

**CENTRAL COUNTIES CENTER
FOR MHMR SERVICES**

ANNUAL FINANCIAL AND COMPLIANCE REPORT

YEAR ENDED AUGUST 31, 2024

Central Counties Center for MHMR Services
Annual Financial and Compliance Report
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Central Counties Center for MHMR Services
Listing of Officials
August 31, 2024

Board of Trustees

Commissioner Ray Ashby	Chair
Felicia Inman	Vice Chair
Andrejs Avots-Avotins, MD	Secretary
Judge James Lively	Treasurer
Jesus Ramos	Member
Virgie Hardeman	Member
Steven Wick	Member
Rita Kelly	Member
Louella H. Tate, Ph.D.	Member

Executive Leadership Team

Johnnie Wardell	Executive Director
Joanne Cospers	Deputy Director
DeWayne HaGans	Chief Financial Officer
Kelli Sames	Human Resources Director
Andrea Erskine	Intellectual and Developmental Disabilities Director
Rebecca Wagner	Early Childhood Intervention Director
James Arnold	Behavioral Health Director
Darla Hogan	Director of Information Technology

Central Counties Center for MHMR Services
Certificate of Board Approval
Year Ended August 31, 2024

I, Commissioner Ray Ashby, Chair of the Board of Trustees of Central Counties Center for MHMR Services, do hereby certify that this accompanying audit report for fiscal year ended August 31, 2024, from Scott, Singleton, Fincher & Company, P.C. was reviewed and accepted at a meeting of the Board of Trustees held on the 28th day of January, 2025.



Chair Board of Trustees

FINANCIAL SECTION

SCOTT, SINGLETON, FINCHER AND COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

4815-A KING STREET
TELEPHONE 903-455-4765
FAX 903-455-5312
GREENVILLE, TEXAS 75401

Member of:
Governmental Audit Quality Center

Members of:
American Institute of
Certified Public Accountants

Texas Society of
Certified Public Accountants

Independent Auditor's Report

To the Board of Trustees
Central Counties Center for MHMR Services

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Central Counties Center for MHMR Services, as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise Central Counties Center for MHMR Services' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Central Counties Center for MHMR Services, as of August 31, 2024, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Central Counties Center for MHMR Services and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Counties Center for MHMR Services' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Central Counties Center for MHMR Services' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Counties Center for MHMR Services' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and budgetary comparison information on pages 33 through 34 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Counties Center for MHMR Services' basic financial statements. The schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Texas Grant Management Standards (TxGMS), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2025, on our consideration of Central Counties Center for MHMR Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Central Counties Center for MHMR Services' 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 Central Counties Center for MHMR Services' internal control over financial reporting and compliance.

Scott, Singleton, Fincher and Company, PC

Scott, Singleton, Fincher and Company, PC
Certified Public Accountants
Greenville, Texas
January 28, 2025

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Management's Discussion and Analysis
August 31, 2024

As management of the Central Counties Center for MHMR Services, ("CCCMHMR") we offer readers of CCCMHMR's financial statements this narrative overview and analysis of the financial activities of CCCMHMR for the fiscal year ended August 31, 2024.

Financial Highlights

- The assets of CCCMHMR exceeded its liabilities at the close of the most recent fiscal year by \$28,804,622 (*net position*). Of this amount, \$19,854,808 (*unrestricted net position*) may be used to meet the Center's ongoing obligations to consumers and creditors.
- CCCMHMR's total net position increased by \$901,903.
- As of the close of the current fiscal year, CCCMHMR's governmental fund reported ending fund balance of \$19,601,988.
- At the end of the current fiscal year, spendable fund balance for the General Fund was \$19,422,606 or 63% of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of CCCMHMR that are principally supported by funds provided from federal, state and local funding sources. The governmental activities of CCCMHMR include *Mental Health-Adult, Intellectual and Developmental Disabilities, Mental Health Child and Adolescent, and Early Childhood Intervention*. CCCMHMR does not have any business-type activities.

The government-wide financial statements can be found on pages 11 – 12 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. CCCMHMR, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of CCCMHMR can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Management's Discussion and Analysis
August 31, 2024

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

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. This will present readers with a better understanding of the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

CCCMHMR 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 13 - 15 of this report.

Proprietary funds. The Center maintains one proprietary fund referred to as the *internal service fund*. The purpose of the *internal service fund* is to provide medical benefits for the Center's employees. This internal service fund predominantly benefits the governmental functions, and it is included within *governmental activities* in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 16 - 18 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held by CCCMHMR for the benefit of consumers. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support CCCMHMR's operations. The basic fiduciary fund financial statements can be found on page 19 - 20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* concerning CCCMHMR that is required by the Texas Health and Human Services Commission, the Uniform Guidance and the Texas Grant Management Standards (TxGMS). This information begins on page 35 of the report.

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Management's Discussion and Analysis
August 31, 2024

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 CCCMHMR, assets exceeded liabilities by \$28,804,622 at the close of the most recent fiscal year.

A portion of CCCMHMR's net position (69 percent) represents unrestricted financial resources available for future operations.

The remaining balance of CCCMHMR's net position (31 percent) represents its investment in capital assets (e.g., land, buildings, furniture and equipment and leasehold improvements), less any related outstanding debt used to acquire those assets.

Condensed Statement of Net Position

	Governmental Activities	
	2024	2023
Current and other assets	\$ 25,094,660	\$ 22,320,797
Capital assets	9,921,283	10,490,166
Total assets	35,015,943	33,109,395
Other liabilities	3,826,185	2,493,717
Long-term liabilities	2,385,136	2,712,959
Total liabilities	6,211,321	5,206,676
Net position:		
Investment in capital assets	8,949,814	9,228,019
Unrestricted	19,854,808	18,674,700
Total net position	\$ 28,804,622	\$ 27,902,719

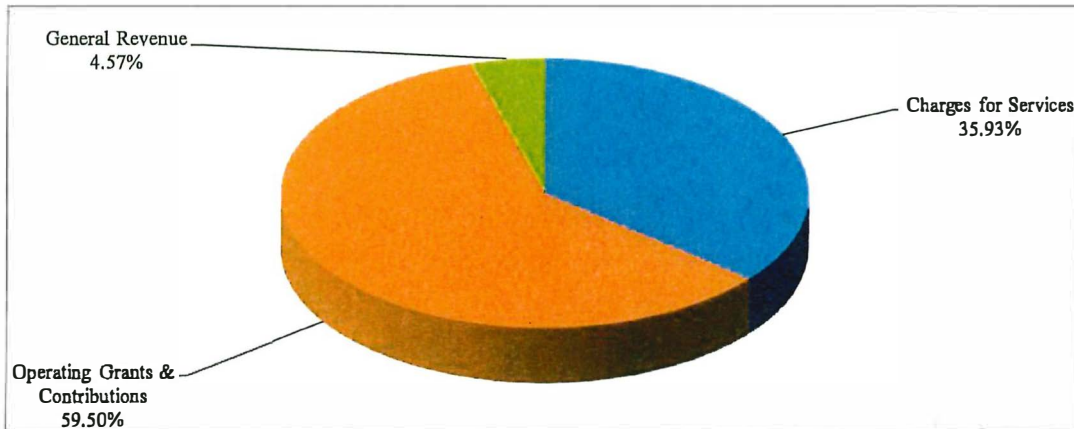
Governmental activities

Revenues for CCCMHMR's governmental activities were \$31,686,899 while total expenses were \$30,784,996. The change in net position was an increase of \$901,903.

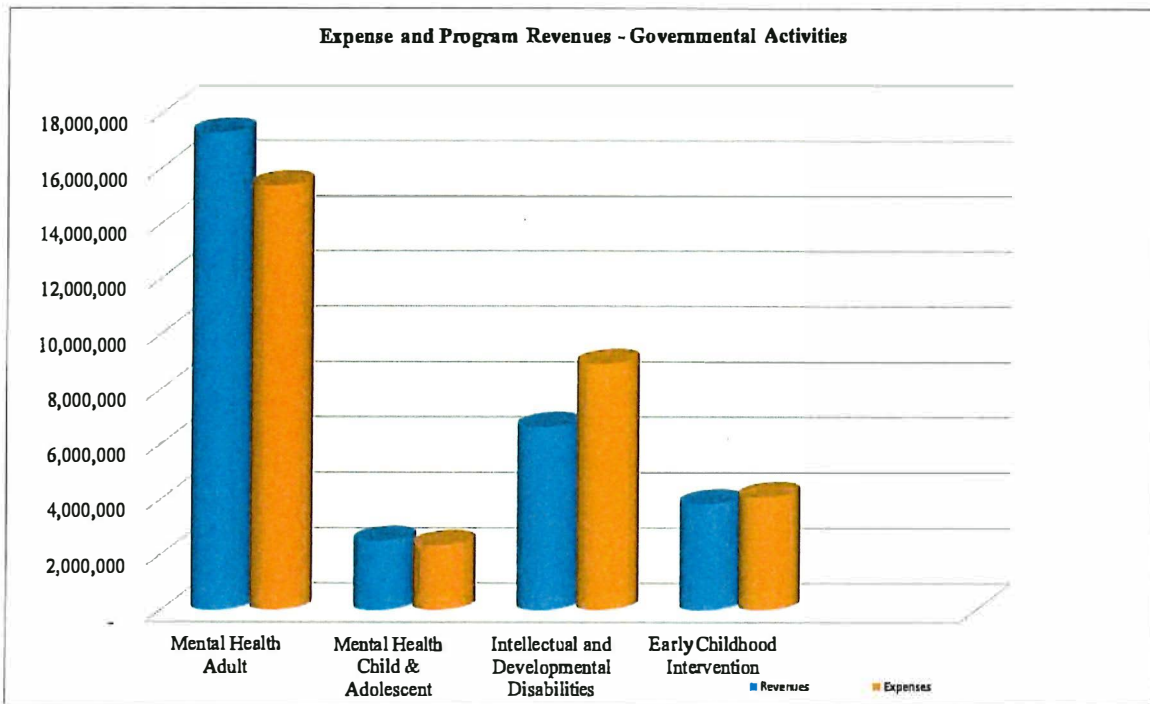
CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Management's Discussion and Analysis
August 31, 2024

Condensed Statement of Activities

	Governmental Activities	
	2024	2023
Revenues:		
Program revenues		
Charges for services	\$ 11,385,910	\$ 13,126,704
Operating grants and contributions	18,853,484	16,854,252
General revenues		
Local revenue	463,100	351,415
Unrestricted investment earnings	984,405	798,359
Total revenues	31,686,899	31,130,730
Expenses:		
Mental Health Adult	15,344,721	14,437,534
Mental Health Child/Adolescent	2,356,907	2,266,233
Intellectual and Developmental Disabilities	8,908,786	8,531,626
Early Childhood Intervention	4,111,461	4,339,078
Interest expense	63,121	64,397
Total expenses	30,784,996	29,638,868
Change in net position	901,903	1,491,862
Net position - beginning	27,902,719	26,410,857
Net position - ending	\$ 28,804,622	\$ 27,902,719



CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Management's Discussion and Analysis
August 31, 2024



Financial Analysis of the Center's Funds

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

Governmental funds. The focus of CCCMHMR's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing CCCMHMR's financing requirements. In particular, *committed and unassigned fund balance* may serve as a useful measure of the Center's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, spendable fund balance for the General Fund was \$19,422,606 or 63 percent of total General Fund expenditures. As indicated on page 14 of the financial statements, fund balance increased by \$904,132 during the year.

General Fund Budgetary Highlights

During the fiscal period, several budget adjustments were made to reflect changes in operational needs, unexpected financial circumstances, and updated strategic priorities. The budget amendments reflect both operational cost fluctuations and strategic shifts designed to optimize resource allocation and align with the evolving business environment. During FY2024 increases in State Revenues were approved per Board Amendment by \$508,470 and in Federal Revenues by \$4,308 respectively while budgeted expenditures decreased by \$2,940,950.

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Management's Discussion and Analysis
August 31, 2024

Capital Asset and Debt Administration

Capital assets

CCCMHMR's investment in capital assets for its governmental activities as of August 31, 2024, amounts to \$9,921,283 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and furniture, and leasehold improvements. The decrease in CCCMHMR's investment in capital assets for the current fiscal year was \$568,883 or 6 percent. Major capital asset events during the current fiscal year included the acquisition of two buildings as well as renovations to the Temple facility. A summary of fixed assets at year-end follows:

	Capital Assets	
	(net of depreciation)	
	Governmental Activities	
	<u>2024</u>	<u>2023</u>
Land	\$ 466,899	\$ 269,803
Construction in progress	280,365	1,597
Buildings	12,513,265	12,670,764
Leasehold improvements	26,837	254,181
Furniture and equipment	2,774,465	2,667,893
Vehicles	853,046	880,649
Leased buildings*	304,381	450,738
Leased vehicles*	804,155	666,822
Right-of-use SBITA assets **	1,732,015	1,732,015
Less: accumulated depreciation/amortization	<u>(9,834,145)</u>	<u>(9,104,296)</u>
Capital assets, net	<u>\$ 9,921,283</u>	<u>\$ 10,490,166</u>

* Right-of-use leased assets, \$1,108,536 less accumulated amortization, \$585,387, net carrying value \$523,149.

** Right-of-use SBITA assets, \$1,732,015 less accumulated amortization, \$729,270, net carrying value \$1,002,745.

Long-term obligations

Long-term obligations consist of accrued compensated absences, lease, and SBITA (Subscription Based Information Technology Arrangements) obligations. A summary of outstanding obligations at year end follows:

Governmental activities:				Obligations	Amount Due
	<u>2023</u>	<u>Additions</u>	<u>Retirements</u>	Outstanding August 31, 2024	Within One Year
Compensated absences	\$ 1,450,812	\$ 894,524	\$ (931,669)	\$ 1,413,667	\$ 353,417
<i>Direct Borrowings:</i>					
Lease obligations	667,559	154,160	(298,569)	523,150	217,668
SBITA obligations	<u>594,588</u>	<u> </u>	<u>(146,269)</u>	<u>448,319</u>	<u>154,905</u>
Total Long-Term Liabilities	<u>\$ 2,712,959</u>	<u>\$ 1,048,684</u>	<u>\$ (1,376,507)</u>	<u>\$ 2,385,136</u>	<u>\$ 725,990</u>

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Management's Discussion and Analysis
August 31, 2024

Additional information on the Center's lease and SBITA obligations can be found in Note 9.

Economic Factors and Next Year's Budgets and Rates

Central Counties Services has participated in both the Directed Payment Program and the Public Health Provider-Charity Care Pool for FY 24 and committed to participating in both for FY25. IGT will continue to be a requirement for the DPP program. DPP component 1 and 2 payments were received by CCS from all contracted MCO's. FY 24 is the last year these two payments will be paid out in two payments. Component 1 and 2 will be combined into one payment for FY25. The FY 24 PHP-CCP cost report indicated that CCS would receive approximately \$3,899,288.63 dollars (before proportionate reduction) in the spring of 2025 which is \$1 million dollars less than the budgeted CCP revenue for FY25. The Center recognizes PHP-CCP revenues when received. This amount was impacted by a significant number of crisis services being coded incorrectly and therefore ineligible for the CCP funding.

CCS was found to be out of compliance with several state reporting timelines and incurred \$9,444.00 of sanctions to HHSC. Workforce shortages being experienced nationwide continue to impact specific divisions at CCS more significantly than others. The areas of stress include licensed providers in behavioral health and ECI and the home and community support division. However the shortages are not as acute as they have been previously and all other positions in our staffing plan are being filled timely with qualified applicants. We expect to see staffing become less of a negative effect on our revenue goals and contract measures. CCS raised salaries across the board for all staff in FY 24 keeping alignment with the Texas state salary scale.

Our FY 24 capital improvement projects are aligning with the goals of providing safe, professional and welcoming environments and facilities for both staff and the individuals we serve. A new group home for 4 HCS clients was purchased and outfitted with a fire suppression system. The two properties purchased in FY23 were prepared for renovation thru a design process with a contracted architectural firm selected via a public procurement process. These properties are located in Killeen and Copperas Cove respectively and will be renovated during FY 25 to meet program and community needs. In continuation of our goals to have safe and efficient facilities in FY24 we upgraded the electrical panel and generator that supplies temporary power to the computer server room. This will prevent a hard shutdown of our systems in the event of a power outage. These projects were a carryover from FY23 due to a severe shortage of required parts to complete. An additional project to enhance access and safety was begun in FY23 and included installing a new ADA compliant wheelchair ramp at the Temple Main building. All projects listed here were completed in FY24.

The growing dependency on grant funding and competitive grant opportunities to access funds for additional services to improve outcomes for individuals with mental illness, homelessness and substance use comes with unique challenges. In order to be compliant with the grant funding requirements and invoicing, CCS has had to dedicate a staff accountant to these monthly processes. It is also requiring other support systems to learn new training requirements, compliance and reporting requirements, recruiting new staff position types and develop an understanding of services beyond the traditional performance contract service array. Additionally, the grant application and monitoring process is a burden on the resources of the behavioral health leadership team. CCS submitted applications for 6 grants in FY24. Four grants were awarded to CCS, one was denied and one is pending award. These grants focus on jail diversion (3) and one for construction of a 15-unit supportive housing complex.

Central Counties Services is a strategic partner with Bell County, Baylor Scott and White and AdventHealth Care in standing up a crisis triage and residential center in Bell County. This facility will be dedicated to jail and emergency room diversions for those with mental illness and officially opened November 26, 2024. It is funded with 2 HHSC grants awarded to CCS, one federal grant awarded to Bell County, direct contributions from the hospitals, and general revenue funds from both CCS and Bell County budgets.

Requests for Information

This financial report is designed to provide a general overview of CCCMHMR's finances for all those with an interest in the Center's finances. Questions concerning any of the information should be addressed to the Chief Financial Officer, 304 S. 22nd, Temple, Texas 76501.

BASIC FINANCIAL STATEMENTS

CENTRAL COUNTIES CENTER FOR MHMR SERVICES

Statement of Net Position

August 31, 2024

		Governmental Activities
ASSETS		
Cash and cash equivalents	\$	1,685,447
Investments		19,638,709
Accounts receivable, net		839,170
Due from other governments		2,466,718
Advances - intergovernmental transfer		285,234
Prepaid expenses		179,382
Capital assets, net		
Nondepreciable		747,264
Depreciable		9,174,019
Total Assets		35,015,943
LIABILITIES		
Accounts payable		763,004
Accrued payroll and payroll taxes		746,500
Accrued health benefits payable		95,000
Unearned revenues		2,221,681
Compensated absences - due within one year		353,417
Lease obligations - due within one year		217,668
SBITA obligations - due within one year		154,905
Compensated absences - due in more than one year		1,060,250
Lease obligations - due in more than one year		305,482
SBITA obligations - due in more than one year		293,414
Total Liabilities		6,211,321
NET POSITION		
Net investment in capital assets		8,949,814
Unrestricted		19,854,808
Total Net Position	\$	28,804,622

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

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Statement of Activities
Year Ended August 31, 2024

Function / Programs	Expenses			Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Administration Allocation	Expenses after Allocation of Administration	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:							
Mental Health Adult	\$ 13,522,225	\$ 1,822,496	\$ 15,344,721	\$ 5,647,702	\$ 11,605,720	\$ -	\$ 1,908,701
Mental Health Child and Adolescents	2,076,967	279,940	2,356,907	1,084,330	1,429,845		157,268
Intellectual and Developmental Disabilities	7,850,690	1,058,096	8,908,786	3,526,337	3,098,526		(2,283,923)
Early Childhood Intervention	3,623,134	488,327	4,111,461	1,127,541	2,719,393		(264,527)
Administration	3,648,859	(3,648,859)	-				-
Interest expense	63,121		63,121				(63,121)
Total Governmental Activities	\$ 30,784,996	\$ -	\$ 30,784,996	\$ 11,385,910	\$ 18,853,484	\$ -	(545,602)
					General Revenues		
					Local revenue		463,100
					Investment earnings		984,405
					Total General Revenues		<u>1,447,505</u>
					Change in Net Position		901,903
					Net Position - Beginning		<u>27,902,719</u>
					Net Position - Ending		\$ <u>28,804,622</u>

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

CENTRAL COUNTIES CENTER FOR MHMR SERVICES

Balance Sheet - Governmental Funds

August 31, 2024

	<u>General</u>	<u>Total Governmental Funds</u>
Assets:		
Cash and cash equivalents	\$ 1,057,072	\$ 1,057,072
Investments	19,638,709	19,638,709
Accounts receivable	839,170	839,170
Due from other governments	2,466,718	2,466,718
Advances for Intergovernmental Transfers	285,234	285,234
Prepaid items	170,187	170,187
Other assets - deposits	9,195	9,195
Total Assets	\$ 24,466,285	\$ 24,466,285
Liabilities:		
Accounts payable	\$ 763,004	\$ 763,004
Accrued payroll and other liabilities	746,500	746,500
Due to internal service fund	741,531	741,531
Unearned revenues	2,221,681	2,221,681
Total Liabilities	4,472,716	4,472,716
Deferred Inflows of Resources:		
Unavailable medicaid administrative claiming revenues	391,581	391,581
Total Deferred Inflows of Resources	391,581	391,581
Fund Balances:		
Nonspendable	179,382	179,382
Committed for accrued compensated absences	1,413,667	1,413,667
Unassigned	18,008,939	18,008,939
Total Fund Balances	19,601,988	19,601,988
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 24,466,285	\$ 24,466,285
Total Fund Balance as presented above:		\$ 19,601,988
Amounts presented for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		9,921,283
Other long-term receivables are not available to pay current period expenditures, and therefore are deferred in the fund statement.		391,581
Long-term liabilities for compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(1,413,667)
Long-term liabilities for lease (\$523,150) and SBITA (\$448,319) obligations are not due and payable in the current period and therefore are not reported in the funds.		(971,469)
An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		1,274,906
Net Position - Governmental Activities		\$ 28,804,622

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

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
Year Ended August 31, 2024

	General	Total Governmental Funds
REVENUES		
Local funds	\$ 11,878,189	\$ 11,878,189
State programs	13,413,583	13,413,583
Federal programs	5,439,901	5,439,901
Investment earnings	984,405	984,405
Total Revenues	31,716,078	31,716,078
EXPENDITURES		
Current:		
Mental Health Adult	13,169,709	13,169,709
Mental Health Child and Adolescent	2,012,163	2,012,163
Intellectual and Developmental Disabilities	7,489,175	7,489,175
Early Childhood Intervention	3,563,067	3,563,067
Administration	3,610,792	3,610,792
Debt service principal	437,553	437,553
Debt service interest	63,121	63,121
Capital outlay	640,136	640,136
Total Expenditures	30,985,716	30,985,716
Excess (deficiency) of revenues over (under) expenditures	730,362	730,362
OTHER FINANCING SOURCES (USES):		
Proceeds from disposition of capital assets	19,610	19,610
Issuance of capital leases	154,160	154,160
Total Other Financing Sources (Uses)	173,770	173,770
Net Change in Fund Balance	904,132	904,132
Fund balance, September 1	18,697,856	18,697,856
Fund balance, August 31	\$ 19,601,988	\$ 19,601,988

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

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 Year Ended August 31, 2024

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

Net Change in Fund Balance (As Presented in this Statement)	\$	904,132
Governmental funds report capital outlay as expenditures. In the statement of activities, the cost of those assets is allocated and depreciated over their useful lives. This is the amount that capital outlay \$640,136 exceeded depreciation and amortization expense (\$1,188,322) for the year.		(548,186)
Proceeds from the disposition of capital assets provides current resources in the funds, however, the disposition reduces capital assets in the statement of activities by the book value of the disposed assets. This is the difference between the proceeds (\$19,610) from the disposition recognized in the fund and and the gain on the disposed assets \$1,087 which is the book value of the assets (\$20,697).		(20,697)
Certain long-term receivables are not available to pay current period expenditures and therefore are deferred in the funds. This is the net change in these long-term receivables for the year.		(35,377)
The issuance of capital leases and SBITA provide resources for acquisition of capital assets in governmental funds. This increases long-term liabilities in the statement of net assets. Principal paid on capital leases and SBITAs uses resources in governmental funds. The repayment reduces long-term liabilities in the statement of net assets. This is the net (increase)/decrease in capital lease and SBITA liabilities for the year.		290,678
Repayments of long-term liabilities for compensated absences are reported as expenditures in governmental funds, while increases in long-term liabilities are reported in the statement of net assets. This is the net decrease in the long-term liability for compensated absences for the year.		37,145
An internal service fund is used by management to charge the costs of health insurance to individual funds. The change in net position of the internal service fund is reported with governmental activities in the statement of activities.		<u>274,208</u>
Change in Net Position - Governmental Activities	\$	<u><u>901,903</u></u>

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

CENTRAL COUNTIES CENTER FOR MHMR SERVICES

Statement of Net Position

Proprietary Fund

August 31, 2024

	<u>Governmental Activities - Internal Service Fund</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 628,375
Due from general fund	<u>741,531</u>
Total Current Assets	<u>1,369,906</u>
Total Assets	<u>1,369,906</u>
LIABILITIES	
Current Liabilities:	
Accrued health benefits payable	<u>95,000</u>
Total Current Liabilities	<u>95,000</u>
Total Liabilities	<u>95,000</u>
NET POSITION	
Unrestricted	<u>1,274,906</u>
Total Net Position	<u>\$ 1,274,906</u>

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

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended August 31, 2024

		<u>Governmental Activities - Internal Service Fund</u>
Operating Revenues		
Contributions for premiums	\$	2,336,345
Self insurance stop-loss reimbursement		<u>375,363</u>
Total Operating Revenues		<u>2,711,708</u>
Operating Expenses		
Claims and claim administration expenses		<u>2,444,674</u>
Total Operating Expenses		<u>2,444,674</u>
Operating Income (Loss)		<u>267,034</u>
Nonoperating Revenues		
Interest income		<u>7,174</u>
Total Nonoperating Revenues		<u>7,174</u>
Change in net position		274,208
Net position - September 1		<u>1,000,698</u>
Net Position - August 31	\$	<u><u>1,274,906</u></u>

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

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Statement of Cash Flows
Proprietary Fund
Year Ended August 31, 2024

	<u>Governmental Activities - Internal Service Fund</u>
Cash Flows From Operating Activities	
Receipts from internal services provided	\$ 2,336,345
Receipts from stop-loss plan	375,363
Payments for employee benefits	<u>(2,444,674)</u>
Net Cash Provided (Used) by Operating Activities	<u>267,034</u>
Cash Flows from Noncapital and Related Financing Activities	
Increase (decrease) in due to General Fund	<u>(67,496)</u>
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(67,496)</u>
Cash Flows from Investing Activities	
Interest income	<u>7,174</u>
Net Cash Provided (Used) by Investing Activities	<u>7,174</u>
Net Change in Cash and Cash Equivalents	206,712
Cash and Cash Equivalents - Beginning	<u>421,663</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 628,375</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:	
Operating income (loss)	\$ 267,034
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Increase/(Decrease) in accrued health benefits payable	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 267,034</u></u>

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

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Statement of Fiduciary Net Position
Fiduciary Fund
August 31, 2024

	<u>Client Custodial Fund</u>
Assets	
Cash and cash equivalents	<u>\$ 78,068</u>
Total assets	<u>78,068</u>
Liabilities	
Total liabilities	<u>-</u>
Net Position	
Restricted for:	
Individual consumers	<u>78,068</u>
Total Net Position	<u><u>\$ 78,068</u></u>

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

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended August 31, 2024

	<u>Client Custodial Fund</u>
Additions	
Cash collections on behalf of consumers	<u>\$ 331,550</u>
Total additions	<u>331,550</u>
Deductions	
Payments on behalf of consumers	<u>331,131</u>
Total deductions	<u>331,131</u>
Net increase (decrease) in fiduciary net position	419
Net Position - beginning	<u>77,649</u>
Net Position - ending	<u><u>\$ 78,068</u></u>

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

CENTRAL COUNTIES CENTER FOR MHMR SERVICES

Notes to the Financial Statements
Year Ended August 31, 2024

Note 1: Reporting Entity

The Center is a public entity established under the Texas Mental Health and Mental Retardation Act of 1965 and organized under Chapter 534, Title 7 of the Texas Health and Safety Code. This act provided for the creation of local boards of trustees. The Center is an agency of the State of Texas and operates as a community center to provide mental health and intellectual and developmental disability services to persons residing in Bell, Coryell, Hamilton, Lampasas and Milam Counties. The Center is governed by an independent board; has the authority to make decisions; appoint administrators and managers; significantly influence operations; and has the primary financial accountability for fiscal matters. The Center is not included in any other governmental reporting entity as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

In evaluating how to define the Center, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in the Governmental Accounting Standards Board (GASB) Statements No. 14 and 39 as amended by GASB Statement 61 "The Financial Reporting Entity; Omnibus, an amendment to GASB Statements No. 14 and No. 34." These statements define 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 to impose will by the primary government, or B) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Based on this criteria, the Center does not have any component units at August 31, 2024.

Note 2: Government-Wide and Fund Financial Statements

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. The effect of interfund activity has been eliminated in the government-wide 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.

CENTRAL COUNTIES CENTER FOR MHMR SERVICES

Notes to the Financial Statements

Year Ended August 31, 2024

Note 3: Measurement Focus, Basis of Accounting and Financial Statement Presentation – continued

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Center's internal service fund are fees charged to the general fund for employee health benefits. Operating expenses include claims paid and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Center reports the following major governmental fund:

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

Additionally, the Center reports the following fund types:

The *internal service fund* is a proprietary fund type used by management to accumulate funds for the purpose of payment of employee health benefits.

The *client custodial fund* is a fiduciary fund type which is used to account for resources held by the Center for the benefit of consumers. Fiduciary funds are not reflected in the government-wide financial statements, since the resources of these funds are not available to support Center operations.

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

CENTRAL COUNTIES CENTER FOR MHMR SERVICES

Notes to the Financial Statements
Year Ended August 31, 2024

Note 4: Assets, Liabilities and Net Position or Equity

Cash and cash equivalents – The Center considers cash on hand, demand deposits and short term investments with original maturities of three months or less from date of acquisition to be cash equivalents.

Investments – Investments are stated at fair value. For investments in public funds investment pools, the reported value of the pool is the same as the fair value of the pool shares.

Accounts Receivable – Accounts receivable from patients and insurance companies for services rendered are reduced by the amount of such billings deemed by management to be ultimately uncollectible. At year end, the Center adjusted accounts receivable balances to actual amounts received during the measurable and available time period, accordingly, no allowance for doubtful accounts was recorded at year end. Management estimates that this method did not produce any material difference when compared to the use of an allowance for uncollectible accounts.

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

GASB 87 - Leases – The Center has implemented the provisions of GASB 87, *Leases*. Under GASB 87, the Center recognizes a right-of-use lease asset – an intangible asset – and a corresponding lease liability at the commencement of the lease term. The lease liability is measured at the present value of lease payments expected to be made during the lease term. Future lease payments are discounted using the Center's estimated incremental borrowing rate at the time of the contract. Lease payments in the General Fund are recorded as expenditures for principal and interest on the lease liability. In the government-wide statement of activities, the Center recognizes amortization of the principal payment on the lease liability as an outflow of resources.

GASB 96 – Subscription-Based Information Technology Arrangements (SBITA) – Effective September 1, 2022, the Center adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96 *Subscription-Based Information Technology Arrangements (SBITA)*. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Under GASB 96, the Center recognizes a right-of-use subscription asset – an intangible asset – and a corresponding subscription liability at the commencement of the subscription term when the subscription asset is placed into service. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate specified in the agreement. If the interest rate is not specified, the Center uses its estimated incremental borrowing rate at the time of the contract. Subscription payments in the General Fund are recorded as expenditures for principal and interest on the subscription liability. In the government-wide statement of activities, the Center recognizes amortization of the principal payment on the subscription liability as an outflow of resources.

Capital Assets – Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Center as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of three years. Capital assets are recorded at cost if purchased or constructed or, if donated, at acquisition value on the date of the donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counter party on the acquisition date.

CENTRAL COUNTIES CENTER FOR MHMR SERVICES

Notes to the Financial Statements

Year Ended August 31, 2024

Note 4: Assets, Liabilities and Net Position or Equity

Capital assets also include intangible right-of-use leased and SBITA assets which are recorded at implementation cost plus the net present value of the future contractual payment obligations. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Building and improvements	15-25 years
Furniture and equipment	3-10 years
Vehicles	4 years
Right-of-use leased assets	Lease term
Right-of-se SBITA assets	Shorter of subscription term or useful life

Compensated Absences – Employees of the Center earn personal time off (PTO) on a progressive basis based on length of employment. Employees may carryover up to 320 hours of PTO from year to year. PTO hours in excess of 320 hours are eligible for the Center’s buyback program on a 2 for 1 basis up to a maximum buy back of 120 hours or the equivalent of 60 hours salary. Employees who terminate in good standing receive 100% of accrued PTO at termination of employment. Compensated absences are reported as accrued in the government-wide financial statements.

Deferred inflows/outflows of resources – Deferred inflows represent the acquisition of resources that apply to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred outflows of resources represent a consumption of resources that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. Deferred inflows represent receivables for Medicaid administrative claiming that do not meet the measurable and available criteria for revenue recognition in the General Fund.

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

Non-spendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as non-spendable at August 31, 2024, are non-spendable in form.

Committed – includes amounts that can be used only for the specific purposes as established by resolution of the Board, the Center’s highest level of decision-making authority.

Assigned – Board policy does not address the assignment of fund balance.

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

Minimum fund balance policy – The Center’s goal is to achieve and maintain an unassigned fund balance in the general fund equal to 120 days of expenditures. The Center considers a balance of less than 45 days to be cause for concern, barring unusual or deliberate circumstances. In the event that the unassigned fund balance is calculated to be less than the policy stipulates, the Center shall plan to adjust budget resources in subsequent fiscal years to restore the balance.

CENTRAL COUNTIES CENTER FOR MHMR SERVICES

Notes to the Financial Statements
Year Ended August 31, 2024

Note 4: Assets, Liabilities and Net Position or Equity – continued

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

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

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Note 5: Stewardship, Compliance, and Accountability

The Center's annual budget for the General Fund is prepared based on estimated expenditures provided on a unit basis summarized by program category. The budget is submitted to the Chief Executive Officer and the Board of Trustees. The budget must have the Board of Trustees' approval and that of the Texas Health and Human Services Commission (HHSC) for services relating to mental health and intellectual and developmental disabilities.

Contract/budget negotiations are scheduled by HHSC at which time contract performance measures and funding amounts are negotiated. The contract and/or budget is revised to incorporate any modifications agreed upon and is resubmitted to HHSC. The final budget is approved by HHSC.

The budget for the General Fund is prepared using the current financial resources measurement focus and the modified accrual basis of accounting consistent with generally accepted accounting principles for a governmental fund.

The Center may transfer existing surpluses between budget categories during the year and increase or decrease the budget according to budgeting and expenditure guidelines of HHSC for Community Mental Health and Mental Retardation Centers.

Note 6: Deposits and Investments

Cash and time deposits

Custodial credit risk – deposits

Total collateralization and insurance coverage of the Center's cash deposits is required by the Public Funds Investment Act (PFIA) and the investment policy adopted by the Board of Trustees of the Center. At August 31, 2024, the Center's deposits were adequately covered by federal deposit insurance and the fair market value of pledged securities held by the Center's agent in the Center's name.

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Notes to the Financial Statements
Year Ended August 31, 2024

Note 6: Deposits and Investments - continued

Investments

The Center's investment policies and types of investments are governed by the Public Funds Investment Act (PFIA). These policies authorize the Center to invest in 1) obligations of the U.S. or its agencies and instrumentalities; 2) obligations of the State of Texas or its agencies; 3) other obligations guaranteed by the U.S. or the State of Texas or their agencies and instrumentalities; 4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; 5) guaranteed or secured certificates of deposit issued by a depository institution that has its main office or a branch office in the state; 6) fully collateralized repurchase agreements; 7) public funds investment pools, and 8) other securities as described in the PFIA.

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. During the year, the Center did not own any investments or other assets subject to the fair value measurements required by generally accepted accounting principles.

As August 31, 2024, the Center had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage of Total</u>	<u>Credit Rating</u>	<u>Weighted Average Days to Maturity</u>
Certificates of Deposit	\$ 742,706	3.8%	N/A	433
TexPool	12,814	0.1%	AAAm	36
TexPool Prime	18,883,189	96.2%	AAAm	36
Total	\$ 19,638,709	100.00%		

Interest rate risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Center manages its exposure to declines in fair values by limiting the maximum allowable stated maturity of any individual investment owned by the Center to two years. Further, the Center shall at all times maintain a minimum of fifty percent of its investment portfolio in instruments maturing in ninety days or less.

Credit risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State law limits investments in public funds investment pools to those rated no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service. At August 31, 2024, the Center's investment in TexPool was rated AAAm by Standard & Poor's.

Concentration of credit risk – This is the risk of loss attributed to the magnitude of the Center's investment in a single issuer. At year end, the Center's exposure to concentration of credit risk is diversified through investing in the public funds investment pool, TexPool. Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act.

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Notes to the Financial Statements
Year Ended August 31, 2024

Note 7: Receivables from Other Governments

Receivables from other governments are for reimbursement of expenditures and fees for service provided under various programs and grants. All amounts are expected to be collected within the next year. A summary of these receivables as of August 31, 2024 are as follows:

	Amount
Home and Community Based Services	\$ 350,340
Health and Human Services Commission - MH contracts	812,038
Health and Human Services Commission - IDD contracts	54,533
Health and Human Services Commission - ECI contract	385,848
IGT Rebalancing	101,045
Texas Department of Housing & Community Affairs	14,073
TCOOMMI	46,417
Bell County	25,237
Medicaid Administrative Claiming	677,187
Due from other governments	\$ 2,466,718

Note 8: Capital Assets

A summary of changes in capital asset balances for the year ended August 31, 2024, is as follows:

	Balance September 1, 2023	Additions Transfers	Retirements/ Transfers	Balance August 31, 2024
Governmental Activities:				
Nondepreciable assets:				
Land	\$ 269,803	\$ 38,000	\$ 159,096	\$ 466,899
Construction in Progress	1,597	280,365	(1,597)	280,365
Total nondepreciable assets	271,400	318,365	157,499	747,264
Depreciable/amortizable assets:				
Buildings	12,670,764	-	(157,499)	12,513,265
Leasehold improvements	254,181	-	(227,344)	26,837
Furniture and equipment	2,667,893	142,323	(35,751)	2,774,465
Vehicles	880,649	25,288	(52,891)	853,046
Leased buildings*	450,738	-	(146,357)	304,381
Leased vehicles*	666,822	154,160	(16,827)	804,155
Right-of-use SBITA assets**	1,732,015	-	-	1,732,015
Total depreciable/amortizable assets	19,323,062	321,771	(636,669)	19,008,164
Less accumulated depreciation/amortization:	(9,104,296)	(1,188,322)	458,473	(9,834,145)
Capital assets, net	\$ 10,490,166	\$ (548,186)	\$ (20,697)	\$ 9,921,283

* Right-of-use leased assets, \$1,108,536 less accumulated amortization, \$585,387, net carrying value \$523,149.

**Right-of-use SBITA assets, \$1,732,015 less accumulated amortization, \$729,270, net carrying value \$1,002,745.

CENTRAL COUNTIES CENTER FOR MHMR SERVICES

Notes to the Financial Statements

Year Ended August 31, 2024

Note 8: Capital Assets - continued

In the government-wide financial statements, depreciation and amortization expense of \$1,188,322 was charged to the Center's programs as follows:

Mental Health Adult	\$	487,113
Mental Health Child & Adolescent		85,539
Intellectual and Developmental Disabilities		438,296
Early Childhood Intervention		96,589
Administration		<u>80,785</u>
Total Depreciation Expense	\$	<u>1,188,322</u>

Note 9: Long-Term Obligations

The following is a summary of changes in long-term liabilities of the Center for the year ended August 31, 2024:

Governmental activities:	2023	Additions	Retirements	Obligations Outstanding August 31, 2024	Amount Due Within One Year
Compensated absences	\$ 1,450,812	\$ 894,524	\$ (931,669)	\$ 1,413,667	\$ 353,417
<i>Direct Borrowings:</i>					
Lease obligations	667,559	154,160	(298,569)	523,150	217,668
SBITA obligations	<u>594,588</u>		<u>(146,269)</u>	<u>448,319</u>	<u>154,905</u>
Total Long-Term Liabilities	\$ <u>2,712,959</u>	\$ <u>1,048,684</u>	\$ <u>(1,376,507)</u>	\$ <u>2,385,136</u>	\$ <u>725,990</u>

Total interest expense on long-term liabilities recorded in governmental activities was \$63,121.

Following is a schedule of future lease payments required by lease obligations as of August 31, 2024:

Year Ended August 31	Governmental Activities		
	Lease Obligations		
	Principal	Interest	Total
2025	\$ 217,668	\$ 33,578	\$ 251,246
2026	111,109	23,249	134,358
2027	103,585	20,952	124,537
2028	61,888	9,821	71,709
2029	28,900	7,190	36,090
Total	<u>\$ 523,150</u>	<u>\$ 94,790</u>	<u>\$ 617,940</u>

CENTRAL COUNTIES CENTER FOR MHMR SERVICES

Notes to the Financial Statements

Year Ended August 31, 2024

Note 9: Long-Term Obligations – continued

The Center has entered into lease agreements for buildings with total combined monthly payments ranging from \$2,200 to \$9,799 per month over the next five fiscal years with an estimated borrowing rate of 3.50% to 5.75%. Terms of existing agreements expire on various dates over through August 2028.

The Center has entered into lease agreements for vehicles with total combined monthly payments ranging from \$787 to \$15,681 per month over the next five fiscal years with an estimated borrowing rate of 9.11% to 13.39%. Terms of existing agreements expire on various dates over through August 2029.

There were no material variable payments that were not included in the measurement of the lease liability. There are no material residual value guarantees or termination penalties that were not previously included in the measurement of the lease liability.

The Center has entered into subscription-based information technology agreements (SBITA) with total combined annual payments ranging from \$177,491 per year in fiscal year 2025 to \$133,118 per year ending in fiscal year 2027. SBITA obligations are recorded at the present value of the remaining lease payments using an estimated incremental borrowing rate of 5.75%. Terms of the existing agreements expire in June 2027. SBITA payments are reflected as principal and interest payments in the financial statements.

Future debt service requirements for subscription-based information technology (SBITA) obligations are summarized as follows:

Year Ended August 31	Governmental Activities		
	SBITA		
	Principal	Interest	Total
2025	\$ 154,905	\$ 22,586	\$ 177,491
2026	164,051	13,440	177,491
2027	129,363	3,755	133,118
Total	\$ 448,319	\$ 39,781	\$ 488,100

Note 10: Interfund Receivables and Payables

The following is a summary of interfund receivables and payables (all amounts are expected to be repaid within one year):

	Interfund Receivables	Interfund Payables
General Fund - internal fees for employee health benefits	\$ -	\$ 741,531
Internal Service Fund - internal fees for employee health benefits	741,531	-
Total	\$ 741,531	\$ 741,531

CENTRAL COUNTIES CENTER FOR MHMR SERVICES

Notes to the Financial Statements Year Ended August 31, 2024

Note 11: Retirement Plan

The Center maintains a 401(a) defined contribution money purchase retirement plan for the benefit of eligible employees and their beneficiaries. The name of the plan is the Central Counties Center for MHMR Services Retirement Plan. Eligible employees are full-time employees and part-time employees (minimum 20 hours per week) who have completed six months of service. Employees are required to contribute 2% of covered compensation to the plan. The Center's required contribution to the plan is 6% of each covered employee's compensation. Employees direct the investment of contributions which are used to purchase mutual funds and/or annuity contracts. Investments are managed and held in trust on behalf of employees by Empower Retirement. Employees vest in Center contributions to the plan over a period of five years with vesting beginning in the second year of employment and increasing 25% per year until fully vested after five years. Plan forfeitures are used to reduce contributions required by the Center. The Center's required contribution for the year was \$1,026,443, which was reduced by forfeitures applied of \$145,890. Employee contributions to the plan were \$332,924. Employer contributions in the amount of \$19,040 were due at year-end.

Note 12: Deferred Compensation Plan

The Center offers its employees a deferred Compensation Plan (the "Plan") consistent with Internal Revenue Code Section 457(a). Vesting in the Plan is immediate with plan assets held in trust until the employee terminates employment, retires or experiences an unforeseeable emergency. Employees may contribute voluntarily to the Plan an amount not to exceed limits established by the Internal Revenue Code. The employees contributed \$452,329 in deferred compensation for the year.

Note 13: Risk Management

The Center is exposed to various risks of loss related to general liability, torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, doctors' malpractice and natural disasters. The Center's workers compensation, property, liability and automobile physical damage losses are covered under a partially self-funded insurance pool managed by the Texas Council Risk Management Fund. Under these policies, the Center could be assessed for additional premiums if losses exceed specified amounts. Center management believes that the financial statements contain reasonable estimates for any liability related to such claims. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding the maximum amounts to be paid by the pool in any of the past three fiscal years.

The Center's health insurance plan is a partially self-funded insured specific and aggregate stop-loss coverage plan with an unlimited annual and lifetime aggregate maximum benefit, stop-loss re-insurance on individual claims exceeding \$65,000 annually, and an annual aggregate stop-loss of \$1,644,304 administered by Blue Cross and Blue Shield of Texas. The administrator acts as the Center's agent in making benefit payments on the Center's behalf. Estimated health claims that have been incurred but not reported are accrued at year-end based on historical experience. The estimate of claims liability also includes amounts for incremental claim adjustment expenses related to specific claims. The Center does not discount these claim liabilities.

The estimated liability for health claims is \$95,000 at August 31, 2024. Claim activity for the years ended August 31, 2024 and 2023 are as follows:

	2024	2023
Accrued claims at the beginning of the year	\$ 95,000	\$ 144,727
Claims incurred	1,694,544	2,647,078
Claims paid	<u>(1,694,544)</u>	<u>(2,696,805)</u>
Accrued claims at the end of the year	\$ <u>95,000</u>	\$ <u>95,000</u>

CENTRAL COUNTIES CENTER FOR MHMR SERVICES

Notes to the Financial Statements Year Ended August 31, 2024

Note 14: Concentrations of Credit Risk

A substantial portion of the Center's revenues are in the form of annual performance contracts with the Texas Health and Human Services Commission. The Center is economically dependent on continuation of these programs. As a result, the Center's overall exposure to credit risk is contingent upon future funding by the State. At year end, these contracts have been continued through August 31, 2025.

Note 15: Commitments and Contingencies

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

The Center participates in the worker's compensation risk management fund through the Texas Council Risk Management Fund (TCRMF). As a participant in this risk management fund, the Center pays monthly premiums based on a standard premium rate calculated by TCRMF. TCRMF may assess additional amounts to the Center if actual losses should exceed premiums paid up to specified limits for a look back period of up to six years. Management does not anticipate any additional assessments for insurance premiums from TCRMF.

Note 16: Patient Assistance Program

Consumers periodically receive prescription medications through a program known as the Patient Assistance Program (PAP). These prescriptions are provided at no cost to the consumer. These items do not meet the criteria for recognition on the Center's financial statements; however, they do provide significant assistance to the consumers the Center serves. Management estimates that consumers received prescription medications through this program valued at \$2,176,032 during the year ending August 31, 2024.

Note 17: Medicaid Cost Report Reconciliation Charity Care Program

Community Centers participate in a state-wide Medicaid 1115 waiver program identified as the Charity Care Pool (CCP). As a part of the CCP program, all Centers file a cost report based on the cost of the program and the services provided. The Center's cost report will be considered as a part of a statewide reconciliation process for the cost of CCP services. The cost report reconciliation will result in a settlement of an amount due to the Center. The results of the final reconciliation will not be known for several months after the report release date. Due to the uncertainty associated with this estimate and the effects of the statewide reconciliation, management has determined that an estimate is not possible at year-end. Revenues associated with this program are recorded as revenues when actually received. The amount received in FY 2024 was \$4,685,559.

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Notes to the Financial Statements
Year Ended August 31, 2024

Note 18: Medicaid Reconciliation – Direct Payment Program (DPP) Program

In FY 2024, Community Centers statewide continued participation in a Medicaid 1115 Waiver program identified as the Direct Payment Program (DPP). As a part of the DPP program, a reconciliation will be made based on services provided by each Center. The Center's information will be considered as a part of a statewide reconciliation process for the cost of DPP services. The reconciliation will result in a settlement of an amount due to the Center or an amount due back to the program. The results of the final reconciliation will not be known for several months after the report date. At year-end, management has recorded deferred revenue of \$225,108 less estimated IGT redistribution owed to the Center of \$101,045 for a net provision of \$124,063 for this reconciliation. Due to the uncertainty associated with this amount, it is subject to adjustment once the final reconciliation is complete.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended August 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Local Revenues				
County income	\$ 302,500	\$ 302,500	\$ 355,565	\$ 53,065
Client fees / insurance	2,158,074	2,158,074	1,400,001	(758,073)
Medicaid MH - Case Management	30,000	30,000	10,377	(19,623)
Home and Community Based Services	2,144,495	2,144,495	2,161,413	16,918
Medicaid IDD - Service Coordination	1,389,968	1,389,968	973,685	(416,283)
Medicaid Rehabilitation Services	157,500	157,500	138,823	(18,677)
Medicaid Child Team	444,000	444,000	370,649	(73,351)
Medicaid Child Team Case Management	749,946	749,946	580,805	(169,141)
Medicaid 1115 Waiver - DPP	1,849,970	1,849,970	769,744	(1,080,226)
Medicaid 1115 Waiver - CCP	1,831,649	1,831,649	4,685,559	2,853,910
Miscellaneous	253,654	253,654	431,568	177,914
Total Local Revenues	11,311,756	11,311,756	11,878,189	566,433
State Program Revenues				
Mental Health Adult	7,803,658	7,803,658	8,676,324	872,666
Mental Health Child & Adolescent	1,054,089	1,114,089	1,022,784	(91,305)
Intellectual and Developmental Disabilities	1,741,095	2,189,565	1,784,811	(404,754)
Early Childhood Intervention	2,255,500	2,255,500	1,427,015	(828,485)
Multisystemic Therapy	-	-	257,964	257,964
TCCOOMMI	308,400	308,400	244,685	(63,715)
Total State Program Revenues	13,162,742	13,671,212	13,413,583	(257,629)
Federal Program Revenues				
Mental Health Block Grant	1,595,974	1,595,974	1,983,517	387,543
Temporary Assistance for Needy Families	375,592	375,592	436,562	60,970
Social Services Block Grant	95,808	95,808	77,138	(18,670)
Early Childhood Intervention	-	-	830,918	830,918
Medicaid Administrative Claiming	1,352,134	1,352,134	1,531,530	179,396
Substance Abuse Block Grant	513,344	513,344	321,519	(191,825)
Epinet	65,000	65,000	51,458	(13,542)
Money Follows the Person	46,673	50,981	48,058	(2,923)
Emergency Rental Assistance	268,318	268,318	159,201	(109,117)
Total Federal Program Revenues	4,312,843	4,317,151	5,439,901	1,122,750
Investment Earnings	905,000	905,000	984,405	79,405
Total Revenues	\$ 29,692,341	\$ 30,205,119	\$ 31,716,078	\$ 1,510,959

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended August 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current				
Classified salaries	\$ 18,713,024	\$ 16,267,737	\$ 18,102,067	\$ (1,834,330)
Employee benefits	4,750,299	4,224,780	4,596,931	(372,151)
Travel	226,899	235,658	278,570	(42,912)
Drugs and medications	207,698	207,698	273,387	(65,689)
Consumable supplies	250,832	271,929	180,822	91,107
Contracted and professional fees	2,974,754	2,974,754	3,588,838	(614,084)
Furniture and equipment	681,740	681,740	781,546	(99,806)
Utilities and telephone	485,815	485,815	567,975	(82,160)
Insurance	379,610	379,610	393,766	(14,156)
Transportation	51,858	51,858	199,277	(147,419)
Repairs and maintenance	54,791	54,791	190,150	(135,359)
Rent and lease expense	333,438	333,438	200,039	133,399
Client costs	326,178	326,178	245,440	80,738
Miscellaneous	172,905	172,905	246,098	(73,193)
Total Current	29,609,841	26,668,891	29,844,906	(3,176,015)
Debt service principal	-	-	437,553	(437,553)
Debt service interest	-	-	63,121	(63,121)
Capital outlay	82,500	82,500	640,136	(557,636)
Total Expenditures	29,692,341	26,751,391	30,985,716	(4,234,325)
Excess (deficiency) of revenues over (under) expenditures	-	3,453,728	730,362	(2,723,366)
Other Financing Sources (Uses)				
Proceeds from disposition of capital assets	-	-	19,610	19,610
Issuance of capital leases	-	-	154,160	154,160
Total Other Financing Sources (Uses)	-	-	173,770	173,770
Net Change in Fund Balance	-	3,453,728	904,132	(2,549,596)
Fund balance, September 1	18,697,856	18,697,856	18,697,856	-
Fund balance, August 31	\$ 18,697,856	\$ 22,151,584	\$ 19,601,988	\$ (2,549,596)

STATISTICAL SECTION (UNAUDITED)

CENTRAL COUNTIES CENTERS FOR MHMR SERVICES
Schedule of Revenues and Expenditures by Source of Funds (Unaudited)
General Fund
Year Ended August 31, 2023

Fund Source	Total Revenue	Mental Health Adult Expenditures	Mental Health Child and Adolescent Expenditures	Mental Health Crisis Expenditures	Mental Retardation Expenditures	Other Services Expenditures	Total Center Expenditures	Excess Revenue over Expenditures
Objects of Expense:								
Personnel	\$ 15,270,595	\$ 5,314,210	\$ 848,643	\$ 1,033,163	\$ 691,339	7,383,240	\$ 15,270,595	
Employee benefits	4,180,844	1,342,821	228,611	286,272	222,522	2,100,618	4,180,844	
Professional and consultant services	1,805,235	131,480	100,293	82,380	807,369	683,713	1,805,235	
Training and travel	224,387	39,722	6,831	7,744	4,395	165,695	224,387	
Capital outlay	222,192	60,801	61,868	15,136	19,385	65,002	222,192	
Non-capitalized equipment	1,125,807	704,919	119,588	152,919	93,605	54,776	1,125,807	
Pharmaceutical expense-[Medication & Script Process Fee]	188,161	182,991	-	133	1	5,036	188,161	
Pharmaceutical expense-PAP	3,447,755	3,447,755	-	-	-	-	3,447,755	
Other operating expense	2,760,394	957,441	141,925	298,102	158,466	1,204,460	2,760,394	
Allocation of General and Administration to Strategies	5,522,416	1,871,193	323,012	401,870	427,841	2,498,500	5,522,416	
Allocation of Authority Administration to Strategies	299,234	101,391	17,502	21,775	23,183	135,383	299,234	
Total Expenditures	\$ 35,047,020	\$ 14,154,724	\$ 1,848,273	\$ 2,299,494	\$ 2,448,106	\$ 14,296,423	\$ 35,047,020	
Method of Finance:								
General Revenue Allocated	\$ 8,884,337	\$ 5,859,539	\$ 1,109,579	\$ 884,777	\$ 1,030,442	-	\$ 8,884,337	\$ -
Allocated Federal Funds	731,340	467,640	263,700	-	-	-	731,340	-
Medicaid Administrative Claiming	1,172,844	-	-	-	-	1,172,844	1,172,844	-
Managed Care	1,215,098	587,329	233,978	-	-	393,791	1,215,098	-
Other Medicaid Programs	11,175,300	3,589,439	20,649	-	-	7,565,212	11,175,300	-
Other Federal Funds	1,242,080	48,561	185,685	252,508	245,000	510,326	1,242,080	-
Other State Agencies	4,733,320	-	-	-	607,350	4,125,970	4,733,320	-
Program Income - Local Match	548,373	111,436	1,190	-	435,747	-	548,373	-
Non-Program Income - Local Match	52,910	19,418	33,492	-	-	-	52,910	-
Program used as Add Local Funds	-	-	-	-	-	-	-	-
Non Program used as Add Local Funds	5,291,418	3,471,362	-	1,162,209	129,567	528,280	5,291,418	-
Total Expended Sources	\$ 35,047,020	\$ 14,154,724	\$ 1,848,273	\$ 2,299,494	\$ 2,448,106	\$ 14,296,423	\$ 35,047,020	\$ -
Total Audited Revenues and								
Other Financing Sources - General Fund	\$ 31,631,884				Total Audited Expenditures and			
PAP Contributions	3,447,755				Other Financing Sources - General Fund		\$ 29,994,934	\$ 1,636,950
Net Change in Fund Balance	(1,636,950)				PAP Contributions		3,447,755	-
Issuance of capital leases	(433,387)				Debt Service Principal and Interest		(437,254)	(1,636,950)
Audit entry not captured on Report III	(4,220)				Audit entry not captured on Report III		(353)	3,867
Total Revenues Reconciled to 4th Quarter Report III	\$ 33,005,082				Total Revenues Reconciled to 4th Quarter Report III		\$ 33,005,082	\$ -

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Reconciliation of Total Revenues to Fourth Quarter Financial Report (Unaudited)
Year Ended August 31, 2024

	Revenues			Audited Financial Statements
	Care Report III	Additions	Deletions	
LOCAL REVENUES				
County income	\$ 355,565	\$ -	\$ -	\$ 355,565
Client fees / insurance	1,400,001			1,400,001
Medicaid MH - Case Management	10,377			10,377
Home and Community Based Services	2,161,413			2,161,413
Medicaid IDD - Service Coordination	956,270	17,415 (c)		973,685
Medicaid Rehabilitation Services	138,823			138,823
Medicaid Child Team	370,649			370,649
Medicaid Child Team Case Management	580,805			580,805
Medicaid 1115 Waiver - DPP	769,744			769,744
Medicaid 1115 Waiver - CCP	4,685,559			4,685,559
PAP medications	2,176,032		(2,176,032) (a)	-
Miscellaneous	642,227		(210,659) (c)	431,568
Total Local Revenues	<u>14,247,465</u>	<u>17,415</u>	<u>(2,386,691)</u>	<u>11,878,189</u>
STATE PROGRAM REVENUES				
Mental Health Adult	\$ 8,676,324	\$ -	\$ -	8,676,324
Mental Health Child & Adolescent	1,122,834		(100,050) (c)	1,022,784
Intellectual and Developmental Disabilities	1,774,334	58,535 (b) (c)	(48,058) (c)	1,784,811
Early Childhood Intervention	2,486,825		(1,059,810) (c)	1,427,015
Multisystemic Therapy	257,964			257,964
Community Health Workers	314,478		(314,478) (c)	-
TCOOMMI	244,685			244,685
Total State Program Revenues	<u>14,877,444</u>	<u>58,535</u>	<u>(1,522,396)</u>	<u>13,413,583</u>
FEDERAL PROGRAM REVENUES				
Mental Health Block Grant	\$ 1,883,467	\$ 100,050 (c)	\$ -	1,983,517
Temporary Assistance for Needy Families	207,670	228,892 (c)		436,562
Social Services Block Grant	77,138			77,138
Early Childhood Intervention	-	1,059,810 (c)	(228,892) (c)	830,918
Medicaid Administrative Claiming	1,531,530			1,531,530
Substance Abuse Block Grant	7,041	314,478 (c)		321,519
EPINET-TX	-	51,458 (c)		51,458
Money Follows the Person	-	48,058 (c)		48,058
Emergency Rental Assistance	-	159,201 (c)		159,201
PASSR Evaluations	17,415		(17,415) (c)	-
IDD ARPA Funds	58,534		(58,534) (c)	-
Total Federal Program Revenues	<u>3,782,795</u>	<u>1,961,947</u>	<u>(304,841)</u>	<u>5,439,901</u>
Investment earnings	984,405	-	-	984,405
Total revenues	<u>\$ 33,892,109</u>	<u>\$ 2,037,897</u>	<u>\$(4,213,928)</u>	<u>\$ 31,716,078</u>

- (a) Value of PAP not recorded in the financial statements
(b) Rounding adjustment
(c) Reclassification of expenses between Report III and audit report

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Reconciliation of Total Expenditures to Fourth Quarter Financial Report (Unaudited)
Year Ended August 31, 2024

Function	Expenditures			Audited Financial Statements
	Care Report III	Additions	Deletions	
Personnel	\$ 18,102,066	\$ 1 (b)		\$ 18,102,067
Employee Benefits	4,596,935		(4) (c)	4,596,931
Professional and Consultant Services	2,887,836	701,002 (c)		3,588,838
Training and Travel	278,573		(3) (b)	278,570
Debt Service	-	500,674 (c)		500,674
Capital Outlay	485,976	154,160 (c)		640,136
Non-Capitalized Equipment	205,169	576,377 (c)		781,546
Pharmaceutical Expense	241,729			241,729
Pharmaceutical Expense(PAP only)	2,176,032		(2,176,032) (a)	-
Other Operating Expense	<u>4,187,434</u>	<u>4</u> (c)	<u>(1,932,213)</u> (c)	<u>2,255,225</u>
Total Expenditures	<u>\$ 33,161,750</u>	<u>\$ 1,932,218</u>	<u>\$ (4,108,252)</u>	<u>\$ 30,985,716</u>

- (a) Value of PAP not recorded in the financial statements
(b) Rounding adjustment
(c) Reclassification of expenses between Report III and audit report

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Schedule of Indirect Costs (Unaudited)
Year Ended August 31, 2024

	Total Costs	Non - allowable Costs	Depreciation/ Amortization	Total Adjusted Costs	Direct Costs	Indirect Costs
Personnel	\$ 18,102,065	\$ -	\$ -	\$ 18,102,065	\$ 15,875,348	\$ 2,226,717
Fringe benefits	4,596,935	-	-	4,596,935	4,028,531	568,404
Consultants/contracts	2,887,836	-	-	2,887,836	2,887,836	-
Debt Service - principal	437,553	(437,553)	655,919	655,919	624,221	31,698
Debt Service - interest	63,121	-	-	63,121	-	63,121
Capital outlay	640,136	(640,136)	532,405	532,405	483,318	49,087
Other operating expenses	4,258,070	(106,055)	-	4,152,015	3,156,082	995,933
Total expenses	<u>\$ 30,985,716</u>	<u>\$ (1,183,744)</u>	<u>\$ 1,188,324</u>	<u>\$ 30,990,296</u>	<u>\$ 27,055,336</u>	<u>\$ 3,934,960</u>
Indirect costs						3,934,960
Direct costs						27,055,336
Indirect cost rate						14.54%

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Schedule of Leases in Effect (Unaudited)
Year Ended August 31, 2024

Lessor	Location	Termination	Monthly Amount
R & L Goodwin Investments	1305 South Key Ave, Suite 203	8/31/2025	\$ 2,200
Kitemco Services LTD	107 E Ave B, Suite A	4/30/2025	2,000
Kitemco Services LTD	107 E Ave B, Suite B	4/30/2025	750
Inman Group LLC - Richard Inman	1007 South Ann Street	8/31/2025	2,006
WCP/UIRC Hamilton, TX LLC	101 Park Hill	8/31/2025	500
Advent Health Central Texas	806 E Avenue D	1/31/2025	2,738
Charter Real Estate	2170 North Main Street, Suite E	9/30/2025	2,154
Odis James-James Street Capital	615 East Main Street	8/31/2025	2,500
Feed My Sheep - Jeff Stegall	116 West Avenue G	12/31/2025	500
Families in Crisis	1305 E Rancier Ave	8/13/2025	500
Friends in Crisis	412 East Sprott	8/13/2025	500

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Schedule of Space Occupied in a State-Owned Facility (Unaudited)
Year Ended August 31, 2024

Location	Building Utilization	Cost	
		Monthly	Annual

No State Owned Facilities Occupied

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Schedule of Insurance in Force (Unaudited)
Year Ended August 31, 2024

Insurer	Policy Period	Coverage	Limits or Amounts
Crum & Forster Cyber Insurance	9/01/2023 - 8/31/2024	Cyber & Multimedia Liability	\$3,000,000
Texas Council Risk Mgmt. Fund	9/01/2023 - 8/31/2024	General Liability	\$1,000,000 Each Occurrence and Aggregate General
Texas Council Risk Mgmt. Fund	9/01/2023 - 8/31/2024	Professional Liability	\$1,000,000 Each Occurrence \$3,000,000 Aggregate Professional Statutory
Texas Council Risk Mgmt. Fund	9/01/2023 - 8/31/2024	Worker's Compensation	Statutory
Texas Council Risk Mgmt. Fund	9/01/2023 - 8/31/2024	Automobile Liability	\$1,000,000 Each Occurrence
Texas Council Risk Mgmt. Fund	9/01/2023 - 8/31/2024	Errors and Omissions	\$1,000,000 Per Claim \$1,000,000 Annual Aggregate
Texas Council Risk Mgmt. Fund		Expanded Employment Practices Endorsement	\$50,000 Per Claim \$100,000 Annual
Texas Council Risk Mgmt. Fund		Sexual Misconduct Endorsement	\$100,00 Per Claim \$300,000 Annual
Texas Council Risk Mgmt. Fund		Professional defense Endorsement	\$30,000 Per Claim \$100,000 Annual
Texas Council Risk Mgmt. Fund	9/01/2023 - 8/31/2024	Primary Care Professional Endorsement	\$2,000,000 Per Claim \$4,000,000 Aggregate
Texas Council Risk Mgmt. Fund	9/01/2023 - 8/31/2024	All Risk	
		Main Building-304 S. 22nd St.	\$ 16,031,600
		100 E. Ave A Killeen	2,812,200
		312 S. 22nd Temple	92,861
		308 S. 22nd Temple	125,280
		1009 N Dr. Copperas Cv	340,500
		3405 Range Road Temple	231,765
		3401 Range Road Temple	1,118,700
		312 N 2nd Temple	92,861
		308 N 2nd Temple	125,280
		2420 So. 37th Temple	1,584,600
		1103 Mary Jane	3,408,000
		708 N Crockett	581,400
		415 & 417 N 8th Street Temple	387,561
		1011 Wales Dr., Killeen	1,367,231

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Schedule of Insurance in Force (Unaudited)
Year Ended August 31, 2024

Insurer	Policy Period	Coverage	Limits or Amounts
Texas Council Risk Mgmt. Fund	9/01/2023 - 8/31/2024	All Risk Contents	
		Main Building	\$ 6,657,600
		100 E Ave A Killeen	431,300
		3401 Range Road-main	23,644
		3405 Range Road	43,642
		101 Parkhill Hamilton	75,282
		1305 S. Key Lampasas	94,341
		1705 Pecos, Rockdale	67,037
		1007 S Ann Harker Heights	169,500
		2170 N Main Belton	282,500
		116 W. Ave. G.	5,000
		1009 N Drive Copperas Cove	6,000
		1103 Mary Jane	565,500
		1201 Huey Drive Belton	588
		708 N Crockett Cameron	104,700
		2420 So. 37th Temple	243,600
		109 East Avenue B Temple	12,105
		615 E. Main Street Gatesville	90,400
		806 Ave D Copperas Cove	22,600
		415 & 417 N 8th Street Temple	6,000
		313 N. Main, Rockdale, Milam	10,000
		1012 North Copperas Cove	12,346
		312 N 2nd Temple	10,000

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Schedule of Bond Coverage (Unaudited)
Year Ended August 31, 2024

Title	Surety Company	Scope of Coverage	Bond Amount
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None in FY2024

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Schedule of Professional and Consulting Fees (Unaudited)
Year Ended August 31, 2024

Name	City	Type of Service	Amount
Aaron Wright	Temple	Host Home/Day Hab	\$ 18,626
Anita Mclin	Temple	Host Home/Day Hab	18,867
Anna Diprete	Killeen	IDD Respite	550
Avail Solutions, Inc.	Tyler	Crisis Hotline	84,500
Baylor Scott & White Health	Dallas	Psychiatric Services	31,240
Bluebonnet Trails Co	Round Rock	Telemed Physician	95,401
Bonita Curtis	Killeen	IDD Respite	1,105
Bonnie Wilson	Milano	Host Home/Day Hab	18,754
Brian Clinton	Austin	Psychiatry Services	112,600
Bring Everyone In The Zone	Killeen	Veteran Program	94,997
Canyon Creek Behavioral Health	Temple	Inpatient Bed Days	722,075
Cecilia King	Copperas Cove	Host Home/Day Hab	10,432
Cedar Crest Hospital	Belton	Inpatient Bed Days	439,125
Centikor Foundation	Houston/Pittsburgh	MAT MD services	6,425
Charles Lundin Hodge	Copperas Cove	IDD Respite	385
Christopher and Karen Hammel	Holland	Host Home/Day Hab	18,626
Cooper Kolodziejczyk	Belton	IDD Respite	2,223
Deborah Scott	Kempner	Host Home/Day Hab	38,264
Dietitian Services, LLC.	Pinehurst	Nutritional Services	221
Donna Marshall	Temple	Host Home/Day Hab	18,626
Donna Torrez	Copperas Cove	Host Home/Day Hab	18,626
Dynesha Williams	Copperas Cove	Host Home/Day Hab	1,730
Empower Parent, Inc. / MST Services, Inc.	Dallas	Program Development	100,000
Guadalupe Esparaza	Temple	Host Home/Day Hab	17,290
Jacob Klingler	Belton	Host Home/Day Hab	1,698
Janet Abbe	Temple	Host Home/Day Hab	17,290
Joana Warren	Little River	Host Home/Day Hab	600
Josephina Morales	Temple	Host Home/Day Hab	17,761
Josephine Bearden	Killeen	Host Home/Day Hab	18,867
Judith Waller	Kempner	Host Home/Day Hab	35,916
Kimberlee Helka	Morgans Point	Host Home/Day Hab	18,626
Kristine Wood	Temple	Respite care	285
LaQuita Parker	Killeen	Host Home/Day Hab	2,315
Lavonna Constance	Temple	Host Home/Day Hab	18,015
Margaret Birkes	Moody	IDD Respite	290
Maria Raminger	Kempner	Host Home/Day Hab	17,290
Mario Gonzalez	Harker Heights	IDD Respite	580
Mary Susann Dyer	Lampasas	Host Home/Day Hab	17,290
Medicine Horse PLLC	Belton	Equine Therapy	622
Metroplex	Dallas	Inpatient Bed Days	337,500
Michelle Gremer	Gatesville	Host Home/Day Hab	1,578
Mona Gates	Killeen	Host Home/Day Hab	17,290
Monica and Jose Rodarte	Killeen	Host Home/Day Hab	34,700
Moses Mario Mendoza	Killeen	IDD Respite	1,540
Myndfit Mental Health, LLC.	Helotes	Mental Health Services	6,079
Oceans Behavioral Hospital	Dallas	Psychiatric Bed Days	134,150
Olen Christopher Baker	Spring Branch	Prescriber Services	69,920
Randy Frink	Morgans Point	IDD Respite	1,200
Rebecca Johnson	Kempner	IDD Respite	600

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Schedule of Professional and Consulting Fees (Unaudited)
Year Ended August 31, 2024

<u>Name</u>	<u>City</u>	<u>Type of Service</u>	<u>Amount</u>
Recessability, Inc.	Spring	YES Waiver Therapy	3,368
Remedios Harrington	Temple	Host Home/Day Hab	18,626
Ruth Anna Wilkerson	Rigby	Contract Occupational Registered Therapist	99,652
Sahar Marie Tashi	Belton	IDD Respite	600
Shawnell Roberts-Garcia	Killeen	Host Home/Day Hab	2,145
Sonja Boussart	Rockdale	IDD Respite	545
Suzan Mardis	Copperas Cove	Host Home/Day Hab	17,290
Taha Ansari	McKinney	Psychiatric Services	9,000
Tammy Barrett	Cameron	Host Home/Day Hab	17,290
Translation & Interpretation Network, LLC	Dallas	Interpreter	9,607
Vito Mazzeo	Copperas Cove	Host Home/Day Hab	34,700
Willie Presley	Killeen	Host Home/Day Hab	14,928
WTCR Temple, Inc.	Austin	Mat services	10,693

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Schedule of Legal Services (Unaudited)
Year Ended August 31, 2024

<u>Name</u>	<u>City</u>	<u>Type of Service</u>	<u>Amount</u>
Tarver & Blythe	Temple	Retainer/Legal	\$ 24,000

COMPLIANCE AND INTERNAL CONTROLS SECTION

SCOTT, SINGLETON, FINCHER AND COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Texas Society of
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Independent Auditor's Report

**Report On Internal Control Over Financial Reporting
And On Compliance and Other Matters Based on
An Audit of Financial Statements Performed
In Accordance With *Government Auditing Standards***

The Board of Trustees
Central Counties Center for MHMR Services

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Central Counties Center for MHMR Services (Center), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated January 28, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Central Counties Center for MHMR Services Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Central Counties Center for MHMR Services' response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Central Counties Center for MHMR Services' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Scott, Singleton, Fincher and Company, P.C.

Scott, Singleton, Fincher and Company, P.C.
Certified Public Accountants
Greenville, Texas
January 28, 2025

SCOTT, SINGLETON, FINCHER AND COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

**Report on Compliance for Each Major Program and on Internal Control Over
Compliance Required by the Uniform Guidance and
Texas Grant Management Standards**

The Board of Trustees
Central Counties Center for MHMR Services

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Central Counties Center for MHMR Services' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, Texas Grant Management Standards (TxGMS) and the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers* that could have a direct and material effect on each of Central Counties Center for MHMR Services' major federal and state programs for the year ended August 31, 2024. Central Counties Center for MHMR Services' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Central Counties Center for MHMR Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2024.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); Texas Grant Management Standards; and the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*. Our responsibilities under those standards, the Uniform Guidance, TxGMS, and the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Central Counties Center for MHMR Services and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each

major federal and state program. Our audit does not provide a legal determination of Central Counties Center for MHMR Services' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Central Counties Center for MHMR Services' federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Central Counties Center for MHMR Services' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, TxGMS, and the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Central Counties Center for MHMR Services' compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, TxGMS, and the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Central Counties Center for MHMR Services' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Central Counties Center for MHMR Services' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, TxGMS, and the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers* but not for the purpose of expressing an opinion on the effectiveness of Central Counties Center for MHMR Services' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and 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 and 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, Texas Grant Management Standards, and the *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*. Accordingly, this report is not suitable for any other purpose.

Scott, Singleton, Fincher and Company, P.C.

Scott, Singleton, Fincher and Company, P.C.
Certified Public Accountants
Greenville, Texas
January 28, 2025

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
 Schedule of Findings and Questioned Costs
 Year Ended August 31, 2024

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP (unmodified, qualified, adverse or disclaimer):

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes x no

Significant deficiency(ies) identified?

_____ yes x none reported

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes x no

Significant deficiency(ies) identified?

_____ yes x none reported

Type of auditor’s report issued on compliance for major federal programs (unmodified, qualified, adverse or disclaimer):

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes x no

State Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes x no

Significant deficiency(ies) identified?

_____ yes x none reported

Type of auditor’s report issued on compliance for major state programs (unmodified, qualified, adverse or disclaimer):

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Texas Grant Management Standards?

_____ yes x no

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
 Schedule of Findings and Questioned Costs
 Year Ended August 31, 2024

Section I – Summary of Auditor’s Results (continued)

Identification of major federal programs:

<u>ALN/CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.558	Temporary Assistance for Needy Families originating with the U.S. Department of Health and Human Services and passed through the Texas Health and Human Services Commission (HHSC)
93.958	Block Grants for Mental Health Services originating with the U.S. Department of Health and Human Services and passed through the Texas Health and Human Services Commission (HHSC)

Dollar threshold used to distinguish between Type A and Type B federal programs: \$750,000

Auditee qualified as low-risk auditee? yes x no

Identification of major state programs:

<u>ALN/CFDA Number(s)</u>	<u>Name of State Program or Cluster</u>
N/A	State General Revenue – Mental Health – Adult passed through the Texas Health and Human Services Commission
N/A	State General Revenue – Mental Health – Children passed through the Texas Health and Human Services Commission
N/A	State General Revenue – Intellectual and Developmental Disabilities passed through the Texas Health and Human Services Commission
N/A	State Revenue - Multisystemic Therapy Grant passed through the Texas Health and Human Services Commission

Dollar threshold used to distinguish between Type A and Type B state programs: \$750,000

Auditee qualified as low-risk auditee? yes x no

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Schedule of Findings and Questioned Costs
Year Ended August 31, 2024

Section II – Financial Statement Findings

This section should identify the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting.

No findings were noted.

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by the 2 CFR 200.516(a) (for example, significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and material abuse).

No findings were noted.

Section IV – State Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by Texas Grant Management Standards (for example, significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and material abuse).

No findings were noted.



CENTRAL COUNTIES SERVICES

MEETING BEHAVIORAL AND DEVELOPMENTAL NEEDS

Bell ♦ Coryell ♦ Hamilton ♦ Lampasas ♦ Milam



CENTRAL COUNTIES CENTER FOR MHMR SERVICES

Summary of Prior Audit Findings

Year Ended August 31, 2024

The summary schedule of prior audit findings reports the status of all audit findings included in the prior audit's schedule of findings and questioned costs. The summary schedule also includes audit findings reported in the prior audit's summary schedule of prior auditing findings except audit findings listed as corrected in accordance with 2 CFR 200.511(b)(1), or no longer valid or not warranting further action in accordance with paragraph 2 CFR 200.511(b)(3).

Status of prior year finding 2023-001: Material Weakness Related to Controls over Financial Reporting – Year-end adjustments

Fully corrected.

FEDERAL AND STATE EXPENDITURES SECTION

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
 Schedule of Expenditures of Federal and State Awards
 Year Ended August 31, 2024

Program Title	Federal ALN/CFDA Number	Pass-Through Grantor's Number	Expenditures
Federal Awards:			
U.S. Department of Health and Human Services			
Passed through the Texas Health and Human Services Commission			
Every Student Succeeds Act/Preschool Development Grants	93.434	HHS000640200026	\$ 81,604
Temporary Assistance for Needy Families (TANF) (MH Perf)	93.558	HHS001324500010	207,670
Temporary Assistance for Needy Families (TANF) (ECI)	93.558	HHS000640200026	228,892
Social Services Block Grant	93.667	HHS001324500010	77,138
Medicaid Administrative Claiming - Medical Assistance Program (ECI)	93.778	HHS000537900317	232,569
Medicaid Administrative Claiming - Medical Assistance Program (Centerwide)	93.778	HHS000537900317	1,135,084
Habilitation Coordination - Medical Assistance Program	93.778	HHS001333300010	163,877
Money Follows the Person Rebalancing Demonstration	93.791	HHS001333300010	48,058
Block Grants for Community Mental Health Services	93.958	HHS001324500010	751,184
Block Grants for Community Mental Health Services	93.958	HHS001329300007	365,626
COVID-19 Block Grants for Community Mental Health Services (MH/COVID)	93.958	HHS001108400009	766,657
Block Grants for Community Mental Health Services	93.958	HHS001335500010	100,050
Block Grants for Prevention and Treatment of Substance Abuse	93.959	HHS000780500008	314,478
Block Grants for Prevention and Treatment of Substance Abuse	93.959	HHS001040100016	7,041
Passed through the University of Texas at Austin			
Mental Health Research Grants	93.242	UTA21-000030	51,458
Total U.S. Department of Health and Human Services			<u>4,531,386</u>
U.S. Department of Education			
Passed through the Texas Health and Human Services Commission			
Special Education - Grants to States (IDEA, Part B)	84.027	HHS000640200026	141,840
Special Education - Grants for Infants and Families	84.181	HHS000640200026	598,985
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	HHS000640200026	8,489
Total U.S. Department of Education			<u>749,314</u>
U.S. Department of Treasury			
Passed through the Texas Department of Housing and Community Affairs			
Emergency Rental Assistance Program	21.023	2022000013	159,201
Total U.S. Department of Treasury			<u>159,201</u>
Total Expenditures of Federal Awards			<u>\$ 5,439,901</u>
State Awards:			
Texas Health and Human Services Commission (HHSC)			
General Revenue - Mental Health - Adult		HHS001324500010	\$ 5,075,897
General Revenue - Mental Health - Crisis Services		HHS001324500010	884,777
General Revenue - Mental Health - Veterans Service Program		HHS001324500010	99,286
General Revenue - Mental Health - Veterans Service Program		HHS001324500010	1,788,710
General Revenue - Mental Health - Private Psychiatric Beds		HHS001324500010	233,980
Total General Revenue - Mental Health Adult			<u>8,082,650</u>
General Revenue - Intellectual and Developmental Disabilities (IDD)		HHS001333300010	1,262,348
General Revenue - Perinatal Planning		HHS001333300010	14,014
General Revenue - Crisis Intervention Specialists FY2023		HHS001333300010	138,740
General Revenue - Crisis Respite Services FY2023		HHS001333300010	127,928
General Revenue - Nursing Facility Specialized Services		HHS001333300010	7,434
COVID-19 ARPA Workforce Challenges		HHS001333300010	58,534
Total General Revenue - IDD			<u>1,608,998</u>
Early Childhood Intervention		HHS000640200026	1,426,475
Early Childhood Intervention - Respite		HHS000640200026	540
COVID-19 Employment Apprenticeship Pilot Services		HHS001333600001	52,503
COVID-19 Employment Apprenticeship Pilot Services		HHS001448300001	123,310
General Revenue - Mental Health - Children		HHS001324500010	982,784
General Revenue - Mental Health - First Aid		HHS001335500010	40,000
General Revenue - Mental Health Grant Program for Justice-Involved Individuals		HHS000134400001	593,674
Multisystemic Therapy Grant Program		HHS001285300009	257,964
Total HHSC			<u>13,168,898</u>
Total Expenditures of State Awards			<u>13,168,898</u>
Total Expenditures of Federal and State Awards			<u>\$ 18,608,799</u>
	Total expenditures for CFDA 93.558	\$ 436,562	
	Total expenditures for CFDA 93.778	\$ 1,531,530	
	Total expenditures for CFDA 93.958	\$ 1,983,517	
	Total expenditures for CFDA 93.959	\$ 321,519	

See the accompanying notes to the schedule of federal and state awards.

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Notes to Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of Central Counties Center for MHMR Services (the "Center") under programs of the federal and state governments for the year ended August 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Texas Grant Management Standards (TxGMS). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Expenditures reported for the Medical Assistance Program (Medicaid; Title XIX) ALN/CFDA 93.778 represent expenditures incurred during the audit period that the Center anticipates will be reimbursed through invoices submitted to the Texas Health and Human Services Commission. Due to the timing of the submission of these invoices, actual reimbursements received during the year will differ from these amounts.

3. INDIRECT COST RATE

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

4. NATURE OF ACTIVITIES

The Center receives various grants to cover costs of specified programs. Final determination of eligibility of costs will be made by the grantors. Should any costs be found ineligible, the Center will be responsible for reimbursing the grantors for these amounts.

5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal and state awards are reported in the Center's basic financial statements in the General Fund. Certain programs have been excluded from the Schedule of Expenditures of Federal and State Awards by specific request of the funding agency. The state program excluded from the schedule is the Texas Correctional Office on Offenders with Medical or Mental Impairments program in the amount of \$244,685. This state program excluded from the accompanying schedule is not considered financial assistance as defined in Texas Grant Management Standards (TxGMS).

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Notes to Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2024

5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS – CONTINUED

Following is a reconciliation of the financial statement presentation to the Schedule of Federal and State Awards:

State expenditures per schedule:	\$	13,168,898
TCOOMMI program		244,685
State revenues per basic financial statements	\$	13,413,583
Federal expenditures per schedule:	\$	5,439,901
Federal revenues per basic financial statements	\$	5,439,901

6. STATE AWARD GUIDELINES

State awards are subject to HHSC’s Guidelines for *Annual Financial and Compliance Audits of Community MHMR Centers*. Such guidelines are consistent with those required under the Single Audit Act of 1996, the Uniform Guidance, Texas Grant Management Standards (TxGMS) and *Government Auditing Standards*, issued by the Comptroller General of the United States.