,826,695	\$ 5,307,763
Employee benefits	10,885,549	(11,169)	-	10,874,380	9,582,271	1,292,109
Capital outlay	9,777,320	(9,777,320)	-	-	-	-
Depreciation	-	-	1,485,002	1,485,002	1,379,864	105,138
Other operating expenses	32,259,483	(333,556)	-	31,925,927	29,694,834	2,231,093
Total expenditures	<u>\$ 96,155,318</u>	<u>\$ (10,220,553)</u>	<u>\$ 1,485,002</u>	<u>\$ 87,419,767</u>	<u>\$ 78,483,664</u>	<u>\$ 8,936,103</u>
Indirect cost						8,936,103
Direct costs						<u>78,483,664</u>
Indirect cost rate						<u>11.39%</u>

**INTEGRAL CARE  
SCHEDULE OF INSURANCE IN FORCE  
FOR THE YEAR ENDED AUGUST 31, 2017  
(UNAUDITED)**

Insurer	Policy Period	Coverage	Limits or Amounts	
Texas Council Risk Management Fund	9/1/16 - 9/1/2017	Workers Compensation	Statutory	
	9/1/16 - 9/1/2017	General Liability	\$ 1,000,000	Combined Single Limit
			\$ 1,000	Deductible
	9/1/16 - 9/1/2017	Errors & Ommission	\$ 1,000,000	Per Claim
			\$ 3,000,000	Annual Aggregate
			\$ 25,000	Deductable
	9/1/16 - 9/1/2017	Professional Liability	\$ 1,000,000	Per Claim
			\$ 3,000,000	Annual Aggregate
			\$ 10,000	Deductable
	9/1/16 - 9/1/2017	Automobile Liability	\$ 1,000,000	Combined Single Limit
		Liability		
		Physical Damage		
	9/1/16 - 9/1/2017	Uninsured/Underinsured	\$100,000/\$300,000	
		Excess Liability	\$ 1,000,000	Combined Single Limit
				\$ 1,000,000
		Buildings	\$ 19,986,687	
		Contents	\$ 5,045,306	
		Boiler and Machinery	\$ 35,879	
		EDP Equipment	\$ 5,752,620	
		EDP Media/Software	\$ 250,000	
		Loss of Revenue/Business	\$ 1,000,000	
		Extra Expense	\$ 1,000,000	
		Loss of Rents/Rentals	\$ 500,000	
		Flood - Other than A/V	\$ 10,000,000	
		Newly Acquired Locations	\$ 1,500,000	
		Accounts Receivable	\$ 50,000	
		Property in Course of Construction	\$ 1,000,000	
		Expediting Expense	\$ 100,000	
		Property in Transit	\$ 500,000	
		Increased Cost	\$ 1,000,000	
		Demolition Cost	\$ 500,000	
		Debris Removal	\$ 500,000	
		Hazardous Materials Cleanup	\$ 10,000	
		Deductibles		
		Direct Coverage	\$ 1,000	
		Boiler and Machinery	\$ 5,000	
American Bankers Insurance Company of Florida	2/18/16-2/18/2017	Flood - Tahoe Trail-Building 1st Floo	\$ 250,000	
		Contents	\$ 18,000	
		Deductible	\$ 1,250	
	10/1/16-10/1/2017	Flood - Jones House Building	\$ 250,000	
		Contents	\$ 100,000	
		Deductible	\$ 1,250	

**INTEGRAL CARE  
SCHEDULE OF LEASES IN EFFECT  
FOR THE YEAR ENDED AUGUST 31, 2017  
(UNAUDITED)**

Lessor	Location	Period Covered			Amount (\$ per month)	
Property Leases						
Collier Properties LLC	1700 S. Lamar, Bldg. 1	12/1/2012	6/30/2021	\$	24,877	
	1701 S. Lamar, Suite 230	7/1/2013	6/30/2021	\$	6,490	
	1701 S. Lamar, Suite 240	7/1/2016	6/30/2021	\$	4,905	
	1701 S. Lamar, Suite 322	7/1/2016	6/30/2021	\$	4,405	
Texas RioGrande Legal Aid, Inc.	4920 North IH-35 Austin, TX	6/22/2012	6/22/2018	\$	8,518	
Sigland Properties II, Ltd	825 E. Rundberg Lane - Base Rent	2/1/2015	7/31/2022	\$	25,185	
		2/1/2015	1/31/2022	\$	12,265	
Oldwood Riverside Place, LP	2410 E. Riverside, Suite G3	2/1/2015	1/31/2022	\$	12,265	
MIC+B81 Austin Lesee LLC	5015 South IH-35	12/15/2013	6/14/2021	\$	62,379	
WC 56 East Avenue, LLC	56 East Avenue	2/24/2015	1/31/2018	\$	50,347	
Vehicle Leases						
Leasing Associates	2013 Ford E 150 Van	5/1/2013	4/1/2018	\$	548	
	2015 Chevrolet 2500 Express Van	1/1/2015	12/31/2018	\$	579	
Storage Leases						
AA Storage at Ben White	2229 E. Ben White - Various	Month	to	Month	\$	2,175
Ben White Self Storage						
Cube Smart	2201 S. Pleasant Valley, F403	Month	to	Month	\$	132
Copiers and Printers						
Various	Various	Various			\$	10,350
Other Rental Payments						
Iron Mountain		Month	to	Month	\$	2,270
LAZ Parking Texas		Month	to	Month	\$	450
Safe Site, Inc.		Month	to	Month	\$	1,587

**INTEGRAL CARE**  
**SCHEDULE OF BOND COVERAGE**  
**FOR THE YEAR ENDED AUGUST 31, 2017**  
**(UNAUDITED)**

<b>Surety Company</b>	<b>Scope of Coverage</b>	<b>Limit</b>	<b>Deductible</b>
Travelers	Employee Theft	\$ 4,000,000	\$ 40,000
8/31/16 - 8/31/19	ERISA Fidelity	\$ 500,000	None
	Employee Theft of Client Property	\$ 100,000	\$ 5,000
	Forgery or Alteration	\$ 100,000	\$ 5,000
	On Premises	\$ 10,000	\$ 2,500
	In Transit	\$ 10,000	\$ 2,500
	Money Orders and Counterfeit Paper	\$ 10,000	\$ 2,500
	Computer Frauds and Funds Transfer	\$ 1,000,000	\$ 10,000
	Computer Program & Electronic Data Restoration	\$ 100,000	\$ 5,000
	Funds Transfer Fraud	\$ 1,000,000	\$ 10,000
	Personal Accounts Protection	\$ 25,000	\$ 1,000
	Third Party Crime Name DSHS	\$ 100,000	\$ 2,500
	Claim Expense	\$ 5,000	\$ -
Chubb	Computer Privacy Liability	\$ 1,000,000	\$ 25,000
01/16/2015 - 01/16/2018	Data Breach	\$ 100,000	\$ 25,000
	Network Security	\$ 1,000,000	\$ 25,000

**INTEGRAL CARE**  
**SCHEDULE OF PROFESSIONAL AND CONSULTING FEES**  
**AND CONTRACTED PROVIDER SERVICES**  
**FOR THE YEAR ENDED AUGUST 31, 2017**  
**(UNAUDITED)**

<b>Name</b>	<b>Type of Service</b>	<b>Amount</b>
STG Design Inc	Architect & Engineering Fees	\$ 308,516
Duke C Garwood Architects Inc	Architect & Engineering Fees	248,210
Bleyl & Associates	Architect & Engineering Fees	44,994
BSA Lifestructures Inc	Architect & Engineering Fees	22,082
Maxwell, Locke & Ritter, LLP	Audit/Accounting	21,500
R. Mendoza & Company, P.C.	Audit/Accounting	83,131
Communication By Hand	Interpreter Services	96,706
Masterword Services Inc	Interpreter Services	94,247
Clinical Pathology Labs Inc	Laboratory Services	70,860
Nursestaffing	Nurse Staffing	168,933
Maxim Staffing Solutions	Nurse Staffing	44,206
Deans Professional Services	Nurse Staffing	2,221
Josefino M Mactal PT DPT MTC	Physical Therapy/Evaluation	80
Jennifer Brock-Garcia Pmhnp	Psychiatric Nurse Practitioner	59,879
Locumtenens	Psychiatric Services	429,137
Shane Mckay MD	Psychiatric Services	202,650
Tirado Institute For Chronic Conditions	Psychiatric Services	106,961
Feroza Talukdar MD	Psychiatric Services	50,550
Carmen Zegarra MD	Psychiatric Services	44,220
Jackson & Coker Locumtenens LLC	Psychiatric Services	27,735
Naim A Memon MD	Psychiatric Services	22,500
David Flume MD	Psychiatric Services	14,175
Harrison Psychological Services PLLC	Psychological Services	5,600
TWG Investments Ltd	Residential Services/Prop. Mmnt	1,932,762
		<u>\$ 3,545,127</u>

**INTEGRAL CARE  
SCHEDULE OF LEGAL SERVICES  
FOR THE YEAR ENDED AUGUST 31, 2017  
(UNAUDITED)**

<u>Name</u>	<u>City</u>	<u>Type of Service</u>	<u>Amount</u>
Lorde Locke LLP	Austin	General Legal Counsel	\$ 78,764
Husch Blackwell	Austin	General Legal Counsel	43,754
Lewis Brisbois Bisgaard & Smith	Austin	General Legal Counsel	6,874
Taylor Olson Adkins Sralla & Elam LLP	Austin	General Legal Counsel	6,163
			<u>\$ 135,555</u>

DRAFT



## **SINGLE AUDIT SECTION**

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

To the Board of Trustees  
Integral Care

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 statement of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Integral Care ('Integral Care') as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise Integral Care's basic financial statements, and have issued our report thereon dated January 25, 2018. Our report includes a reference to other auditors who audited the financial statements of NMF Housing I-VII, Inc. a business-type activity, as described in our report on Austin Travis County Integral Care's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

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



To Board Of Trustees  
Integral Care

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R. Mendoza & Company, P.C.  
Austin, Texas

January 25, 2018

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

To the Board of Trustees  
Integral Care

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

We have audited Integral Care's ('Integral Care') compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of Integral Care's major state and federal programs for the year ended August 31, 2017. Integral Care's major state and federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Integral Care's basic financial statements include the operations of NMF Housing I – VII, which received \$5,557,344 in federal awards which is not included in Integral Care's schedule of expenditures of federal awards during the year ended August 31, 2018. Our audit, described below, did not include the operations of NMF Housing I – VII because NMF Housing I – VII engaged other auditors to perform the financial and compliance audit.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Integral Care's major state and federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirement 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 Single Audit Circular*. Those standards, the Uniform Guidance and the *State of Texas Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state and federal program occurred. An audit includes examining, on a test basis, evidence about Integral Care's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

To Board of Trustees  
Integral Care

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

In our opinion, Integral Care complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state and federal programs for the year ended August 31, 2017.

### **Report on Internal Control over Compliance**

Management of Integral Care 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 Integral Care's internal control over compliance with the types of requirements that could have a direct and material effect on each major state and federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state and federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State of Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Integral Care's internal control over compliance.

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

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

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

R. Mendoza & Company, P.C.  
Austin, Texas

January 25, 2018



## **SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS**

**INTEGRAL CARE**  
**SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

<b>Program Title</b>	<b>Pass Through Grantors Number</b>	<b>Expenditures</b>	<b>Subrecipient Expenditures</b>
<b>State Awards</b>			
<b>Texas Department of State Health Services (Behavioral Health)</b>			
General Revenue - Behavioral Health Adult	537-17-0127-00004	\$ 8,949,847	\$ -
General Revenue - Behavioral Health Child	537-17-0127-00004	2,279,960	-
Crisis Redesign	537-17-0127-00004	2,382,825	-
PESC	537-17-0127-00004	3,386,647	-
Outpatient Competency Restoration	537-17-0127-00004	557,969	-
Private Psychiatric Beds	537-17-0127-00004	2,007,500	-
Veteran Services	537-17-0127-00004	99,286	96,804
Supportive Housing	537-17-0127-00004	310,655	-
Mental Health First Aid	537-17-0127-00004	16,300	-
Healthy Community Collaboratives (HCC)	2014-2015-045821-001	1,400,000	-
Healthy Community Collaboratives (HCC)	2016-048882-001B	3,875,498	482,463
Block Grant Homeless/Path - MH	2016-048124-001	17,160	-
<b>Total Texas Department of State Health Services (Behavioral Health)</b>		<b>25,283,647</b>	<b>579,267</b>
<b>Texas Department of Aging and Disability Services</b>			
General Revenue - Intellectual & Developmental Disabilities	539-16-0080-00001	2,655,100	-
CLOIP	539-16-0080-00001	43,232	-
CLOIP	539-16-0080-00001	302,514	-
Permanency Planning	539-16-0080-00001	34,589	-
Crisis Intervention Specialist	539-16-0080-00001	157,459	-
Crisis Respite	539-16-0080-00001	193,310	-
Pre Admission Screening and Resident Review	539-16-0080-00001	293,675	-
Pre Admission Screening and Resident Review - Form 1048 Billings		41,321	-
<b>Total Texas Department of Aging and Disability Services</b>		<b>3,721,200</b>	<b>-</b>
<b>Texas Department of Assistive &amp; Rehabilitative Services</b>			
Interagency Council of Early Childhood - Intervention	538-13-7777-00000000000062	120,133	-
Interagency Council of Early Childhood - Respite	538-13-7777-00000000000062	4,172	-
<b>Total Texas Department of Assistive &amp; Rehabilitative Services</b>		<b>124,305</b>	<b>-</b>
<b>Texas Department of State Health Services (Substance Abuse)</b>			
HIV Early Intervention	2016-048243-002	24,289	-
HIV Outreach	2016-048178-001A	24,465	-
Dual Diagnosis	2016-048319-003A	27,299	-
Prevention & Treatment of Substance Abuse - Treatment Adult (TRA)	2016-048529-002A	216,369	-
Specialized Female (TRF)	2016-048319-004	5,884	-
Opioid Therapy Services	2016-049557-002	8,074	-
Youth Prevention Indicated (YPI)	2016-048100-002	26,924	-
<b>Total Texas Department of State Health Services (Substance Abuse)</b>		<b>333,304</b>	<b>-</b>
<b>Cancer Prevention and Research Institute of Texas (CPRIT)</b>			
<b>Passed through The University of Texas MD Anderson Cancer Center</b>			
Taking Texas Tobacco Free	R85281	99,135	-
Taking Texas Tobacco Free	R-17-0003	93,508	-
<b>Total Cancer Prevention and Research Institute of Texas (CPRIT)</b>		<b>192,643</b>	<b>-</b>
<b>Total State Awards</b>		<b>\$ 29,655,099</b>	<b>\$ 579,267</b>

**INTEGRAL CARE**  
**SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS - CONTINUED**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Grantors Number</b>	<b>Expenditures</b>	<b>Subrecipient Expenditures</b>
<b>Federal Awards</b>				
<b>U.S. Department of Health and Human Services</b>				
<b>Passed through the Texas Health and Human Services Commission</b>				
<b>Medicaid Cluster</b>				
Medicaid Administrative Claiming	93.778	529-09-0032-00050A	\$ 2,453,859	\$ -
ECI Medicaid Administrative Claiming	93.778	529-09-0032-00034A	48,762	-
<b>Total Medicaid Cluster</b>			<u>2,502,621</u>	
<b>Passed through the Texas Department of Aging and Disability Services</b>				
Money Follows the Person - Transition Support Team	93.791	539-16-0080-00001	209,294	-
Money Follows the Person - Enhanced Community Coordination	93.791	539-16-0080-00001	60,425	-
<b>Passed through the Texas Department of State Health Services (Behavioral Health)</b>				
Block Grant Homeless/PATH	93.150	2016-048124-001	554,837	-
Temporary Assistance for Needy Families (TANF)	93.558	537-17-0127-00004	550,985	-
Social Services Block Grant - Title XX SSBG	93.667	537-17-0127-00004	167,842	-
Behavioral Health Block Grant	93.958	537-17-0127-00004	1,550,277	-
Behavioral Health Block Grant - Consumer Operated Services	93.958	537-17-0127-00004	71,500	65,000
Coordinated Speciality Care	93.958	2016-049446-001	406,453	-
<b>Passed through the Texas Department of Assistive &amp; Rehabilitative Services</b>				
Temporary Assistance for Needy Families (TANF)	93.558	538-13-7777-00000000000062	42,864	-
<b>Passed through City of Austin</b>				
Ryan White Title I Funds	93.914	NI120000010	133,474	-
Ryan White Title I Funds	93.914	NG170000042	178,067	-
<b>Passed through the Texas Department of State Health Services (Substance Abuse)</b>				
Money Follows the Person	93.791	2016-049238-001	57,376	-
Money Follows the Person	93.791	2016-049238-001A	79,161	-
Block Grant for Prevention and Treatment of Substance Abuse	93.959	2016-048529-002A	860,092	-
Block Grant for Prevention and Treatment of Substance Abuse - Dual Diagnosis	93.958	2016-048319-003A	7,628	-
Block Grant for Prevention and Treatment of Substance Abuse - Dual Diagnosis	93.959	2016-048319-003A	53,921	-
Block Grant for Prevention and Treatment of Substance Abuse - HIV Early Intervention	93.959	2016-018243-001	326,207	-
Block Grant for Prevention and Treatment of Substance Abuse - HIV Outreach	93.788	2016-048178-001A	9,720	-
Block Grant for Prevention and Treatment of Substance Abuse - HIV Outreach	93.959	2016-048178-001A	381,180	-
Block Grant for Prevention and Treatment of Substance Abuse - Specialized Female (TRF)	93.959	2016-048319-004	7,987	-
Block Grant for Prevention and Treatment of Substance Abuse - Youth Prevention Indicated (YPI)	93.959	2016-048100-002	224,936	-

INTEGRAL CARE  
SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS - CONTINUED  
FOR THE YEAR ENDED AUGUST 31, 2017

Program Title	Federal CFDA Number	Pass Through Grantors Number	Expenditures	Subrecipient Expenditures
<b>Direct award from Substance Abuse and Mental Health Service Administration</b>				
AWARE	93.243	1H79SM062599-01	6,633	-
AWARE	93.243	1H79SM062599-02	99,115	
<b>Passed through Travis County</b>				
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse -System of Care	93.087	4400000374Mod20	7,748	-
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse -System of Care	93.087	44000002870Mod21	152,464	-
<b>Total U.S. Department of Health and Human Services</b>			8,702,807	65,000
<b>U.S. Department of Education - Office of Special Education</b>				
<b>Passed through Texas Department of Assistive &amp; Rehabilitative Services</b>				
Special Education - Grants to States (Idea, Part B)	84.027	538-13-7777-00000000000062	38,641	-
Special Education - Grants for Infants and Families with Disabilities (IDEA, Part C)	84.181	538-13-7777-00000000000062	422,651	-
<b>Total U.S. Department of Education- Office of Special Education</b>			461,292	-
<b>U.S. Department of Housing and Urban Development</b>				
<b>Direct Awards</b>				
Continuum of Care Program - HUD Fresh Start	14.267	TX0374L6J031401	70,449	-
Continuum of Care Program - HUD Fresh Start	14.267	TX0374L6J031502	170,439	-
<b>Passed through City of Austin</b>				
Community Development Block Grant - YAFAC	14.218	NI130000011	6,448	-
Community Development Block Grant - YAFAC	14.218	NI170000008	202,814	-
<b>Passed through Lifeworks</b>				
HUD Emergency Solutions Grants (ESG) Program	14.231	42160002567	69,470	-
<b>Total U.S. Department of Housing and Urban Development</b>			519,620	-
<b>Total Federal Awards</b>			\$ 9,683,719	\$ 65,000
<b>TOTAL STATE AND FEDERAL AWARDS</b>			\$ 39,338,818	\$ 644,267

**INTEGRAL CARE**  
**NOTE TO SCHEDULE OF EXPENDITURES OF**  
**STATE AND FEDERAL AWARDS**  
**For the Year Ended August 31, 2017**

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**NOTE 1: REPORTING ENTITY**

The accompanying Schedule of Expenditures of State and Federal Awards presents the activity of all applicable state and federal financial assistance programs of Integral Care ('Integral Care'). Integral Care's reporting entity is defined in Note 1 to the basis financial statements. State and federal financial assistance received directly from state and federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule (See Note 5).

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of State and Federal Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 3 of the basic financial statements. The format for the accompanying schedule has been prescribed by the Texas Department of Health and Human Services.

**NOTE 3: PROGRAM OR AWARD AMOUNTS**

Amounts include contract/award amounts plus any additional reimbursement monies received for fiscal year 2017.

**NOTE 4: STATE FINANCIAL ASSISTANCE GUIDELINES**

State financial assistance is subject to the *Texas Health and Human Services Commission's (HHSC) Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*. Such guidelines are consistent with those required under Title 2, U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the State of Texas Uniform Grant Management Standards, and *Government Auditing Standards*, issued by the Comptroller General of the United States.

**NOTE 5: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Certain state and federal programs have been excluded from the Schedule of Expenditures of State and Federal Awards (SEFA).

Federal revenues earned and received from the Centers for Medicare and Medicaid Services (CMS) and passed through HHSC for the HHSC Healthcare Transformation and Quality Improvement Program – 1115 demonstration waiver are excluded from the Federal awards section of the SEFA. In addition, certain state contracts have been excluded from the State awards section of the SEFA by specific request of the funding agency. These contracts are with the Texas Correctional Office on the Offenders with Medical or Mental Impairments (TCOOMI) which is passed through the Texas Department of Criminal Justice.

The state and federal monies excluded from the SEFA are not considered financial assistance as defined by the Uniform Guidance.



**INTEGRAL CARE**  
**NOTE TO SCHEDULE OF EXPENDITURES OF**  
**STATE AND FEDERAL AWARDS**  
**For the Year Ended August 31, 2017**

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**NOTE 5: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS - CONTINUED**

State and federal revenues in Integral Care's basic financial statements also differ from the accompanying schedule due to classifications based on the passed through entity.

A reconciliation of the SEFA to the audited financial statements is as follows:

State expenditures per schedule	\$ 29,655,099
TCOOMMI	1,767,847
TRC Fees Billed	21,637
Other	699
Other reveues per basic financial statements	<u>\$ 31,445,282</u>
Federal expenditures per schedule	\$ 9,683,719
1115 Transformation Waiver	18,966,498
Veterans Administration	602,866
Other	1,892
Federal revenues per basic financial statements	<u>\$ 29,254,975</u>

**NOTE 6: INDIRECT COST RATE**

Integral Care has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance, but rather the rates established directly with the respective state and/or federal agency.

**INTEGRAL CARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

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**SECTION 1 - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material Weaknesses identified? ☐ Yes ☒ No
- Significant deficiency identified that are not considered to be material weakness? ☐ Yes ☒ None Reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified? ☐ Yes ☒ No
- Significant deficiency identified that are not considered to be material weakness? ☐ Yes ☒ 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 2 CFR section 200.516(a) of the Uniform Guidance? ☐ Yes ☒ No

Identification of major programs:

- CFDA Number  
93.778 - Medicaid Assistance Program - Medicaid and ECI  
Medicaid Administrative Claiming  
93.558 - Temporary Assistance for Needy Families (TANF)  
93.959 - Block Grant for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between type A and type B programs?

\$ 750,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

**INTEGRAL CARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

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**SECTION 1 - SUMMARY OF AUDITORS' RESULTS - CONTINUED**

**Financial Statements - Continued**

**State Awards**

Internal control over major programs:

- Material weaknesses identified? ☐ Yes ☒ No
- Significant deficiency identified that are not considered to be material weakness? ☐ Yes ☒ 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 UGMS? ☐ Yes ☒ No

Identification of major programs:

- State General Revenue:  
**Texas DSHS:**  
Behavioral Health - Adult  
Behavioral Health - Child  
Crisis Redesign  
PESC  
**Texas DADS:**  
Intellectual & Developmental Disabilities  
CLOIP

Dollar threshold used to distinguish between type A and type B programs?

\$ 889,653

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

**INTEGRAL CARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**For the Year Ended August 31, 2017**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported.

**SECTION III - FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

**SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

None reported.

DRAFT



## CASH AND INVESTMENT REPORT

For the month ended November 30, 2017

Cash and Cash Equivalents	Investments Market Value	Investments Book Value	Percentage of Portfolio	Monthly Interest	Interest Rates	Stated Maturity Term	Average Days to Maturity
<b>Chase Bank of Texas</b> Deposit Account	6,153,209	6,153,209	35.16%	1,847	0.35%	1	1
<b>Frost Bank</b> Deposit Account	9,106,522	9,106,522	52.04%	10,699	1.08%	1	1
<b>Short-term Investments:</b> TexPool Fund - Operating TexPool Fund - Middelburg Trust	1,925,302 313,606	1,925,302 313,606	11.00% 1.79%	1,661 271	1.05% 1.05%	1 1	1 1
<b>Totals and Averages, current month</b>	17,498,639	17,498,639	100.00%	14,477	0.82%	1	1
<b>Totals and Averages, previous month</b>	\$ 21,653,460	\$ 21,653,460	100.00%	\$ 11,266	0.93%	1	1
<b>Totals and Averages, previous year</b>	\$ 18,038,601	\$ 18,038,601	100.00%	3,852	0.31%	1	1

**Benchmark: 90-day T-bill rate at 11/30/17 - 1.23%**

This report is in full compliance with the investment policy as established for the Investment Portfolio, the Public Funds Investment Act (Chapter 2256.023 and Generally Accepted Accounting Principles (GAAP).

(1) - The period change is the result of changes in cash position and not fluctuations in market value of investments.

*David A. Weden* 12/27/17

David A. Weden, CAO/CFO

*Mark Watson* 12/27/2017

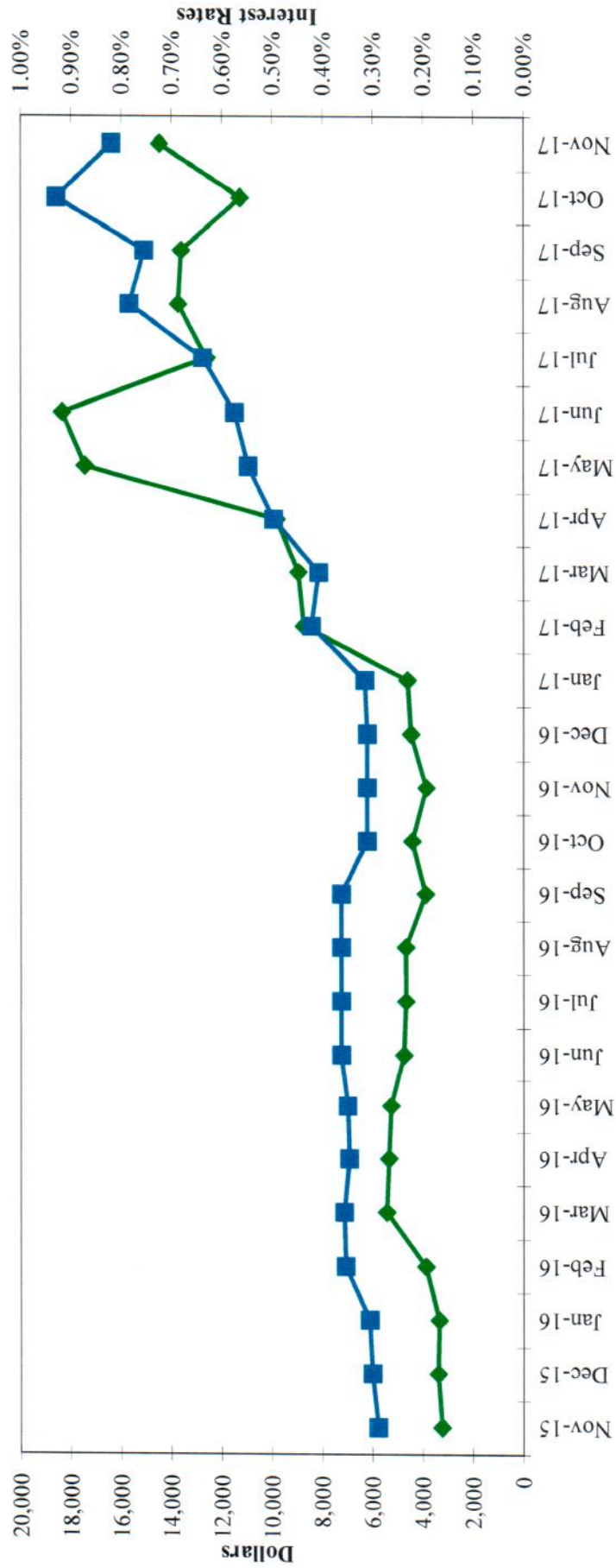
Mark Watson, Director of Accounting



**LIST OF SECURITIES**  
For the month ended November 30, 2017

Cash and Cash Equivalents	Purchase Dates	Investments Book Values	Interest Rates	Maturity Dates	Average Days to Maturity
<b><u>Chase Bank of Texas</u></b>					
Chase Bank Depository Account	6/1/2007	6,153,209	0.35%		1
<b><u>Frost Bank</u></b>					
Frost Bank Depository Account	2/1/2017	9,106,522	1.08%		1
<b><u>Short-term Investments:</u></b>					
TexPool Fund - Operating	6/1/2007	1,925,302	1.05%		1
TexPool Fund - Midelburg Trust	6/1/2007	313,606	1.05%		1
<b>Total</b>		<b>\$ 17,498,639</b>	<b>0.82%</b>		<b>1</b>

# Interest Rates and Earnings Comparison



**November'17**  
**0.82%**  
**14,477**

**November'16**  
**0.31%**  
**3,852**

**November'15**  
**0.29%**  
**3,228**

**Interest Rate**  
**Earnings**



# CASH AND INVESTMENT REPORT

For the month ended December 31, 2017

Cash and Cash Equivalents	Investments Market Value	Investments Book Value	Percentage of Portfolio	Monthly Interest	Interest Rates	Stated Maturity Term	Average Days to Maturity
<u>Chase Bank of Texas</u> Deposit Account	169,815	169,815	0.95%	1,772	0.35%	1	1
<u>Frost Bank</u> Deposit Account	15,453,312	15,453,312	86.49%	8,887	1.23%	1	1
<u>Edward Jones</u> Stock Donations	3,125	3,125	0.02%	-		1	1
<u>Short-term Investments:</u> TexPool Fund - Operating TexPool Fund - Middelburg Trust	1,927,225 313,919	1,927,225 313,919	10.79% 1.76%	1,924 313	1.18% 1.18%	1 1	1 1
<b>Totals and Averages, current month</b>	<u>17,867,397</u>	<u>17,867,397</u>	<u>100.00%</u>	<u>12,896</u>	<u>1.21%</u>	<u>1</u>	<u>1</u>
<b>Totals and Averages, previous month</b>	\$ 17,498,639	\$ 17,498,639	100.00%	\$ 14,477	0.82%	1	1
<b>Totals and Averages, previous year</b>	\$ 21,984,913	\$ 21,984,913	100.00%	4,466	0.31%	1	1

**Benchmark: 90-day T-bill rate at 12/31/17 - 1.32%**

This report is in full compliance with the investment policy as established for the Investment Portfolio, the Public Funds Investment Act (Chapter 2256.023 and Generally Accepted Accounting Principles (GAAP).

(1) - The period change is the result of changes in cash position and not fluctuations in market value of investments.

  
David A. Weden, CAO/CFO

1/18/18

  
Mark Watson, Director of Accounting

1/18/18



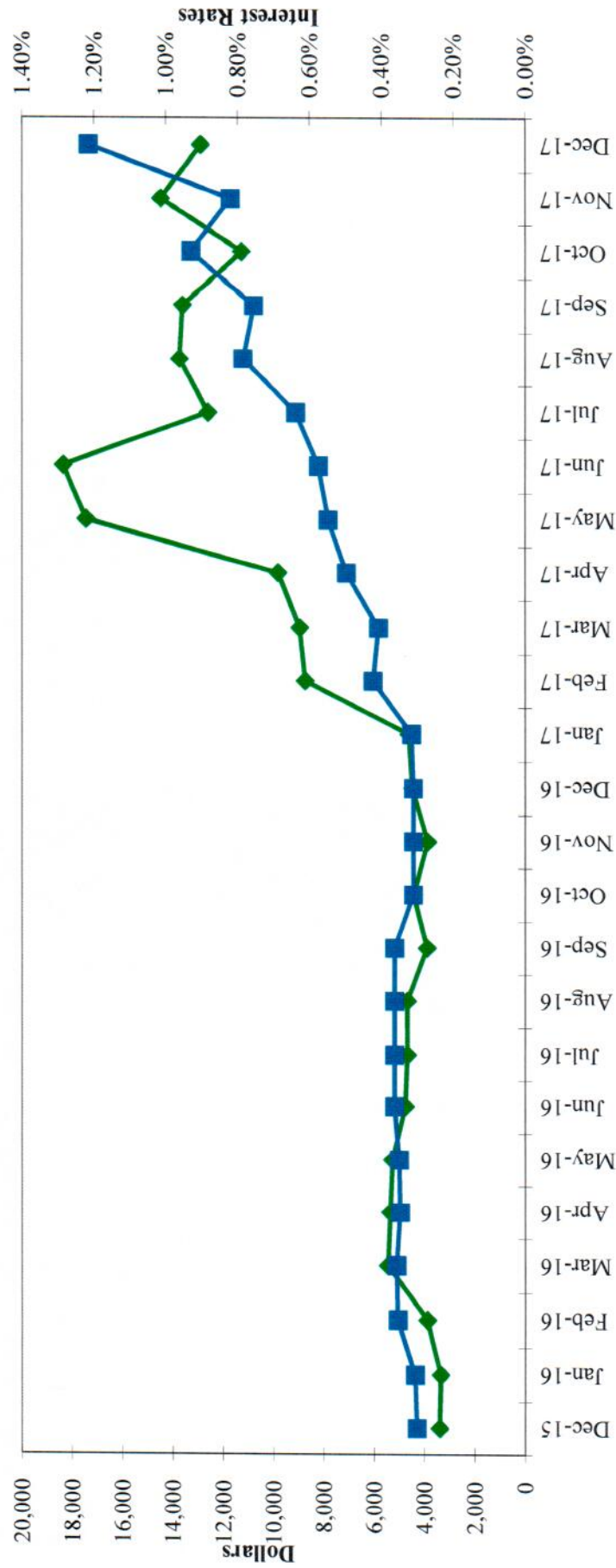


## LIST OF SECURITIES

For the month ended December 31, 2017

Cash and Cash Equivalents	Purchase Dates	Investments Book Values	Interest Rates	Maturity Dates	Average Days to Maturity
<b><u>Chase Bank of Texas</u></b>					
Chase Bank Depository Account	6/1/2007	\$ 169,815	0.35%		1
<b><u>Frost Bank</u></b>					
Frost Bank Depository Account	2/1/2017	15,453,312	1.23%		1
<b><u>Edward Jones</u></b>					
Stock Donations	12/6/2017	3,125	0.00%		1
<b><u>Short-term Investments:</u></b>					
TexPool Fund - Operating	6/1/2007	1,927,225	1.18%		1
TexPool Fund - Midelburg Trust	6/1/2007	313,919	1.18%		1
<b>Total</b>		<b>\$ 17,867,397</b>	<b>1.21%</b>		<b>1</b>

# Interest Rates and Earnings Comparison



**December'17**  
**1.21%**  
**12,896**

**December'16**  
**0.31%**  
**4,466**

**December'15**  
**0.30%**  
**3,388**

**Interest Rate**  
**Earnings**

**Austin Travis County Integral Care  
Financial Summary Period Ending November 30, 2017**

	Sub-Total			
	Operations	Waiver	Operations & Waiver	Capital Projects
<b>Total Annual Budget - Current</b>	\$ 80,568,773	\$ 15,198,172	\$ 95,766,945	\$ 22,906,383
<b>Total Annual Budget - Original</b>	\$ 80,457,247	\$ 15,198,172	\$ 95,655,419	\$ 22,906,383
<b>Total Budget Amendments</b>	\$ 111,526	\$ -	\$ 111,526	\$ -
<b>Year-to-Date (YTD) Net</b>	\$ (317,146)	\$ -	\$ (317,146)	\$ (1,733,283)
<b>Year-to-Date Planned Fund Balance Exp</b>	\$ (55,855)	\$ -	\$ (55,855)	\$ (1,731,874)
<b>Year-to-Date Net (without FB planned loss)</b>	\$ (261,290)	\$ -	\$ (261,290)	\$ (1,409)
<b>Total</b>				
				\$ 118,673,328
				\$ 118,561,802
				\$ 111,526
				\$ (2,050,429)
				\$ (1,787,729)
				\$ (262,700)

Notes:

1) Fund Balance	Fund Balance Category	2017 Ending Fund Balance (NOT FINAL)	FY2018 YTD Net Operations	FY2018 YTD Fund Balance	Unrestricted Fund Balance Days of Operation			
					Total Unrestricted / Waiver FB	FY18 Fund Balance Budget-Bal	FY2018 YTD Adj Fund Balance	YTD Average Operations Expense
Operations	Unassigned	\$ 9,268,381	\$ (484,490)	\$ 8,783,891	\$ 8,783,891	\$ 20,434,823	\$ 19,048,591	\$ 226,497
Middelberg	Restricted	6,653	-	6,653	-	-	-	-
Waiver	Assigned	11,650,932	-	11,650,932	\$ 11,650,932	\$ 11,650,932	\$ 11,650,932	\$ 11,650,932
Sale of NLJ/Purchase Renovation 1165 Airport	Assigned	1,565,939	(1,565,939)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Fund Balance</b>		\$ 22,491,905	\$ (2,050,429)	\$ 20,441,476	\$ 20,434,823	\$ 20,434,823	\$ 20,434,823	\$ 20,434,823

2)

2018 Fund Balance Budget		Annual Budget	Used to Date	Budget Balance
Unrestricted:				
Airport Facility Renovation (restricted sale of NLJ Property)		(1,217,387)	(165,935)	(1,051,452)
Early Child Intervention (ECI) Program		(167,015)	(25,106)	(141,909)
Unallowable Type Expenses (recurring type expenses)		(223,620)	(30,750)	(192,870)
Total Unrestricted Fund Balance Budget		\$ (1,608,022)	\$ (221,790)	\$ (1,386,232)
Airport Facility Renovation (restricted sale of NLJ Property)		(1,565,939)	(1,565,939)	-
Total FY2017 Fund Balance		\$ (3,173,961)	\$ (1,787,729)	\$ (1,386,232)

3) Capital Projects Include:	Budget	YTD Revenue	YTD Expense	YTD Net
Project Plan Future EMR	\$ 1,000,000	\$ -	\$ -	\$ -
Collier Facility Roof Replacement	600,000	-	-	-
Lamar New Lease Build-Out	242,700	117,347	117,347	-
Airport Facility Renovation	2,783,326	0	1,731,874	(1,731,874)
ACC Oaksprings Facility	18,280,357	235,030	235,030	-
Rundberg Facility Expansion Build Out	-	-	1,409	(1,409)
<b>Total Capital Projects</b>	\$ 22,906,383	\$ 352,377	\$ 2,085,660	\$ (1,733,283)



Balance Sheet - General Operating Fund - Schedule N2  
As of 11/30/2017

	Unaudited Beginning Balance 9/01/2017	Prior Period Balance 10/31/2017	Current Period Balance 11/30/2017	Notes	Current Period Change	Year To Date Change	Current Period % Change	Year To Date % Change
<b>Assets</b>								
<b>Current Assets</b>								
Cash	\$ 23,193,912	\$ 21,630,810	\$ 17,477,094		\$ (4,153,716)	\$ (5,716,818)	(19.20%)	(32.71%)
Accounts Receivable	12,278,627	10,542,871	12,494,686		1,951,815	216,059	18.51%	1.73%
Deposits and Prepaids	578,257	728,081	736,421		8,341	158,165	1.15%	21.48%
Inventory	-	-	-		-	-	-	-
<b>Total Current Assets</b>	<b>\$ 36,050,795</b>	<b>\$ 32,901,762</b>	<b>\$ 30,708,201</b>		<b>\$ (2,193,561)</b>	<b>\$ (5,342,594)</b>	<b>(6.67%)</b>	<b>(14.82%)</b>
<b>Noncurrent Assets</b>								
Investment in Tejas	\$ -	\$ -	\$ -		\$ -	\$ -	-	0.00%
Investment in NMF	128,649	128,649	128,649		-	-	-	0.00%
Investment in Housing First Oak Springs	-	-	-		-	-	-	-
<b>Total Noncurrent Assets</b>	<b>\$ 128,649</b>	<b>\$ 128,649</b>	<b>\$ 128,649</b>		<b>\$ -</b>	<b>\$ -</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total Assets</b>	<b>\$ 36,179,444</b>	<b>\$ 33,030,411</b>	<b>\$ 30,836,850</b>		<b>\$ (2,193,561)</b>	<b>\$ (5,342,594)</b>	<b>(6.64%)</b>	<b>(14.77%)</b>
<b>Liabilities</b>								
<b>Current Liabilities</b>								
Interfund Payables	\$ 414,251	\$ 376,917	\$ 373,245		\$ (3,671)	\$ (41,006)	(0.97%)	(9.90%)
Accounts Payable	6,134,382	1,776,315	1,943,449		167,134	(4,190,934)	9.41%	(68.32%)
Deferred Revenue	2,220,956	5,754,330	4,359,620		(1,394,710)	2,138,664	(24.24%)	96.29%
Fringe Payables	3,246,609	1,688,293	1,860,422		172,129	(1,386,186)	10.20%	(42.70%)
<b>Total Current Liabilities</b>	<b>\$ 12,016,198</b>	<b>\$ 9,595,855</b>	<b>\$ 8,536,736</b>		<b>\$ (1,059,119)</b>	<b>\$ (3,479,462)</b>	<b>(11.04%)</b>	<b>(28.96%)</b>
<b>Noncurrent Liabilities</b>								
Accrued Compensated Absences	\$ 1,671,342	\$ 1,809,938	\$ 1,858,638		\$ 48,700	\$ 187,297	2.69%	11.21%
<b>Total Noncurrent Liabilities</b>	<b>\$ 1,671,342</b>	<b>\$ 1,809,938</b>	<b>\$ 1,858,638</b>		<b>\$ 48,700</b>	<b>\$ 187,297</b>	<b>2.69%</b>	<b>11.21%</b>
<b>Total Liabilities</b>	<b>\$ 13,687,539</b>	<b>\$ 11,405,793</b>	<b>\$ 10,395,374</b>		<b>\$ (1,010,419)</b>	<b>\$ (3,292,165)</b>	<b>(8.86%)</b>	<b>(24.05%)</b>
<b>Fund Equity</b>								
<b>Fund Balance - Operations</b>								
Fund Balance - Operations	\$ 9,275,033	\$ 9,275,033	\$ 9,275,033		\$ -	\$ -	0.00%	0.00%
Net Income - Operations	-	(128,169)	(317,146)		(188,977)	(317,146)	147.44%	-
Net Income - Capital Projects (excluding Airport)	-	(0)	(1,409)		(1,409)	(1,409)	-	-
<b>Total Fund Balance - Operations</b>	<b>\$ 9,275,033</b>	<b>\$ 9,146,864</b>	<b>\$ 8,956,478</b>	(4)	<b>\$ (190,386)</b>	<b>\$ (318,555)</b>	<b>(2.08%)</b>	<b>(3.43%)</b>
<b>Fund Balance - 1115 Waiver</b>								
Fund Balance - 1115 Waiver	\$ 11,650,932	\$ 11,650,932	\$ 11,650,932		\$ -	\$ -	0.00%	0.00%
Net Income - 1115 Waiver	-	-	-		-	-	-	-
<b>Total Fund Balance - 1115 Waiver</b>	<b>\$ 11,650,932</b>	<b>\$ 11,650,932</b>	<b>\$ 11,650,932</b>	(5)	<b>\$ -</b>	<b>\$ -</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Fund Balance - Airport Building Capital Project</b>								
Fund Balance - Airport Building Capital Project	\$ 1,565,939	\$ 1,565,939	\$ 1,565,939		\$ -	\$ -	0.00%	0.00%
Net Income - Airport Building Capital Project	-	(739,118)	(1,731,874)		(992,756)	(1,731,874)	134.32%	-
<b>Total Fund Balance - Airport Building Capital Project</b>	<b>\$ 1,565,939</b>	<b>\$ 826,821</b>	<b>\$ (165,935)</b>	(6)	<b>\$ (992,756)</b>	<b>\$ (1,731,874)</b>	<b>(120.07%)</b>	<b>(110.60%)</b>
<b>Total Fund Equity</b>	<b>\$ 22,491,905</b>	<b>\$ 21,624,618</b>	<b>\$ 20,441,476</b>		<b>\$ (1,183,142)</b>	<b>\$ (2,050,429)</b>	<b>(5.47%)</b>	<b>(9.12%)</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 36,179,444</b>	<b>\$ 33,030,411</b>	<b>\$ 30,836,850</b>		<b>\$ (2,193,561)</b>	<b>\$ (5,342,594)</b>	<b>(6.64%)</b>	<b>(14.77%)</b>

Schedule N2 Balance Sheet Gen. Op. Fund

Statement of Revenues and Expenditures - Schedule C1 - Combined  
From 11/01/2017 Through 11/30/2017

Schedule C1 - Combined

REVENUES	Original Budget	Budget Revisions	Revised Budget	Current Month Actual	YTD Actual	YTD Budget	YTD Variance	Percent Variance
<b>Local Funds</b>								
City of Austin	\$ 9,021,952	\$ 1,454	\$ 9,023,406	\$ 365,453	\$ 1,158,344	\$ 2,255,856	\$ (1,097,512)	(48.65%)
Travis County	6,027,302	(126,711)	5,900,591	423,104	1,102,903	1,475,154	(372,251)	(25.23%)
Central Health	10,133,312	-	10,133,312	744,737	1,626,589	2,533,329	(906,740)	(35.79%)
Other Local	19,470,021	(141,234)	19,328,787	551,695	1,648,883	4,832,211	(3,183,328)	(65.88%)
<b>Total Local Funds</b>	<b>\$ 44,652,587</b>	<b>\$ (266,491)</b>	<b>\$ 44,386,096</b>	<b>\$ 2,084,989</b>	<b>\$ 5,536,719</b>	<b>\$ 11,096,550</b>	<b>\$ (5,559,831)</b>	<b>(50.10%)</b>
<b>State Funds</b>								
DSHS Mental Health	\$ 26,716,102	\$ (688,724)	\$ 26,027,378	\$ 2,036,938	\$ 5,683,844	\$ 6,506,856	\$ (823,012)	(12.65%)
DSHS Substance Abuse	2,296,317	246,901	2,543,218	239,648	632,114	635,805	(3,691)	(0.58%)
DADS	4,391,844	-	4,391,844	292,464	856,559	1,097,955	(241,396)	(21.99%)
TCO/OMMI	1,861,842	(53,228)	1,808,614	151,798	427,999	452,154	(24,155)	(5.34%)
DARS (Early Childhood Intervention)	637,828	15,423	653,251	53,630	159,780	163,314	(3,534)	(2.16%)
Other State	120,214	-	120,214	12,791	30,274	30,054	220	0.73%
<b>Total State Funds</b>	<b>\$ 36,024,147</b>	<b>\$ (479,628)</b>	<b>\$ 35,544,519</b>	<b>\$ 2,787,268</b>	<b>\$ 7,790,570</b>	<b>\$ 8,886,138</b>	<b>\$ (1,095,568)</b>	<b>(12.33%)</b>
<b>Federal Funds</b>								
Medicare/Medicaid/HMO	\$ 12,446,741	\$ 735,331	\$ 13,182,072	\$ 921,993	\$ 2,611,480	\$ 3,295,554	\$ (684,074)	(20.76%)
HCS/Tx Hm Lvg Waiver	238,326	-	238,326	19,517	57,261	59,583	(2,322)	(3.90%)
Other Federal	3,727,477	122,314	3,849,791	281,432	861,640	962,448	(100,808)	(10.47%)
<b>Total Federal Funds</b>	<b>\$ 16,412,544</b>	<b>\$ 857,645</b>	<b>\$ 17,270,189</b>	<b>\$ 1,222,943</b>	<b>\$ 3,530,381</b>	<b>\$ 4,317,585</b>	<b>\$ (787,204)</b>	<b>(18.23%)</b>
<b>Waiver Funds</b>								
1115 Waiver	\$ 18,298,563	-	\$ 18,298,563	\$ 1,374,260	\$ 3,788,746	\$ 4,574,649	\$ (785,903)	(17.18%)
<b>Total Waiver Funds</b>	<b>\$ 18,298,563</b>	<b>\$ -</b>	<b>\$ 18,298,563</b>	<b>\$ 1,374,260</b>	<b>\$ 3,788,746</b>	<b>\$ 4,574,649</b>	<b>\$ (785,903)</b>	<b>(17.18%)</b>
<b>Total REVENUES</b>	<b>\$ 115,387,841</b>	<b>\$ 111,526</b>	<b>\$ 115,499,367</b>	<b>\$ 7,469,460</b>	<b>\$ 20,646,416</b>	<b>\$ 28,874,922</b>	<b>\$ (8,228,506)</b>	<b>(28.50%)</b>
<b>EXPENDITURES</b>								
<b>Operating expenditures</b>								
Salaries	\$ 49,523,276	\$ 93,904	\$ 49,617,180	\$ 3,818,331	\$ 11,307,582	\$ 12,404,358	\$ 1,096,776	8.84%
Fringe benefits	13,172,923	11,550	13,184,473	890,072	2,659,309	3,296,244	636,935	19.32%
Travel/Workshop	1,022,610	(1,704)	1,020,906	64,440	131,436	255,276	123,840	48.51%
Prescription Drugs & Medicine	521,418	(4,305)	517,113	38,332	66,600	129,291	62,691	48.49%
Consumable Supplies	310,897	-	310,897	35,319	74,681	77,760	3,079	3.96%
Contracts & Consultants	21,264,121	49,520	21,313,641	1,781,491	3,861,221	5,328,447	1,467,226	27.54%
Capital Outlay	17,266,756	-	17,266,756	1,035,803	1,667,259	4,316,706	2,649,447	61.38%
Furniture & Equipment	1,083,636	-	1,083,636	167,710	474,914	270,954	(203,960)	(75.27%)
Facility/Telephone/Utility	5,519,235	(37,439)	5,481,796	491,915	1,461,187	1,370,619	(90,568)	(6.61%)
Insurance Costs	335,983	-	335,983	26,491	77,500	84,027	6,527	7.77%
Transportation Costs	120,242	-	120,242	11,621	30,319	30,069	(250)	(0.83%)
Professional Fees	940,703	-	940,703	92,124	328,966	235,179	(93,787)	(39.88%)
Other Operating Costs	5,910,025	-	5,910,025	77,594	236,232	1,477,539	1,241,307	84.01%
Client Support Costs	1,569,977	-	1,569,977	121,367	319,654	392,502	72,848	18.56%
<b>Total Operating expenditures</b>	<b>\$ 118,561,802</b>	<b>\$ 111,526</b>	<b>\$ 118,673,328</b>	<b>\$ 8,652,608</b>	<b>\$ 22,696,861</b>	<b>\$ 29,668,971</b>	<b>\$ 6,972,110</b>	<b>23.50%</b>
<b>Total EXPENDITURES</b>	<b>\$ 118,561,802</b>	<b>\$ 111,526</b>	<b>\$ 118,673,328</b>	<b>\$ 8,652,608</b>	<b>\$ 22,696,861</b>	<b>\$ 29,668,971</b>	<b>\$ 6,972,110</b>	<b>23.50%</b>
<b>Total Gain/Loss Operating before FB</b>	<b>\$ (3,173,961)</b>	<b>\$ -</b>	<b>\$ (3,173,961)</b>	<b>\$ (1,183,147)</b>	<b>\$ (2,050,445)</b>	<b>\$ (794,049)</b>	<b>\$ (1,256,396)</b>	<b>158.23%</b>
<b>Fund Balance</b>								
Fund Balance	\$ 3,173,961	\$ -	\$ 3,173,961	\$ -	\$ -	\$ 793,491	\$ (793,475)	(100.00%)
<b>Total Fund Balance</b>	<b>\$ 3,173,961</b>	<b>\$ -</b>	<b>\$ 3,173,961</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 793,491</b>	<b>\$ (793,475)</b>	<b>(100.00%)</b>
<b>Total Gain/Loss Operating With FB</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,183,142)</b>	<b>\$ (2,050,429)</b>	<b>\$ (558)</b>	<b>\$ (2,049,871)</b>	<b>100.00%</b>



Statement of Revenues and Expenditures - Schedule C2 - Operations  
From 11/01/2017 Through 11/30/2017

Schedule C2 - Operations

REVENUES

Local Funds

City of Austin	\$ 5,133,840	\$ 1,454	\$ 5,135,294	\$ 365,453	\$ 1,158,344	\$ 1,283,829	\$ (125,485)	(9.77%)
Travis County	6,027,302	(126,711)	5,900,591	423,104	1,102,903	1,475,154	(372,251)	(25.23%)
Central Health	10,133,312	0	10,133,312	744,737	1,626,589	2,533,329	(906,740)	(35.79%)
Other Local	4,978,349	(141,234)	4,837,115	494,039	1,468,453	1,209,291	259,162	21.43%
<b>Total Local Funds</b>	<b>\$ 26,272,803</b>	<b>\$ (266,491)</b>	<b>\$ 26,006,312</b>	<b>\$ 2,027,333</b>	<b>\$ 5,356,289</b>	<b>\$ 6,501,603</b>	<b>\$ (1,145,314)</b>	<b>(17.62%)</b>

State Funds

DSHS Mental Health	\$ 26,616,102	\$ (688,724)	\$ 25,927,378	\$ 2,036,938	\$ 5,583,844	\$ 6,481,857	\$ (898,013)	(13.85%)
DSHS Substance Abuse	2,296,317	246,901	2,543,218	239,648	632,114	635,805	(3,691)	(0.58%)
DADS	4,391,844	0	4,391,844	292,464	856,559	1,097,955	(241,396)	(21.99%)
TCOOMMI	1,861,842	(53,228)	1,808,614	151,798	427,999	452,154	(24,155)	(5.34%)
DARS (Early Childhood Intervention)	637,828	15,423	653,251	53,630	159,780	163,314	(3,534)	(2.16%)
Other State	120,214	0	120,214	12,791	30,274	30,054	220	0.73%
<b>Total State Funds</b>	<b>\$ 35,924,147</b>	<b>\$ (479,628)</b>	<b>\$ 35,444,519</b>	<b>\$ 2,787,268</b>	<b>\$ 7,690,570</b>	<b>\$ 8,861,139</b>	<b>\$ (1,170,569)</b>	<b>(13.21%)</b>

Federal Funds

Medicare/Medicaid/HMO	\$ 10,813,714	\$ 625,506	\$ 11,439,220	\$ 783,683	\$ 2,236,887	\$ 2,859,819	\$ (622,932)	(21.78%)
HCS/Tx Hm Lvg Waiver	238,326	0	238,326	19,517	57,261	59,583	(2,322)	(3.90%)
Other Federal	3,727,477	122,314	3,849,791	281,432	861,640	962,448	(100,808)	(10.47%)
<b>Total Federal Funds</b>	<b>\$ 14,779,517</b>	<b>\$ 747,820</b>	<b>\$ 15,527,337</b>	<b>\$ 1,084,632</b>	<b>\$ 3,155,787</b>	<b>\$ 3,881,850</b>	<b>\$ (726,063)</b>	<b>(18.70%)</b>

Waiver Funds

1115 Waiver	\$ 3,090,145	\$ 109,825	\$ 3,199,970	\$ 287,536	\$ 763,648	\$ 799,995	\$ (36,347)	(4.54%)
<b>Total Waiver Funds</b>	<b>\$ 3,090,145</b>	<b>\$ 109,825</b>	<b>\$ 3,199,970</b>	<b>\$ 287,536</b>	<b>\$ 763,648</b>	<b>\$ 799,995</b>	<b>\$ (36,347)</b>	<b>(4.54%)</b>

**Total REVENUES**  
**\$ 80,066,612**

EXPENDITURES

Operating expenditures

Salaries	\$ 40,254,641	\$ 58,782	\$ 40,313,423	\$ 3,127,980	\$ 9,261,078	\$ 10,078,410	\$ 817,332	8.11%
Fringe benefits	10,730,097	7,036	10,737,133	729,599	2,184,779	2,684,397	499,618	18.61%
Travel/Workshop	833,733	493	834,226	52,701	109,865	208,599	98,734	47.33%
Prescription Drugs & Medicine	464,825	(4,305)	460,520	34,235	56,326	115,140	58,814	51.08%
Consumable Supplies	267,138	0	267,138	31,984	62,402	66,810	4,408	6.60%
Contracts & Consultants	19,579,579	49,520	19,629,099	1,590,442	3,423,768	4,907,310	1,483,542	30.23%
Capital Outlay	110,560	0	110,560	9,825	12,297	27,654	15,357	55.53%
Furniture & Equipment	886,450	0	886,450	137,491	303,638	221,649	(81,989)	(36.99%)
Facility/Telephone/Utility	4,472,640	0	4,472,640	411,776	1,222,598	1,118,331	(104,267)	(9.32%)
Insurance Costs	277,940	0	277,940	21,768	63,630	69,513	5,883	8.46%
Transportation Costs	98,492	0	98,492	9,966	22,730	24,627	1,897	7.70%
Professional Fees	185,653	0	185,653	24,885	52,237	46,419	(5,818)	(12.53%)
Other Operating Costs	739,963	0	739,963	73,114	192,868	185,013	(7,855)	(4.25%)
Client Support Costs	1,555,536	0	1,555,536	119,986	315,241	388,893	73,652	18.94%
<b>Total Operating expenditures</b>	<b>\$ 80,457,247</b>	<b>\$ 111,526</b>	<b>\$ 80,568,773</b>	<b>\$ 6,375,752</b>	<b>\$ 17,283,456</b>	<b>\$ 20,142,765</b>	<b>\$ 2,859,309</b>	<b>14.20%</b>
<b>Total EXPENDITURES</b>	<b>\$ 80,457,247</b>	<b>\$ 111,526</b>	<b>\$ 80,568,773</b>	<b>\$ 6,375,752</b>	<b>\$ 17,283,456</b>	<b>\$ 20,142,765</b>	<b>\$ 2,859,309</b>	<b>14.20%</b>

**Total Gain/Loss Operating before FB**  
**\$ (390,635)**

Fund Balance

Fund Balance	\$ 390,635	\$ -	\$ 390,635	\$ -	\$ -	\$ 97,659	\$ (97,643)	(99.98%)
<b>Total Fund Balance</b>	<b>\$ 390,635</b>	<b>\$ -</b>	<b>\$ 390,635</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 97,659</b>	<b>\$ (97,643)</b>	<b>(99.98%)</b>

**Total Gain/Loss Operating With FB**  
**\$ -**

**Statement of Revenues and Expenditures - Schedule C3 - Waiver  
From 11/01/2017 Through 11/30/2017**

Schedule C3 - Waiver									
	Original Budget	Budget Revisions	Revised Budget	Current Month Actual	YTD Actual	YTD Budget	YTD Variance	Percent Variance	
REVENUES									
Local Funds									
Other Local	\$ 199,427	\$ -	\$ 199,427	\$ 24,148	\$ 45,400	\$ 49,860	\$ (4,460)	(8.95%)	
Total Local Funds	\$ 199,427	\$ -	\$ 199,427	\$ 24,148	\$ 45,400	\$ 49,860	\$ (4,460)	(8.95%)	
Federal Funds									
Medicare/Medicaid/HMO	\$ 1,633,027	\$ 109,825	\$ 1,742,852	\$ 138,310	\$ 374,594	\$ 435,735	\$ (61,141)	(14.03%)	
Total Federal Funds	\$ 1,633,027	\$ 109,825	\$ 1,742,852	\$ 138,310	\$ 374,594	\$ 435,735	\$ (61,141)	(14.03%)	
Waiver Funds									
1115 Waiver	\$ 13,365,718	\$ (109,825)	\$ 13,255,893	\$ 1,006,956	\$ 2,907,751	\$ 3,313,980	\$ (406,229)	(12.26%)	
Total Waiver Funds	\$ 13,365,718	\$ (109,825)	\$ 13,255,893	\$ 1,006,956	\$ 2,907,751	\$ 3,313,980	\$ (406,229)	(12.26%)	
Total REVENUES	\$ 15,198,172	\$ -	\$ 15,198,172	\$ 1,169,414	\$ 3,327,745	\$ 3,799,575	\$ (471,830)	(12.42%)	
EXPENDITURES									
Operating expenditures									
Salaries	\$ 9,268,635	\$ 35,122	\$ 9,303,757	\$ 690,351	\$ 2,046,504	\$ 2,325,948	\$ 279,444	12.01%	
Fringe benefits	2,442,826	4,514	2,447,340	160,472	474,530	611,847	137,317	22.44%	
Travel/Workshop	188,877	(2,197)	186,680	11,739	21,571	46,677	25,106	53.79%	
Prescription Drugs & Medicine	56,593	-	56,593	4,097	10,274	14,151	3,877	27.40%	
Consumable Supplies	43,759	-	43,759	3,335	12,279	10,950	1,329	(12.13%)	
Contracts & Consultants	1,684,542	-	1,684,542	178,196	420,943	421,137	194	0.05%	
Capital Outlay	95,570	-	95,570	-	-	23,895	23,895	100.00%	
Furniture & Equipment	197,186	-	197,186	30,219	73,523	49,305	(24,218)	(49.12%)	
Facility/Telephone/Utility	1,046,595	(37,439)	1,009,156	78,767	232,928	252,288	19,360	7.67%	
Insurance Costs	58,043	-	58,043	4,722	13,870	14,514	644	4.44%	
Transportation Costs	21,750	-	21,750	1,655	7,590	5,442	(2,148)	(39.46%)	
Professional Fees	50	-	50	-	-	12	12	100.00%	
Other Operating Costs	79,305	-	79,305	4,480	9,320	19,836	10,516	53.01%	
Client Support Costs	14,441	-	14,441	1,380	4,414	3,609	(805)	(22.29%)	
Total Operating expenditures	\$ 15,198,172	\$ -	\$ 15,198,172	\$ 1,169,414	\$ 3,327,745	\$ 3,799,611	\$ 471,866	12.42%	
Total EXPENDITURES	\$ 15,198,172	\$ -	\$ 15,198,172	\$ 1,169,414	\$ 3,327,745	\$ 3,799,611	\$ 471,866	12.42%	
Total Gain/Loss Operating before FB	-	-	-	-	-	(36)	36		
Fund Balance									
Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	
Total Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	
Total Gain/Loss Operating with FB	\$ -	\$ -	\$ -	\$ -	\$ -	(36)	36		



**Statement of Revenues and Expenditures - Schedule C4 - Capital Projects**  
From 11/01/2017 Through 11/30/2017

**Schedule C4 - Capital Projects**

	Original Budget	Budget Revisions	Revised Budget	Current Month Actual	YTD Actual	YTD Budget	YTD Variance	Percent Variance
<b>REVENUES</b>								
<b>Local Funds</b>								
City of Austin	\$ 3,888,112	\$ -	\$ 3,888,112	\$ -	\$ -	\$ 972,027	\$ (972,027)	(100.00%)
Other Local	14,292,245	-	14,292,245	33,508	135,030	3,573,060	(3,438,030)	(96.22%)
<b>Total Local Funds</b>	<b>\$ 18,180,357</b>	<b>\$ -</b>	<b>\$ 18,180,357</b>	<b>\$ 33,508</b>	<b>\$ 135,030</b>	<b>\$ 4,545,087</b>	<b>\$ (4,410,057)</b>	<b>(97.03%)</b>
<b>State Funds</b>								
DSHS Mental Health	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ 24,999	\$ 75,001	300.02%
<b>Total State Funds</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ 24,999</b>	<b>\$ 75,001</b>	<b>300.02%</b>
<b>Waiver Funds</b>								
1115 Waiver	\$ 1,842,700	\$ -	\$ 1,842,700	\$ 79,768	\$ 117,347	\$ 460,674	\$ (343,327)	(74.53%)
<b>Total Waiver Funds</b>	<b>\$ 1,842,700</b>	<b>\$ -</b>	<b>\$ 1,842,700</b>	<b>\$ 79,768</b>	<b>\$ 117,347</b>	<b>\$ 460,674</b>	<b>\$ (343,327)</b>	<b>(74.53%)</b>
<b>Total REVENUES</b>	<b>\$ 20,123,057</b>	<b>\$ -</b>	<b>\$ 20,123,057</b>	<b>\$ 113,277</b>	<b>\$ 352,377</b>	<b>\$ 5,030,760</b>	<b>\$ (4,678,383)</b>	<b>(93.00%)</b>
<b>EXPENDITURES</b>								
<b>Operating expenditures</b>								
Contracts & Consultants	\$ -	\$ -	\$ -	\$ 12,853	\$ 16,510	\$ -	\$ (16,510)	0.00%
Capital Outlay	17,060,626	-	17,060,626	1,025,978	1,654,962	4,265,157	2,610,195	61.20%
Furniture & Equipment	-	-	-	-	97,754	-	(97,754)	0.00%
Facility/Telephone/Utility	-	-	-	1,372	5,661	-	(5,661)	0.00%
Professional Fees	755,000	-	755,000	67,239	276,730	188,748	(87,982)	(46.61%)
Other Operating Costs	5,090,757	-	5,090,757	-	34,044	1,272,690	1,238,646	97.33%
<b>Total Operating expenditures</b>	<b>\$ 22,906,383</b>	<b>\$ -</b>	<b>\$ 22,906,383</b>	<b>\$ 1,107,442</b>	<b>\$ 2,085,660</b>	<b>\$ 5,726,595</b>	<b>\$ 3,640,935</b>	<b>63.58%</b>
<b>Total EXPENDITURES</b>	<b>\$ 22,906,383</b>	<b>\$ -</b>	<b>\$ 22,906,383</b>	<b>\$ 1,107,442</b>	<b>\$ 2,085,660</b>	<b>\$ 5,726,595</b>	<b>\$ 3,640,935</b>	<b>63.58%</b>
<b>Total Gain/Loss Operating before FB</b>	<b>(2,783,326)</b>	<b>-</b>	<b>(2,783,326)</b>	<b>(994,165)</b>	<b>(1,733,283)</b>	<b>(695,835)</b>	<b>(1,037,448)</b>	
<b>Fund Balance</b>								
Fund Balance	\$ 2,783,326	\$ -	\$ 2,783,326	\$ -	\$ -	\$ 695,832	\$ (695,832)	(100.00%)
<b>Total Fund Balance</b>	<b>\$ 2,783,326</b>	<b>\$ -</b>	<b>\$ 2,783,326</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 695,832</b>	<b>\$ (695,832)</b>	<b>(100.00%)</b>
<b>Total Gain/Loss Operating with FB</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (994,165)</b>	<b>\$ (1,733,283)</b>	<b>(3)</b>	<b>(1,733,280)</b>	

FUND BALANCE NOTE				to Balance Sheet	
Prior Period	Current Month	Actual	YTD Actual		
FY2017 Renovation Airport Blvd Building	(739,118)	(992,756)	(1,731,874)	-	Fund Balance Airport Building Sale/Purchase/Renovation
FY2017 Capital Projects (excluding Airport Facility)	(0)	(1,409)	(1,409)	-	Fund Balance Operations
<b>Capital Projects Total</b>	<b>(739,118)</b>	<b>(994,165)</b>	<b>(1,733,283)</b>		



**Austin Travis County Integral Care**  
**Financial Summary Period Ending December 31, 2017**

	Sub-Total			
	Operations	Waiver	Capital Projects	Total
Total Annual Budget - Current	\$ 80,565,627	\$ 15,198,172	\$ 22,906,383	\$ 118,670,182
Total Annual Budget - Original	\$ 80,457,247	\$ 15,198,172	\$ 22,906,383	\$ 118,561,802
Total Budget Amendments	\$ 108,380	\$ -	\$ -	\$ 108,380
Year-to-Date (YTD) Net	\$ (582,057)	\$ 406,461	\$ (2,626,426)	\$ (2,802,022)
Year-to-Date Planned Fund Balance Exp	\$ (73,002)	\$ -	\$ (2,232,708)	\$ (2,305,710)
Year-to-Date Net (without FB planned loss)	\$ (509,055)	\$ 406,461	\$ (393,718)	\$ (496,312)

Notes:

1) Fund Balance	Fund Balance Category	2017 Ending Fund Balance	FY2018 YTD Net Operations	FY2018 YTD Fund Balance	Unrestricted Fund Balance Days of Operation		
					Total Unrestricted / Waiver FB	FY18 Fund Balance Budget-Bal	FY2018 YTD Adj Fund Balance
Operations	Unassigned	\$ 9,268,380	\$ (1,642,544)	\$ 7,625,836	\$ 7,625,836	\$ 19,683,230	\$ 19,683,230
Middelberg	Restricted	6,653	-	6,653	-	(317,633)	(317,633)
Waiver	Assigned	11,650,932	406,461	12,057,394	\$ 12,057,394	\$ 19,365,597	\$ 19,365,597
Sale of NLJ/Purchase Renovation 1165 Airport	Assigned	1,565,939	(1,565,939)	-	-	\$ 233,958	\$ 233,958
Total Fund Balance		\$ 22,491,905	\$ (2,802,022)	\$ 19,689,883	\$ 19,683,230	YTD Unrestricted Days of Operation	83

2) 2018 Fund Balance Budget	Annual Budget	Used to Date	Budget Balance
Unrestricted:			
Airport Facility Renovation (restricted sale of NLJ Property)	(666,769)	(1,059,078)	
Early Child Intervention (ECI) Program	(167,015)	(40,986)	(126,029)
Unallowable Type Expenses (recurring type expenses)	(223,620)	(32,016)	(191,604)
Total Unrestricted Fund Balance Budget	\$ (1,057,404)	\$ (1,132,079)	\$ (317,633)
Airport Facility Renovation (restricted sale of NLJ Property)	(1,565,939)	(1,565,939)	-
Total FY2017 Fund Balance	\$ (2,623,343)	\$ (2,698,019)	\$ (317,633)

3) Capital Projects Include:	Budget	YTD Revenue	YTD Expense	YTD Net
IT Project Plan Future EMR	\$ 1,000,000	\$ -	\$ -	-
Collier Facility Roof Replacement	600,000	-	-	-
S. Lamar New Lease Build-Out	242,700	139,212	139,212	-
Airport Facility Renovation	2,783,326	0	2,625,017	(2,625,017)
HCC Oaksprings Facility	18,280,357	296,296	296,296	-
Rundberg Facility Expansion Build Out	-	-	1,409	(1,409)
Total Capital Projects	\$ 22,906,383	\$ 435,508	\$ 3,061,934	\$ (2,626,426)

4) The following are the divisions of Waiver revenue budget, fiscal year to date revenues and reserves:	Division:	Budget:	FYTD Budget	FYTD Revenue:
	Waiver Programs	\$ 12,780,865	\$ 4,260,288	\$ 4,260,288
	Program Indirect	2,441,936	\$ 813,979	\$ 813,979
	Administration / Authority	758,034	\$ 252,678	\$ 252,678
	Capital Outlay	1,842,700	\$ 614,233	\$ 139,212
	Reserve Class Comp (effective March 1, 2018)	475,028	\$ 158,343	-
	Total Waiver Revenue	\$ 18,298,563	\$ 6,099,521	\$ 5,466,158

These Waiver Funds will be recognized to match expenses (IT, Collier Roof, S.Lamar build-out)  
These Waiver Funds will be budgeted and recognized beginning March 1, 2018

Balance Sheet - General Operating Fund - Schedule N2  
As of 12/31/2017

	Unaudited Beginning Balance 9/01/2017	Prior Period Balance 11/30/2017	Current Period Balance 12/31/2017	Notes	Current Period Change	Year To Date Change	Current Period % Change	Year To Date % Change
<b>Assets</b>								
<b>Current Assets</b>								
Cash	\$ 23,193,912	\$ 17,477,094	\$ 17,869,885		\$ 392,791	\$ (5,324,027)	2.25%	(29.79%)
Accounts Receivable	12,278,627	12,494,686	13,982,450	(1)	1,487,764	1,703,823	11.91%	12.19%
Deposits and Prepaids	578,257	736,421	653,535		(82,886)	75,278	(11.26%)	11.52%
Inventory	-	-	-		-	-	-	-
<b>Total Current Assets</b>	<b>\$ 36,050,795</b>	<b>\$ 30,708,201</b>	<b>\$ 32,505,869</b>		<b>\$ 1,797,669</b>	<b>\$ (3,544,926)</b>	<b>5.85%</b>	<b>(9.83%)</b>
<b>Noncurrent Assets</b>								
Investment in Tejas	-	-	-		\$ -	\$ -	-	-
Investment in NMF	128,649	128,649	128,649		-	-	0.00%	0.00%
Investment in Housing First Oak Springs	-	-	-		-	-	-	-
<b>Total Noncurrent Assets</b>	<b>\$ 128,649</b>	<b>\$ 128,649</b>	<b>\$ 128,649</b>		<b>\$ -</b>	<b>\$ -</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total Assets</b>	<b>\$ 36,179,444</b>	<b>\$ 30,836,850</b>	<b>\$ 32,634,518</b>		<b>\$ 1,797,669</b>	<b>\$ (3,544,926)</b>	<b>5.83%</b>	<b>(9.80%)</b>
<b>Liabilities</b>								
<b>Current Liabilities</b>								
Interfund Payables	\$ 414,251	\$ 373,245	\$ (4,258,933)	(2)	\$ (4,632,178)	\$ (4,673,184)	(1241.05%)	(1128.10%)
Accounts Payable	6,134,382	1,943,449	2,854,131	(3)	910,682	(3,280,252)	46.86%	(53.47%)
Deferred Revenue	2,220,956	4,359,620	10,141,672	(4)	5,782,053	7,920,717	132.63%	356.64%
Fringe Payables	3,246,609	1,860,422	2,307,237		446,815	(939,372)	24.02%	(28.93%)
<b>Total Current Liabilities</b>	<b>\$ 12,016,198</b>	<b>\$ 8,536,736</b>	<b>\$ 11,044,108</b>		<b>\$ 2,507,372</b>	<b>\$ (972,090)</b>	<b>29.37%</b>	<b>(8.09%)</b>
<b>Noncurrent Liabilities</b>								
Accrued Compensated Absences	\$ 1,671,342	\$ 1,858,638	\$ 1,900,528		\$ 41,889	\$ 229,186	2.25%	13.71%
<b>Total Noncurrent Liabilities</b>	<b>\$ 1,671,342</b>	<b>\$ 1,858,638</b>	<b>\$ 1,900,528</b>		<b>\$ 41,889</b>	<b>\$ 229,186</b>	<b>2.25%</b>	<b>13.71%</b>
<b>Total Liabilities</b>	<b>\$ 13,687,539</b>	<b>\$ 10,395,374</b>	<b>\$ 12,944,635</b>		<b>\$ 2,549,261</b>	<b>\$ (742,904)</b>	<b>24.52%</b>	<b>(5.43%)</b>
<b>Fund Equity</b>								
<b>Fund Balance - Operations</b>								
Fund Balance - Operations	\$ 9,275,033	\$ 9,275,033	\$ 9,275,033		\$ -	\$ -	0.00%	0.00%
Net Income - Operations	-	(317,146)	(582,057)		(264,911)	(582,057)	83.53%	-
Net Income - Capital Projects (excluding Airport)	-	(167,344)	(1,060,487)		(893,143)	(1,060,487)	533.72%	-
<b>Total Fund Balance - Operations</b>	<b>\$ 9,275,033</b>	<b>\$ 8,790,543</b>	<b>\$ 7,632,489</b>	(5)	<b>\$ (1,158,054)</b>	<b>\$ (1,642,544)</b>	<b>(13.17%)</b>	<b>(17.71%)</b>
<b>Fund Balance - 1115 Waiver</b>								
Fund Balance - 1115 Waiver	\$ 11,650,932	\$ 11,650,932	\$ 11,650,932		\$ -	\$ -	0.00%	0.00%
Net Income - 1115 Waiver	-	0	406,461		406,461	406,461	-	-
<b>Total Fund Balance - 1115 Waiver</b>	<b>\$ 11,650,932</b>	<b>\$ 11,650,932</b>	<b>\$ 12,057,394</b>	(6)	<b>\$ 406,461</b>	<b>\$ 406,461</b>	<b>3.49%</b>	<b>3.49%</b>
<b>Fund Balance - Airport Building Capital Project</b>								
Fund Balance - Airport Building Capital Project	\$ 1,565,939	\$ 1,565,939	\$ 1,565,939		\$ -	\$ -	0.00%	0.00%
Net Income - Airport Building Capital Project	-	(1,565,939)	(1,565,939)		-	(1,565,939)	0.00%	-
<b>Total Fund Balance - Airport Building Capital Project</b>	<b>\$ 1,565,939</b>	<b>\$ -</b>	<b>\$ -</b>	(7)	<b>\$ -</b>	<b>\$ (1,565,939)</b>	<b>0.00%</b>	<b>(100.00%)</b>
<b>Total Fund Equity</b>	<b>\$ 22,491,905</b>	<b>\$ 20,441,476</b>	<b>\$ 19,689,883</b>		<b>\$ (751,593)</b>	<b>\$ (2,802,022)</b>	<b>(3.68%)</b>	<b>(12.46%)</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 36,179,444</b>	<b>\$ 30,836,850</b>	<b>\$ 32,634,518</b>		<b>\$ 1,797,669</b>	<b>\$ (3,544,926)</b>	<b>5.83%</b>	<b>(9.80%)</b>

Schedule N2 Balance Sheet Gen. Op. Fund



**BALANCE SHEET NOTES**  
**Period Ending 12/31/2017**

**Note 1** Accounts Receivable, \$13,982,450:

3rd Party FFS A/R	\$ 1,018,257
3rd Party FFS A/R - Allowance	(325,295)
<b>Sub-Total 3rd Party FFS A/R</b>	<b>\$ 692,962</b>
Contracts Receivable	6,172,876
Contracts Receivable - Accrued Revenue (Waiver, MAC, etc.)	6,591,795
Employee Advances - Payroll Pay Period Conversion	431,056
Employee Insurance Receivable	98,085
Rental Operations	(4,324)
DSHS FY2017 A/R \$1,167,604; Misc \$4,069	
<b>Total Accounts Receivable</b>	<b>\$ 13,982,450</b>

**Note 2** Interfund Payables, (\$4,258,933):

Housing First Oak Springs LP	\$ (4,640,995)
Capital Improvement Fund	187,738
CAN	162,802
ICC	31,522
<b>Total Interfund Payables</b>	<b>\$ (4,258,933)</b>

**Note 3** Accounts Payable, \$2,854,131:

Accrued Accounts Payable (mainly Contract Provider Exp and DSHS/DADS 2017 unspent cost reimb advances)	\$ 1,568,739
Accounts Payable	813,120
Retainage Payable	472,272
<b>Total Accounts Payable</b>	<b>\$ 2,854,131</b>

**Note 4** Deferred Revenue, \$10,141,672:

DSHS	\$ 5,430,030
DADS	1,494,323
Housing First Oak Springs LP	1,444,072
St. David's (Herman Center, HCC Capital, MHFA)	969,926
HCC MATCH (NMF, DACC, Lola Wright)	931,771
Community Care Collaborative (CCC)	(475,242)
All Other	346,793
<b>Total Deferred Revenue</b>	<b>\$ 10,141,672</b>

**Note 5** Fund Balance Operations, \$7,632,490 (includes Middelberg):

<b>Fund Balance Ending 8/31/2017 (includes operations &amp; Middelberg)</b>	<b>\$ 9,275,033</b>
FY2018 YTD Net Operations	(582,057)
FY2018 Capital Projects - Airport Facility	(1,060,487)
<b>Fund Balance Ending (Operations &amp; Middelberg)</b>	<b>\$ 7,632,489</b>

**Note 6** Fund Balance Waiver, \$12,057,393:

<b>Fund Balance Ending 8/31/2017</b>	<b>\$ 11,650,932</b>
FY2018 YTD Net Waiver	406,461
<b>Total Waiver Fund Balance</b>	<b>\$ 12,057,394</b>

**Note 7** Fund Balance Airport Building Sale/Purchase/Renovation, \$0:

<b>Fund Balance Ending 8/31/2017</b>	<b>\$ 1,565,939</b>
2017 Renovation Airport Building	(1,565,939)
<b>Total Building Sale/Purchase Fund Balance</b>	<b>\$ -</b>

Statement of Revenues and Expenditures - Schedule C1 - Combined  
From 12/01/2017 Through 12/31/2017

Schedule C1 - Combined

REVENUES

Local Funds

	Original Budget	Budget Revisions	Revised Budget	Current Month Actual	YTD Actual	YTD Budget	YTD Variance	Percent Variance
City of Austin	\$ 9,021,952	\$ (46,785)	\$ 8,975,167	\$ 386,323	\$ 1,544,667	\$ 2,991,732	\$ (1,447,065)	(48.37%)
Travis County	6,027,302	(248,726)	5,778,576	434,061	1,536,964	1,926,200	(389,236)	(20.21%)
Central Health	10,133,312	-	10,133,312	1,269,328	2,895,918	3,377,772	(481,854)	(14.27%)
Other Local	19,470,021	25,874	19,495,895	486,193	2,135,076	6,498,652	(4,363,576)	(67.15%)
<b>Total Local Funds</b>	<b>\$ 44,652,587</b>	<b>\$ (269,637)</b>	<b>\$ 44,382,950</b>	<b>\$ 2,575,906</b>	<b>\$ 8,112,625</b>	<b>\$ 14,794,356</b>	<b>\$ (6,681,731)</b>	<b>(45.16%)</b>

State Funds

DSHS Mental Health	\$ 26,716,102	\$ (688,724)	\$ 26,027,378	\$ 2,037,587	\$ 7,721,432	\$ 8,675,808	\$ (954,376)	(11.00%)
DSHS Substance Abuse	2,296,317	246,901	2,543,218	218,992	851,106	847,740	3,366	0.40%
DADS	4,391,844	-	4,391,844	313,516	1,170,074	1,463,940	(293,866)	(20.07%)
TCOOMMI	1,861,842	(53,228)	1,808,614	161,458	589,457	602,872	(13,415)	(2.23%)
DARS (Early Childhood Intervention)	637,828	15,423	653,251	52,430	212,210	217,752	(5,542)	(2.55%)
Other State	120,214	-	120,214	7,934	38,208	40,072	(1,864)	(4.65%)
<b>Total State Funds</b>	<b>\$ 36,024,147</b>	<b>\$ (479,628)</b>	<b>\$ 35,544,519</b>	<b>\$ 2,791,917</b>	<b>\$ 10,582,487</b>	<b>\$ 11,848,184</b>	<b>\$ (1,265,697)</b>	<b>(10.68%)</b>

Federal Funds

Medicare/Medicaid/HMO	\$ 12,446,741	\$ 735,331	\$ 13,182,072	\$ 802,574	\$ 3,414,054	\$ 4,394,072	\$ (980,018)	(22.30%)
HCS/Tx Hm Lvg Waiver	238,326	-	238,326	19,001	76,262	79,444	(3,182)	(4.01%)
Other Federal	3,727,477	122,314	3,849,791	289,611	1,151,251	1,283,264	(132,013)	(10.29%)
<b>Total Federal Funds</b>	<b>\$ 16,412,544</b>	<b>\$ 857,645</b>	<b>\$ 17,270,189</b>	<b>\$ 1,111,186</b>	<b>\$ 4,641,567</b>	<b>\$ 5,756,780</b>	<b>\$ (1,115,213)</b>	<b>(19.37%)</b>
<b>Waiver Funds</b>	<b>\$ 18,298,563</b>	<b>\$ -</b>	<b>\$ 18,298,563</b>	<b>\$ 1,677,412</b>	<b>\$ 5,466,158</b>	<b>\$ 6,099,532</b>	<b>\$ (633,374)</b>	<b>(10.38%)</b>
1115 Waiver	\$ 18,298,563	\$ -	\$ 18,298,563	\$ 1,677,412	\$ 5,466,158	\$ 6,099,532	\$ (633,374)	(10.38%)
<b>Total Waiver Funds</b>	<b>\$ 18,298,563</b>	<b>\$ -</b>	<b>\$ 18,298,563</b>	<b>\$ 1,677,412</b>	<b>\$ 5,466,158</b>	<b>\$ 6,099,532</b>	<b>\$ (633,374)</b>	<b>(10.38%)</b>

<b>Total REVENUES</b>	<b>\$ 115,387,841</b>	<b>\$ 108,380</b>	<b>\$ 115,496,221</b>	<b>\$ 8,156,421</b>	<b>\$ 28,802,836</b>	<b>\$ 38,498,852</b>	<b>\$ (9,696,016)</b>	<b>(25.19%)</b>
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EXPENDITURES

Operating expenditures

Salaries	\$ 49,523,276	\$ 148,398	\$ 49,671,674	\$ 4,011,022	\$ 15,318,604	\$ 16,557,308	\$ 1,238,704	7.48%
Fringe benefits	13,172,923	35,487	13,208,410	908,878	3,568,187	4,402,968	834,781	18.96%
Travel/Workshop	1,022,610	(1,303)	1,021,307	55,315	186,751	340,500	153,749	45.15%
Prescription Drugs & Medicine	521,418	(4,155)	517,263	19,207	85,807	172,440	86,633	50.24%
Consumable Supplies	310,897	-	310,897	26,490	101,171	103,680	2,509	2.42%
Contracts & Consultants	21,264,121	(87,425)	21,176,696	2,000,310	5,861,531	7,058,952	1,197,421	16.96%
Capital Outlay	17,266,756	-	17,266,756	883,863	2,551,122	5,755,608	3,204,486	55.68%
Furniture & Equipment	1,083,636	4,817	1,088,453	131,846	606,761	362,876	(243,885)	(67.21%)
Facility/Telephone/Utility	5,519,235	(37,439)	5,481,796	529,289	1,990,476	1,827,492	(162,984)	(8.92%)
Insurance Costs	335,983	-	335,983	67,961	145,461	112,036	(33,425)	(29.83%)
Transportation Costs	120,242	-	120,242	13,279	43,598	40,092	(3,506)	(8.75%)
Professional Fees	940,703	-	940,703	73,497	402,463	313,572	(88,891)	(28.35%)
Other Operating Costs	5,910,025	-	5,910,025	45,318	281,551	1,970,052	1,688,501	85.71%
Client Support Costs	1,569,977	50,000	1,619,977	141,745	461,399	540,004	78,605	14.56%
<b>Total Operating expenditures</b>	<b>\$ 118,561,802</b>	<b>\$ 108,380</b>	<b>\$ 118,670,182</b>	<b>\$ 8,908,020</b>	<b>\$ 31,604,881</b>	<b>\$ 39,557,580</b>	<b>\$ 7,952,699</b>	<b>20.10%</b>
<b>Total EXPENDITURES</b>	<b>\$ 118,561,802</b>	<b>\$ 108,380</b>	<b>\$ 118,670,182</b>	<b>\$ 8,908,020</b>	<b>\$ 31,604,881</b>	<b>\$ 39,557,580</b>	<b>\$ 7,952,699</b>	<b>20.10%</b>

<b>Total Gain/Loss Operating before FB</b>	<b>\$ (3,173,961)</b>	<b>\$ -</b>	<b>\$ (3,173,961)</b>	<b>\$ (751,599)</b>	<b>\$ (2,802,044)</b>	<b>\$ (1,058,728)</b>	<b>\$ (1,743,316)</b>	<b>164.66%</b>
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Fund Balance

Fund Balance	\$ 3,173,961	\$ -	\$ 3,173,961	\$ 6	\$ 22	\$ 1,057,988	\$ (1,057,966)	(100.00%)
<b>Total Fund Balance</b>	<b>\$ 3,173,961</b>	<b>\$ -</b>	<b>\$ 3,173,961</b>	<b>\$ 6</b>	<b>\$ 22</b>	<b>\$ 1,057,988</b>	<b>\$ (1,057,966)</b>	<b>(100.00%)</b>

Total Gain/Loss Operating With FB

	\$ -	\$ -	\$ -	\$ (751,593)	\$ (2,802,022)	\$ (740)	\$ (2,801,282)	
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Statement of Revenues and Expenditures - Schedule C2 - Operations  
From 12/01/2017 Through 12/31/2017

Schedule C2 - Operations  
REVENUES

	Original Budget	Budget Revisions	Revised Budget	Current Month Actual	YTD Actual	YTD Budget	YTD Variance	Notes	Percent Variance
<b>Local Funds</b>									
City of Austin	\$ 5,133,840	\$ (46,785)	\$ 5,087,055	\$ 386,323	\$ 1,544,667	\$ 1,695,696	\$ (151,029)	(1)	(8.91%)
Travis County	6,027,302	(248,726)	5,778,576	434,061	1,536,964	1,926,200	(389,236)	(2)	(20.21%)
Central Health	10,133,312	0	10,133,312	1,269,328	2,895,918	3,377,772	(481,854)	(3)	(14.27%)
Other Local	4,978,349	25,874	5,004,223	390,804	1,859,257	1,668,092	191,165	(4)	11.46%
<b>Total Local Funds</b>	<b>\$ 26,272,803</b>	<b>\$ (269,637)</b>	<b>\$ 26,003,166</b>	<b>\$ 2,480,517</b>	<b>\$ 7,836,806</b>	<b>\$ 8,667,760</b>	<b>\$ (830,954)</b>		<b>(9.59%)</b>
<b>State Funds</b>									
DSHS Mental Health	\$ 26,616,102	\$ (688,724)	\$ 25,927,378	\$ 2,037,587	\$ 7,621,432	\$ 8,642,476	\$ (1,021,044)	(5)	(11.81%)
DSHS Substance Abuse	2,296,317	246,901	2,543,218	218,992	851,106	847,740	3,366	(6)	0.40%
DADS	4,391,844	0	4,391,844	313,516	1,170,074	1,463,940	(293,866)	(7)	(20.07%)
TCOOMMI	1,861,842	(53,228)	1,808,614	161,458	589,457	602,872	(13,415)	(8)	(2.23%)
DARS (Early Childhood Intervention)	637,828	15,423	653,251	52,430	212,210	217,752	(5,542)		(2.55%)
Other State	120,214	0	120,214	7,934	38,208	40,072	(1,864)		(4.65%)
<b>Total State Funds</b>	<b>\$ 35,924,147</b>	<b>\$ (479,628)</b>	<b>\$ 35,444,519</b>	<b>\$ 2,791,917</b>	<b>\$ 10,482,487</b>	<b>\$ 11,814,852</b>	<b>\$ (1,332,365)</b>		<b>(11.28%)</b>
<b>Federal Funds</b>									
Medicare/Medicaid/HMO	\$ 10,813,714	\$ 625,506	\$ 11,439,220	\$ 693,393	\$ 2,930,279	\$ 3,813,092	\$ (882,813)	(7)	(23.15%)
HCS/Tx Hm Lvg Waiver	238,326	0	238,326	19,001	76,262	79,444	(3,182)	(8)	(4.01%)
Other Federal	3,727,477	122,314	3,849,791	289,611	1,151,251	1,283,264	(132,013)		(10.29%)
<b>Total Federal Funds</b>	<b>\$ 14,779,517</b>	<b>\$ 747,820</b>	<b>\$ 15,527,337</b>	<b>\$ 1,002,005</b>	<b>\$ 4,157,792</b>	<b>\$ 5,175,800</b>	<b>\$ (1,018,008)</b>		<b>(19.67%)</b>
<b>Waiver Funds</b>									
1115 Waiver	\$ 3,090,145	\$ 109,825	\$ 3,199,970	\$ 303,009	\$ 1,066,657	\$ 1,066,660	\$ (3)		(0.00%)
<b>Total Waiver Funds</b>	<b>\$ 3,090,145</b>	<b>\$ 109,825</b>	<b>\$ 3,199,970</b>	<b>\$ 303,009</b>	<b>\$ 1,066,657</b>	<b>\$ 1,066,660</b>	<b>\$ (3)</b>		<b>(0.00%)</b>
<b>Total REVENUES</b>	<b>\$ 80,066,612</b>	<b>\$ 108,380</b>	<b>\$ 80,174,992</b>	<b>\$ 6,577,447</b>	<b>\$ 23,543,742</b>	<b>\$ 26,725,072</b>	<b>\$ (3,181,330)</b>		<b>(11.90%)</b>
<b>EXPENDITURES</b>									
<b>Operating expenditures</b>									
Salaries	\$ 40,254,641	\$ 113,276	\$ 40,367,917	\$ 3,312,304	\$ 12,573,382	\$ 13,456,044	\$ 882,662	(10)	6.56%
Fringe benefits	10,730,097	30,973	10,761,070	750,226	2,935,005	3,587,172	652,167	(11)	18.18%
Travel/Workshop	833,733	894	834,627	46,756	156,620	278,264	121,644	(12)	43.72%
Prescription Drugs & Medicine	464,825	(4,155)	460,670	15,928	72,254	153,572	81,318	(13)	52.95%
Consumable Supplies	267,138	0	267,138	21,767	84,169	89,080	4,911	(14)	5.51%
Contracts & Consultants	19,579,579	(87,425)	19,492,154	1,876,387	5,300,154	6,497,436	1,197,282	(15)	18.43%
Capital Outlay	110,560	0	110,560	5,131	17,428	36,872	19,444	(16)	52.73%
Furniture & Equipment	886,450	4,817	891,267	116,349	419,987	297,136	(122,851)	(17)	(41.35%)
Facility/Telephone/Utility	4,472,640	0	4,472,640	447,036	1,669,634	1,491,108	(178,526)	(18)	(11.97%)
Insurance Costs	277,940	0	277,940	32,004	95,635	92,684	(2,951)	(19)	(3.18%)
Transportation Costs	98,492	0	98,492	11,902	34,632	32,836	(1,796)	(20)	(5.47%)
Professional Fees	185,653	0	185,653	23,038	75,275	61,892	(13,383)	(21)	(21.62%)
Other Operating Costs	739,963	0	739,963	42,525	235,393	246,684	11,291	(22)	4.58%
Client Support Costs	1,555,536	50,000	1,605,536	141,012	456,253	535,192	78,939	(23)	14.75%
<b>Total Operating expenditures</b>	<b>\$ 80,457,247</b>	<b>\$ 108,380</b>	<b>\$ 80,565,627</b>	<b>\$ 6,842,365</b>	<b>\$ 24,125,821</b>	<b>\$ 26,855,972</b>	<b>\$ 2,730,151</b>		<b>10.17%</b>
<b>Total EXPENDITURES</b>	<b>\$ 80,457,247</b>	<b>\$ 108,380</b>	<b>\$ 80,565,627</b>	<b>\$ 6,842,365</b>	<b>\$ 24,125,821</b>	<b>\$ 26,855,972</b>	<b>\$ 2,730,151</b>		<b>10.17%</b>
<b>Total Gain/Loss Operating before FB</b>	<b>\$ (390,635)</b>	<b>\$ -</b>	<b>\$ (390,635)</b>	<b>\$ (264,918)</b>	<b>\$ (582,079)</b>	<b>\$ (130,900)</b>	<b>\$ (451,179)</b>		<b>344.67%</b>
<b>Fund Balance</b>									
Fund Balance	\$ 390,635	\$ -	\$ 390,635	\$ 6	\$ 22	\$ 130,212	\$ (130,190)	(9)	(99.98%)
<b>Total Fund Balance</b>	<b>\$ 390,635</b>	<b>\$ -</b>	<b>\$ 390,635</b>	<b>\$ 6</b>	<b>\$ 22</b>	<b>\$ 130,212</b>	<b>\$ (130,190)</b>		<b>(99.98%)</b>
<b>Total Gain/Loss Operating With FB</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (264,911)</b>	<b>\$ (582,057)</b>	<b>\$ (688)</b>	<b>\$ (581,369)</b>		

# REVENUE BUDGET VARIANCE NOTES - OPERATIONS

Period Ending 12/31/2017

## Note 1: City of Austin - YTD Budget Variance (\$151,029):

City of Austin - ACT (City's 1115 Waiver)	\$ (66,702)	Cost Reimbursement Contract
City of Austin - DACC (Downtown Alliance Community Court)	(80,516)	Cost Reimbursement Contract
City of Austin - All Other (6 contracts)	(3,811)	Cost Reimbursement Contract
<b>Total City of Austin Budget Variance</b>	<b>\$ (151,029)</b>	

## Note 2: Travis County - YTD Budget Variance (\$389,236):

Travis County SAMSO	\$ (72,321)	Cost Reimbursement Contract
Travis County System of Care	(69,497)	Cost Reimbursement Contract
Travis County - Families With Voice (FWV)	(84,618)	Cost Reimbursement Contract
Travis County Correctional Complex	(54,438)	FFS with contract Maximum
All Other (6 contracts)	(108,362)	
<b>Total Travis County Budget Variance</b>	<b>\$ (389,236)</b>	

## CCC-Central Health - YTD Budget Variance (\$481,854):

In-Patient	\$ (354,823)	Cost Reimbursement, contract end 9/30 spend DSHS 1st
Community Care- EMERGE Program	(127,031)	Anticipate contract increase
<b>Total Central Health Budget Variance</b>	<b>\$ (481,854)</b>	

## Note 4: Other Local - YTD Budget Variance \$191,165:

St. David's Herman Center (EOU)	\$ 236,205	
UT Dell Medical School (contract not yet executed)	(114,946)	
Seton In-School	(66,223)	
CCC - Medication Assisted Therapy (MAT)	(62,750)	
Cost Reimbursement - Contra Budget on Est Unearned Contract	280,368	Cost Reimbursement contracts that may not spend total contract
All Other (19 line items)	(81,489)	
<b>Total Other Local Budget Variance</b>	<b>\$ 191,165</b>	

## Note 5: DSHS MH - YTD Budget Variance (\$1,021,044):

DSHS - Inpatient	\$ (377,636)	CCC - spend balance of that contract term 9/30
DSHS - HCC	(297,584)	City of Austin HCC needed to spend contract bal 1st
DSHS - Anticipated Contract Increase (Reserve for Class Comp)	(205,188)	
DSHS - Child & Adolescent (Res class comp \$62,488, Contract \$11,941)	(74,429)	
DSHS - Rental Assistance	(62,140)	
DSHS - FEMA pass through (no budget)	63,522	
DSHS - All Other (10 line items)	(67,589)	
<b>Total DSHS MH Budget Variance</b>	<b>\$ (1,021,044)</b>	

## Note 6: DADS - YTD Budget Variance (\$293,866):

DADS General Revenue (reserve class comp)	\$ (68,704)	
DADS Transitional Support Team	(152,300)	
DADS All Other (5 line items)	(72,862)	
<b>Total DADS Budget Variance</b>	<b>\$ (293,866)</b>	



**Note 7:** Medicare/Medicaid/HMO - YTD Budget Variance (\$882,813):

MH - HMO & Medicaid	\$ (267,539)
SUD - HMO & Medicaid	4,788
Case Management - HMO & Medicaid	(215,556)
Rehab - HMO & Medicaid	(259,394)
Medicare	7,829
IDD Service Coordination	(209,604)
Reserve - Unearned FFS contra budget	56,663
<b>Total Medicare/Medicaid/HMO Budget Variance</b>	<b>\$ (882,813)</b>

**Note 8:**

Other Federal Budget Variance (\$132,013):

Medicaid Administrative Claiming (MAC)	\$ (129,443)
All Other (5 line items)	(2,570)
<b>Total Medicare/Medicaid/HMO Budget Variance</b>	<b>\$ (132,013)</b>

Reserve for Class Comp

**Note 9:**

Fund Balance Budget Variance (\$130,190):

ECI Infant Parent Program	\$ (55,672)
Midelberg	22
Unallowable Expenses	(74,540)
<b>Total Medicare/Medicaid/HMO Budget Variance</b>	<b>\$ (130,190)</b>

**EXPENSE BUDGET VARIANCE NOTES - OPERATIONS**  
**Period Ending 12/31/2017**

	Major Funding Types:	Note 10: Salaries & Fringe Benefits	Note 11: Travel / Workshop	Note 12: Prescription Medication / Medical	Note 13: Contracts & Consultants	Note 14: Furniture & Equipment	Note 15: Facility / Telephone / Utilities	Note 16: Client Support Cost
1.)	Cost Reimbursement	\$ 853,885	\$ 35,514	\$ 11,933	\$ 737,086	\$ (40,710)	\$ (9,387)	\$ 55,440
2.)	FFS Contract Max	98,582	4,054	9,858	48,551	(15,192)	1,465	16,953
3.)	DSHS Adult & Child / Housing	353,919	24,251	55,756	32,841	(24,499)	(171,266)	(1,810)
4.)	DADS	112,690	9,253	483	156,945	(10,172)	331	(1,843)
5.)	TxHmLvg	(3,248)	252	16	5,874	(59)	(150)	(6,186)
6.)	Program Support & Community Collaboratives	22,191	40,241	3,272	208,254	(1,874)	(11,248)	16,015
7.)	Admin / Authority	96,810	8,079	-	7,731	(30,345)	11,729	370
	<b>Total Expense (over)/under YTD Budget</b>	<b>\$ 1,534,829</b>	<b>\$ 121,644</b>	<b>\$ 81,318</b>	<b>\$ 1,197,282</b>	<b>\$ (122,851)</b>	<b>\$ (178,526)</b>	<b>\$ 78,939</b>

**General Note:** All contracts are budgeted at contract amount. In some instances we will budget a contra budget if we believe that we do not have the capacity to earn all funds, ie some DSHS SUD contracts.

**Major Funding Category Notes YTD Budget Variances \$50,000 & >:**

Note 12	Prescription, Medication - DSHS Adult & Child / Hous	\$ 55,756	Pharmacy located at E.2nd under budget
	Contracts & Consultants - Cost Reimbursement	\$ 737,086	Under Budget: Central Health \$442K; DSHS Inpatient \$378K; Travis County SAMSO \$114K; Travis County System of Care \$104K; DSHS HCC \$93K; Travis County Family With Voices \$50K; Over Budget: Herman Center (\$475K); All Other 31 programs \$32K under budget
Note 13	Contracts & Consultants - DADS	\$ 156,945	Class Comp Reserve \$69K; All Other 19 Programs under budget \$88K
	Contracts & Consultants - Program Support	\$ 208,254	Class Comp Reserve \$124K; UT / Dell Collaborative \$60K; All Other 5 Programs \$24K under budget
Note 15	Facility/Telephone/Utilities - DSHS Adult & Child / Hse	\$ (171,266)	NLJ facility extended for 2 add'l months not budgeted (Dec, Jan \$50K ea month) and budget comparison 4 months rent compared to 4/12 ytd annual budget (lease end Jan), (\$151K) over budget
Note 16	Client Support Cost - Cost Reimbursement	\$ 55,440	There are 28 programs with client support cost budget variances, no single program with significant budget variance



**Statement of Revenues and Expenditures - Schedule C3 - Waiver**  
From 12/01/2017 Through 12/31/2017

**Schedule C3 - Waiver**

	Original Budget	Budget Revisions	Revised Budget	Current Month Actual	YTD Actual	YTD Budget	YTD Variance	Percent Variance
<b>REVENUES</b>								
Local Funds								
Other Local	\$ 199,427	\$ -	\$ 199,427	\$ 34,124	\$ 79,524	\$ 66,480	\$ 13,044	19.62%
<b>Total Local Funds</b>	<b>\$ 199,427</b>	<b>\$ -</b>	<b>\$ 199,427</b>	<b>\$ 34,124</b>	<b>\$ 79,524</b>	<b>\$ 66,480</b>	<b>\$ 13,044</b>	<b>19.62%</b>
Federal Funds								
Medicare/Medicaid/HMO	\$ 1,633,027	\$ 109,825	\$ 1,742,852	\$ 109,181	\$ 483,775	\$ 580,980	\$ (97,205)	(16.73%)
<b>Total Federal Funds</b>	<b>\$ 1,633,027</b>	<b>\$ 109,825</b>	<b>\$ 1,742,852</b>	<b>\$ 109,181</b>	<b>\$ 483,775</b>	<b>\$ 580,980</b>	<b>\$ (97,205)</b>	<b>(16.73%)</b>
Waiver Funds								
1115 Waiver	\$ 13,365,718	\$ (109,825)	\$ 13,255,893	\$ 1,352,537	\$ 4,260,288	\$ 4,418,640	\$ (158,352)	(3.58%)
<b>Total Waiver Funds</b>	<b>\$ 13,365,718</b>	<b>\$ (109,825)</b>	<b>\$ 13,255,893</b>	<b>\$ 1,352,537</b>	<b>\$ 4,260,288</b>	<b>\$ 4,418,640</b>	<b>\$ (158,352)</b>	<b>(3.58%)</b>
<b>Total REVENUES</b>	<b>\$ 15,198,172</b>	<b>\$ -</b>	<b>\$ 15,198,172</b>	<b>\$ 1,495,842</b>	<b>\$ 4,823,587</b>	<b>\$ 5,066,100</b>	<b>\$ (242,513)</b>	<b>(4.79%)</b>
<b>EXPENDITURES</b>								
Operating expenditures								
Salaries	\$ 9,268,635	\$ 35,122	\$ 9,303,757	\$ 698,718	\$ 2,745,222	\$ 3,101,264	\$ 356,042	11.48%
Fringe benefits	2,442,826	4,514	2,447,340	158,652	633,183	815,796	182,613	22.38%
Travel/Workshop	188,877	(2,197)	186,680	8,559	30,130	62,236	32,106	51.59%
Prescription Drugs & Medicine	56,593	-	56,593	3,279	13,553	18,868	5,315	28.17%
Consumable Supplies	43,759	-	43,759	4,724	17,002	14,600	(2,402)	(16.45%)
Contracts & Consultants	1,684,542	-	1,684,542	108,818	529,761	561,516	31,755	5.66%
Capital Outlay	95,570	-	95,570	-	-	31,860	31,860	100.00%
Furniture & Equipment	197,186	-	197,186	15,497	89,020	65,740	(23,280)	(35.41%)
Facility/Telephone/Utility	1,046,595	(37,439)	1,009,156	79,389	312,317	336,384	24,067	7.15%
Insurance Costs	58,043	-	58,043	7,082	20,951	19,352	(1,599)	(8.26%)
Transportation Costs	21,750	-	21,750	1,377	8,966	7,256	(1,710)	(23.57%)
Professional Fees	50	-	50	-	-	16	16	100.00%
Other Operating Costs	79,305	-	79,305	2,553	11,873	26,448	14,575	55.11%
Client Support Costs	14,441	-	14,441	733	5,147	4,812	(335)	(6.95%)
<b>Total Operating expenditures</b>	<b>\$ 15,198,172</b>	<b>\$ -</b>	<b>\$ 15,198,172</b>	<b>\$ 1,089,381</b>	<b>\$ 4,417,125</b>	<b>\$ 5,066,148</b>	<b>\$ 649,023</b>	<b>12.81%</b>
<b>Total EXPENDITURES</b>	<b>\$ 15,198,172</b>	<b>\$ -</b>	<b>\$ 15,198,172</b>	<b>\$ 1,089,381</b>	<b>\$ 4,417,125</b>	<b>\$ 5,066,148</b>	<b>\$ 649,023</b>	<b>12.81%</b>
<b>Total Gain/Loss Operating before FB</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>406,461</b>	<b>406,461</b>	<b>(48)</b>	<b>406,509</b>	
<b>Fund Balance</b>								
Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
<b>Total Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.00%</b>
<b>Total Gain/Loss Operating with FB</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>406,461</b>	<b>406,461</b>	<b>(48)</b>	<b>406,509</b>	

Statement of Revenues and Expenditures - Schedule C4 - Capital Projects  
From 12/01/2017 Through 12/31/2017

Schedule C4 - Capital Projects

	Original Budget	Budget Revisions	Revised Budget	Current Month Actual	YTD Actual	YTD Budget	YTD Variance	Percent Variance
<b>REVENUES</b>								
<b>Local Funds</b>								
City of Austin	\$ 3,888,112	\$ -	\$ 3,888,112	\$ -	\$ -	\$ 1,296,036	\$ (1,296,036)	(100.00%)
Other Local	\$ 14,292,245	\$ -	\$ 14,292,245	\$ 61,266	\$ 196,296	\$ 4,764,080	\$ (4,567,784)	(95.88%)
<b>Total Local Funds</b>	<b>\$ 18,180,357</b>	<b>\$ -</b>	<b>\$ 18,180,357</b>	<b>\$ 61,266</b>	<b>\$ 196,296</b>	<b>\$ 6,060,116</b>	<b>\$ (5,863,820)</b>	<b>(96.76%)</b>
<b>State Funds</b>								
DSHS Mental Health	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ 33,332	\$ 66,668	200.01%
<b>Total State Funds</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ 33,332</b>	<b>\$ 66,668</b>	<b>200.01%</b>
<b>Waiver Funds</b>								
1115 Waiver	\$ 1,842,700	\$ -	\$ 1,842,700	\$ 21,866	\$ 139,212	\$ 614,232	\$ (475,020)	(77.34%)
<b>Total Waiver Funds</b>	<b>\$ 1,842,700</b>	<b>\$ -</b>	<b>\$ 1,842,700</b>	<b>\$ 21,866</b>	<b>\$ 139,212</b>	<b>\$ 614,232</b>	<b>\$ (475,020)</b>	<b>(77.34%)</b>
<b>Total REVENUES</b>	<b>\$ 20,123,057</b>	<b>\$ -</b>	<b>\$ 20,123,057</b>	<b>\$ 83,131</b>	<b>\$ 435,508</b>	<b>\$ 6,707,680</b>	<b>\$ (6,272,172)</b>	<b>(93.51%)</b>
<b>EXPENDITURES</b>								
<b>Operating expenditures</b>								
Contracts & Consultants	\$ -	\$ -	\$ -	\$ 15,105	\$ 31,615	\$ -	\$ (31,615)	0.00%
Capital Outlay	\$ 17,060,626	\$ -	\$ 17,060,626	\$ 878,732	\$ 2,533,694	\$ 5,686,876	\$ 3,153,182	55.45%
Furniture & Equipment	\$ -	\$ -	\$ -	\$ -	\$ 97,754	\$ -	\$ (97,754)	0.00%
Facility/Telephone/Utility	\$ -	\$ -	\$ -	\$ 2,863	\$ 8,524	\$ -	\$ (8,524)	0.00%
Insurance Costs	\$ -	\$ -	\$ -	\$ 28,875	\$ 28,875	\$ -	\$ (28,875)	0.00%
Professional Fees	\$ 755,000	\$ -	\$ 755,000	\$ 50,459	\$ 327,189	\$ 251,664	\$ (75,525)	(30.01%)
Other Operating Costs	\$ 5,090,757	\$ -	\$ 5,090,757	\$ 240	\$ 34,284	\$ 1,696,920	\$ 1,662,636	97.98%
<b>Total Operating expenditures</b>	<b>\$ 22,906,383</b>	<b>\$ -</b>	<b>\$ 22,906,383</b>	<b>\$ 976,274</b>	<b>\$ 3,061,934</b>	<b>\$ 7,635,460</b>	<b>\$ 4,573,526</b>	<b>59.90%</b>
<b>Total EXPENDITURES</b>	<b>\$ 22,906,383</b>	<b>\$ -</b>	<b>\$ 22,906,383</b>	<b>\$ 976,274</b>	<b>\$ 3,061,934</b>	<b>\$ 7,635,460</b>	<b>\$ 4,573,526</b>	<b>59.90%</b>
<b>Total Gain/Loss Operating before FB</b>	<b>(2,783,326)</b>	<b>-</b>	<b>(2,783,326)</b>	<b>(893,143)</b>	<b>(2,626,426)</b>	<b>(927,780)</b>	<b>(1,698,646)</b>	
<b>Fund Balance</b>								
Fund Balance	\$ 2,783,326	\$ -	\$ 2,783,326	\$ -	\$ -	\$ 927,776	\$ (927,776)	(100.00%)
<b>Total Fund Balance</b>	<b>\$ 2,783,326</b>	<b>\$ -</b>	<b>\$ 2,783,326</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 927,776</b>	<b>\$ (927,776)</b>	<b>(100.00%)</b>
<b>Total Gain/Loss Operating with FB</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(893,143)</b>	<b>(2,626,426)</b>	<b>(4)</b>	<b>(2,626,422)</b>	

FUND BALANCE NOTE to Balance Sheet

Renovation Airport Blvd Building (Designated Fund Balance)	\$ (1,565,939)	\$ -	\$ (1,565,939)	-	-	-	-	-	Fund Balance Airport Building Sale/Purchase/Renovation
Renovation Airport Blvd Building (Operating Fund Balance)	(165,935)	(893,143)	(1,059,078)	(893,143)	(1,059,078)	-	-	-	Fund Balance Operations
Capital Projects (excluding Airport Facility)	(1,409)	-	(1,409)	-	(1,409)	-	-	-	Fund Balance Operations
<b>Capital Projects Total</b>	<b>\$ (1,733,283)</b>	<b>\$ (893,143)</b>	<b>\$ (2,626,426)</b>	<b>\$ (893,143)</b>	<b>\$ (2,626,426)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

## MEMORANDUM

**TO:** Board of Trustees  
**FROM:** Donna Spencer, Director of Facilities  
**RE:** Recommendation to Award Construction Contract for 1700 S. Lamar, Suite 230  
**DATE:** January 18, 2018

**Background:** Integral Care issued a Request for Proposal for a General Contractor to renovate 1700 S. Lamar, Suite 230 on September 15, 2017. Proposals were due December 8, 2017.

**Current Status:** Integral Care received two bids for this renovation project, one from Majestic Services Inc. and one from Centennial Contractors Enterprises Inc. Bids were reviewed and evaluated by David Weden, Chief Financial Officer, Donna Spencer, Director of Facilities, and Laura Reiter and Steve Oldroyd, the design team with BSA Life Structures. Scoring of bids included:

Major Category	Maximum Point Value
Business Experience	25
Proposed Staff Experience	15
Ability to Manage Construction Safety Risks	15
Ability to Establish Budget and Control Costs	20
Construction Services	10
Pricing	15
<b>Total</b>	<b>100</b>

Based on scoring of proposals, Majestic Services Inc. achieved an average score of 59 while Centennial Contractors Enterprises Inc. achieved 87 of the possible 100 points.

**Recommendation:** Staff recommends awarding a contract for General Contracting services to renovate 1700 S. Lamar, Suite 230 to Centennial Contractors Enterprises, Inc. Centennial's base bid is \$170,711.86.

# Integral Care Finance Committee Dashboard Report through November 2017

Dimension	KPI	Definition	Annual Target Goal	Qtr. 1	FYTD Actual	Status	Comment
<b>Access</b>	Psychiatric Evaluation Access	Percent of all psychiatric evaluations completed in less than 15 days of request	100%	77%	77%	●	
<b>Efficiency</b>	Budgeted Services Delivered	Percent of Medicaid budget services delivered	100%	79%	79%	●	
	Staff Productivity	Direct service targets reached or exceeded across all divisions, regardless of insurance status of customers	95%	49%	49%	●	NEW
<b>Financial Strength</b>	DSRIP Goal Attainment	Percent of DSRIP metrics achieved at level required for 100% payment	100%	100%	100%	●	
	Medicaid Collections	Percent of Medicaid claims collected at 90 days post billing	95%	95%	95%	●	
	Timely Medicaid Billing	Percent of Medicaid services billed in under 7 days from service delivery	100%	85%	85%	●	
	Appropriate Reserves	Days of unrestricted fund balance	60 days	84	84	●	
	Financial Penalties	Total dollars paid in financial penalties	<\$25,000	\$0	\$0	●	
<b>Quality</b>	Customer Satisfaction	Percent of customers who are satisfied	95%	94%	94%	●	
	Abuse/Neglect Allegations	Of all customers served, the percent of abuse/neglect allegations filed	<1%	0%	0%	●	
<b>People</b>	Turnover Rate	Turnover of staff, including voluntary and involuntary separations	<20%	22%	22%	●	
	Vacant Position Fill Rate	Vacant revenue-generating positions filled within 60 days of posting	100%	63%	63%	●	