CENTRAL COUNTIES CENTER
FOR MHMR SERVICES

ANNUAL FINANCIAL AND COMPLIANCE REPORT

YEAR ENDED AUGUST 31, 2025

Central Counties Center for MHMR Services
Annual Financial and Compliance Report
Table of Contents

Central Counties Center for MHMR Services
Annual Financial and Compliance Report
Table of Contents

Central Counties Center for MHMR Services
Listing of Officials
August 31, 2025

Executive Leadership Team

Johnnie Wardell	Executive Director
Leigh Miller	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, 2025

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, 2025, from Forvis Mazars, LLP was reviewed and accepted at a meeting of the Board of Trustees held on the 28th day of January 2026.

Chair Board of Trustees

FINANCIAL SECTION

Forvis Mazars, LLP
14221 Dallas Parkway, Suite 400
Dallas, TX 75254
P 972.702.8262 | F 972.702.0673
forvismazars.us

Independent Auditor's Report

Board of Trustees
Central Counties Center for MHMR Services
Temple, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Central Counties Center for MHMR Services (Center), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Center, as of August 31, 2025, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the Center, 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 the Center's ability to continue as a going concern for 12 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 GAAS 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 GAAS 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 the Center's 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 the Center's 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 and budgetary comparison 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 GAAS, 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 the Center's 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*, a*nd 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 GAAS. 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 other information 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 27, 2026 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Forvis Mazars, LLP

Dallas, Texas
January 27, 2026

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2025.

Financial Highlights

- The assets of CCCMHMR exceeded its liabilities at the close of the most recent fiscal year by $28,608,966 *(net position).* Of this amount, $18,684,197 *(unrestricted net position)* may be used to meet the Center's ongoing obligations to consumers and creditors.

- CCCMHMR's total net position decreased by $195,656.

- As of the close of the current fiscal year, CCCMHMR's governmental fund reported ending fund balance of $18,114,287.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $15,687,028 or 46% 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 14 - 15 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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.

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 16 -19 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 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 20 - 22 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 23 - 24 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25 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 43 of the report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of CCCMHMR, assets exceeded liabilities by $28,608,966 at the close of the most recent fiscal year.

A portion of CCCMHMR's net position (65 percent) represents unrestricted financial resources available for future operations.

The remaining balance of CCCMHMR's net position (35 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	
	2025	**2024**
Current and other assets	$ 23,033,391	$ 25,094,660
Capital assets	10,722,534	9,921,283
Total assets	33,755,925	35,015,943
Other liabilities	2,927,609	3,826,185
Long-term liabilities	2,219,350	2,385,136
Total liabilities	5,146,959	6,211,321
Net position:		
Net Investment in capital assets	9,924,769	8,949,814
Unrestricted	18,684,197	19,854,808
Total net position	$ 28,608,966	$ 28,804,622

The decrease in CCCMHMR's assets in 2025 is due to the decrease in cash and investments as well as the increase in capital assets, further described below.

Cash and investments decreased $2,883,470 or 13.5% in 2025 as compared to 2024 due to capital outlay for construction projects of several locations funded by CCMHMR fund balance. Accounts receivable and Other assets increased by $822,199 or 22% from 2024 to 2025 due to the increase in advances-intergovernmental transfer and prepaid expenses.

The decrease in CCCMHMR's liabilities in 2025 is associated with the decrease in unearned revenues by $832,797 or 39.67% from 2024 to 2025.

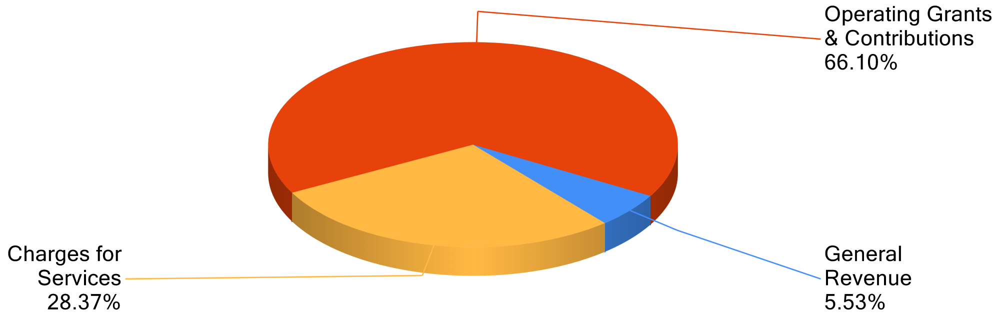
Governmental activities

Revenues for CCCMHMR's governmental activities were $32,885,428 while total expenses were $33,081,084. The change in net position was a loss of $195,656. The primary reason for decrease in change in net position is the growth in operating expenses by $2,296,088 which is primarily due to increase in salaries and benefits for the CCHMHP employees. The salaries and benefits cost increased by

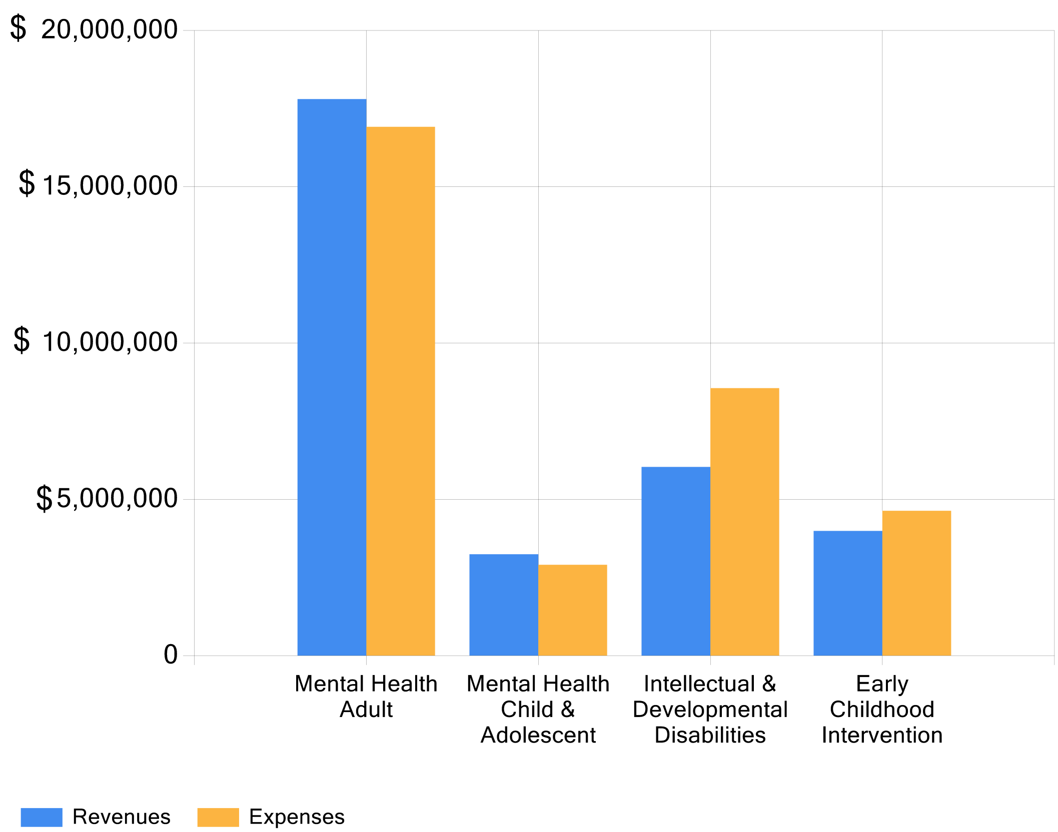
$1,163,761 in 2025 compared to 2024 due to hiring of new employees. The increase in purchased professional fees of $986,927 is due to increase in use of consultants as a result of additional funding received for Mental Health Private Psychiatric Beds. Total revenue increased by $1,247,086 in 2025 compared to 2024. The increase in operating grants and contributions is due to increase in funding for Mental Health Private Psychiatric Beds by $800,333 and Mental Health Diversion Center by $230,546. They also obtained new grant totaling $812,472 for Mental Health Grant for Justice Involved Individuals. The charges for services decreased due to decrease in receipt for Charity Care Pool by $1,487,919 in 2025 compared to 2024.

Condensed Statement of Activities

	Governmental Activities	
	2025	**2025**
Revenues:		
Program revenues		
Charges for services	$ 9,346,198	$ 11,385,910
Operating grants and contributions	21,719,619	18,853,484
General revenues		
Local revenue	632,222	463,100
Unrestricted investment earnings	887,470	984,405
Gain on sale of capital assets	299,919	-
Total revenues	32,885,428	31,686,899
Expenses:		
Mental Health Adult	16,917,598	15,344,721
Mental Health Child/ Adolescent	2,903,178	2,356,907
Intellectual and Developmental Disabilities	8,557,200	8,908,786
Early Childhood Intervention	4,630,871	4,111,461
Interest expense	72,237	63,121
Total expenses	33,081,084	30,784,996
Change in net position	(195,656)	901,903
Net position - beginning	28,804,622	27,902,719
Net position - ending	$ 28,608,966	$ 28,804,622



Expense and Program Revenues - Governmental Activities



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, unassigned fund balance for the General Fund was $15,687,028 or 46 percent of total General Fund expenditures. As indicated on page 18 of the financial statements, fund balance decreased by $1,487,701 during the year. The decrease is primarily due to increase in expenditure in current year by $3.4M which is primarily due to increase in salaries and benefits for the CCHMHP employees. The salaries and benefits cost increased by $1,163,761 in 2025 compared to 2024. An increase in purchased professional fees of $986,927 due to increase in use of subcontractors as a result of additional funding received for Mental Health Private Psychiatric Beds. The increase in revenue by $705,225 resulted from increase in state funds due to increase in funding for Mental Health Private Psychiatric Beds by $800,333 and Mental Health Diversion Center by $230,546. They also obtained new grant totaling $812,472 for Mental Health Grant for Justice Involved Individuals. The local fund decreased due to decrease in receipt for Charity care pool by $1,487,919 in 2025 compared to 2024 Additionally, federal contract decreased by $670,829 as the MAC reimbursements were lower compared to last year by $373,653 and Emergency rental assistance program ended in 2024 resulting in $150,000 decrease in federal revenue.

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 FY2025 increases in State and Federal Revenues were approved per Board Amendment in the amount of $857,783 and $106,441 respectively while budgeted expenditures increased by $972,724. Actual total revenue were less than budget by $2 million primarily due to lower client fees/insurance and Medicaid 1115 Waiver-CCP than budgeted. Total actual expenditures were in line with budgeted amounts.

Capital Asset and Debt Administration

Capital assets

CCCMHMR's investment in capital assets for its governmental activities as of August 31, 2024, amounts to $10,722,534 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and furniture, and leasehold improvements. The increase in CCCMHMR's investment in capital assets for the current fiscal year was $801,251 or 8 percent. Major capital asset events during the current fiscal year included renovations at numerous facilities. A summary of fixed assets at year-end follows:

Capital Assets
(net of depreciation)

	Governmental Activities			
		2025		2024
Land	$	454,899	$	466,899
Construction in progress		1,681,570		280,365
Buildings		11,661,889		12,513,265
Leasehold improvements		26,837		26,837
Furniture and equipment		145,522		2,774,465
Vehicles		772,890		853,046
Leased buildings*		304,381		304,381
Leased vehicles*		878,434		804,155
Right-of-use SBITA assets **		1,755,741		1,732,015
Less: accumulated depreciation/amortization		(6,959,629)		(9,834,145)
Capital assets, net	$	10,722,534	$	9,921,283

* Right-to-use leased assets, $1,182,815 less accumulated amortization, $702,191, net carrying value $480,624.
**Right-to-use SBITA assets, $1,755,741 less accumulated amortization, $1,093,905, net carrying value $661,836.

Long-term obligations

Long-term obligations consist of accrued compensated absences, lease, and SBITA (Subscription Based Information Technology Arrangements) obligations. Additional information on the Center's lease and SBITA obligations can be found in Note 9.

Governmental activities:		2024		Obligations Outstanding August 31, 2025
Compensated absences*	$	1,413,667	$	1,420,585
Direct Borrowings:				
Lease obligations		523,150		480,625
SBITA obligations		448,319		317,140
Total Long-Term Liabilities	$	2,385,136	$	2,218,350

Economic Factors and Next Year's Budgets and Rates

The Central Counties Services for MHMR Services (CCS) 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. CCS has participated in both the Directed Payment Program for Behavioral Health Services (DPP-BHS) and the Public Health Provider-Charity Care Pool (PHP-CCP) for FY25 and committed to participating in both for FY26. Intergovernmental Transfer (IGT) will continue to be a requirement for the DPP program. FY24 was the last year the Community Center’s received DPP-BHS Component 2 payments. DPP-BHS Component 1 payments continue to be received by CCS from all contracted Managed Care Organization's (MCO). The FY 25 PHP-CCP cost report indicated that CCS would receive approximately $4,051,068 (before proportionate reduction) in the spring of 2026. The estimated proportionate reduction at 29.3% is expected to yield $2,864,105 which is approximately $625,000 less than the budgeted CCP revenue for FY26. The Center recognizes

PHP-CCP revenues in the year the funds are received (which is the fiscal year after the year the costs were incurred).

Workforce shortages are being experienced with certain licensed positions in particular behavioral health providers and ECI therapy positions. Targeted recruiting strategies are being applied to assist with filling these critical positions. CCS raised salaries across the board for all staff in FY25 but is not currently able to obtain alignment with the Texas state salary scale. Our benefit package continues to be robust and one of our main recruiting tools. Our vacancies and turnover rate improved in FY25.

Our FY25 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. The two properties purchased in FY23 were prepared for renovation through a design process with a contracted architectural firm selected via a public procurement process. A General Contractor for both properties was also selected via a public procurement process. The Killeen property renovation is nearing completion in early 2026 while the design work on the Copperas Cove property is complete and renovation activities are set to begin by March 2026. Additionally, a new TPO roof was installed on the Temple Main building at 304 South 22nd Street Temple, Texas.

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 comply with the grant funding requirements and invoicing, CCS has had to dedicate a staff accountant to these monthly processes. It also requires other support systems to complete new training requirements, learn compliance and reporting requirements, and recruit new staff position types while developing 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. The grants awarded in FY24 and FY25 are at various stages of implementation and several are fully operational while others have just received the contracted funds in FY26 to begin standing up the programs. CCS is hiring the necessary staff and working with strategic partners to begin providing the services assigned to the other new 3 grants funded in FY26.

In FY25, CCS was found to be out of compliance with state requirements and incurred $5,925 of sanctions and recoupments repaid to Texas Health and Human Services Commission (HHSC).

The HHSC Construction Grant for the $3.2 million supportive housing complex was funded in FY25 and is currently in the bid process for a construction manager at risk with the design and construction slated to begin as soon as the firm is selected and under contract.

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, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 1,395,647
Investments	17,045,041
Accounts receivable, net	955,866
Due from other governments	2,631,163
Advances - intergovernmental transfer	402,802
Prepaid expenses	602,872
Capital assets, net	
Nondepreciable	2,136,469
Depreciable	8,586,065
Total Assets	**33,755,925**
LIABILITIES	
Accounts payable	959,918
Accrued payroll and payroll taxes	468,607
Accrued health benefits payable	110,200
Unearned revenues	1,388,884
Compensated absences - due within one year	995,109
Lease obligations - due within one year	159,360
SBITA obligations - due within one year	174,895
Compensated absences - due in more than one year	426,476
Lease obligations - due in more than one year	321,265
SBITA obligations - due in more than one year	142,245
Total Liabilities	**5,146,959**
NET POSITION	
Net investment in capital assets	9,924,769
Unrestricted	18,684,197
Total Net Position	**$ 28,608,966**

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

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Statement of Activities
Year Ended August 31, 2025

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:						
Mental Health Adult	$ 14,797,735	$ 2,119,863	$ 4,457,501	$ 13,346,607	$ -	886,510
Mental Health Child and Adolescent	2,539,396	363,782	960,988	2,278,890	-	336,700
Intellectual and Developmental Disabilities	7,484,938	1,072,262	2,647,776	3,386,340	-	(2,523,084)
Early Childhood Intervention	4,050,599	580,272	1,279,933	2,707,782	-	(643,156)
Administration	4,136,179	(4,136,179)	-	-	-	0
Interest expense	72,237	-	-	-	-	(72,237)
Total Governmental Activities	**$ 33,081,084**	**$ -**	**$ 9,346,198**	**$ 21,719,619**	**$ -**	**$ (2,015,267)**

General Revenues	
Local revenue	632,222
Investment earnings	887,470
Gain on sale of capital assets	299,919
Total General Revenues	1,819,611
Change in Net Position	**(195,656)**
Net Position - Beginning	28,804,622
Net Position - Ending	**$ 28,608,966**

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

CENTRAL COUNTIES CENTER FOR MHMR SERVICES

Balance Sheet - Governmental Funds

August 31, 2025

	General	Total Governmental Funds
Assets		
Cash and cash equivalents	$ 499,877	$ 499,877
Investments	17,045,041	17,045,041
Accounts receivable	955,866	955,866
Due from other governments	2,631,163	2,631,163
Prepaid Intergovernmental Transfers	402,802	402,802
Prepaid Items	593,677	593,677
Other assets - deposits	9,195	9,195
Total Assets	**$ 22,137,621**	**$ 22,137,621**
Liabilities		
Accounts payable	$ 937,990	$ 937,990
Accrued payroll and other liabilities	468,607	468,607
Due to internal service fund	623,509	623,509
Unearned revenues	1,388,884	1,388,884
Total Liabilities	**3,418,990**	**3,418,990**
Deferred Inflows of Resources		
Unavailable Medicaid admin claiming revenues	604,344	604,344
Total Deferred Inflows of Resources	**604,344**	**604,344**
Fund Balances		
Nonspendable	1,005,674	1,005,674
Committed for accrued compensated absences	1,421,585	1,421,585
Unassigned	15,687,028	15,687,028
Total Fund Balances	**18,114,287**	**18,114,287**
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 22,137,621**	**$ 22,137,621**

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

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
August 31, 2025

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

Total Balance Sheet Fund Balance	**$**	**18,114,287**
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		10,722,534
Other long-term receivables are not available to pay current period expenditures, and therefore are deferred in the fund statement.		604,344
Long-term liabilities for compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(1,421,585)
Long-term liabilities for lease ($480,625) and SBITA ($317,140) obligations are not due and payable in the current period and therefore are not reported in the funds.		(797,765)
An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		1,387,151
Net Position - Governmental Activities	**$**	**28,608,966**

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 Balances - Governmental Funds
Year Ended August 31, 2025

	General	Total Governmental Funds
REVENUES		
Local funds	$ 11,149,939	$ 11,149,939
State Programs	15,566,266	15,566,266
Federal Programs	4,769,071	4,769,071
Investment earnings	887,470	887,470
Total Revenues	**32,372,746**	**32,372,746**
EXPENDITURES		
Current:		
Mental Health Adult	14,322,756	14,322,756
Mental Health Child and Adolescent	2,416,313	2,416,313
Intellectual and Developmental Disabilities	7,225,643	7,225,643
Early Childhood Intervention	3,908,143	3,908,143
Administration	4,059,743	4,059,743
Debt service principal	391,827	391,827
Debt service interest	72,237	72,237
Capital outlay	2,048,787	2,048,787
Total Expenditures	**34,445,449**	**34,445,449**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(2,072,703)**	**(2,072,703)**
OTHER FINANCING SOURCES (USES)		
Proceeds from disposition of leases & SBITAS	329,053	329,053
Issuance of leases & SBITAS	255,949	255,949
Total Other Financing Sources (Uses)	**585,002**	**585,002**
Net Change in Fund Balance	**(1,487,701)**	**(1,487,701)**
Fund Balance, September 1	**19,601,988**	**19,601,988**
Fund Balance, August 31	**$ 18,114,287**	**$ 18,114,287**

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 Government-wide Statement of Activities
Year Ended August 31, 2025

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

Net Change in Fund Balance	**$**	**(1,487,701)**
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 $2,048,787 exceeded depreciation and amortization expense ($1,180,576) for the year.		868,211
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 ($329,053) from the disposition recognized in the fund and the gain on the disposed assets $262,093 which is the book value of the assets ($66,960).		(66,960)
Certain long-term receivables are not available to pay current period expenditures and therefore are deferred in the funds. This is the net change in these long-term receivables for the year.		212,763
The issuance of leases and SBITA provide resources for acquisition of capital assets in governmental funds. This increases long-term liabilities in the statement of net assets. Principal paid on capital leases and SBITAs uses resources in governmental funds. The repayment reduces long-term liabilities in the statement of net assets. This is the net (increase)/decrease in capital lease and SBITA liabilities for the year.		173,704
Repayments of long-term liabilities for compensated absences are reported as expenditures in governmental funds, while increases in long-term liabilities are reported in the statement of net assets. This is the net decrease in the long-term liability for compensated absences for the year.		(7,918)
An internal service fund is used by management to charge the costs of health insurance to individual funds. The change in net position of the internal service fund is reported with governmental activities in the statement of activities.		112,245
Change in Net Position - Governmental Activities	**$**	**(195,656)**

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, 2025

		Governmental Activities - Internal Service Funds
ASSETS		
Current Assets:		
Cash and cash equivalents	$	895,770
Due from general fund		623,509
Total Current Assets		1,519,279
Total Assets		**1,519,279**
LIABILITIES		
Current Liabilities:		
Accounts and accrued health benefits payable		132,128
Total Current Liabilities		132,128
Total Liabilities		**132,128**
NET POSITION		
Unrestricted		1,387,151
Total Net Position	**$**	**1,387,151**

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, 2025

	Governmental Activities - Internal Service Funds
OPERATING REVENUES	
Contributions for premiums	$ 2,622,868
Self insurance stop-loss reimbursement	336,224
Total Operating Revenues	**2,959,092**
OPERATING EXPENSES	
Claims and claim administration expenses	2,855,707
Total Operating Expenses	**2,855,707**
Operating Income (Loss)	**103,385**
NONOPERATING REVENUES (EXPENSES)	
Interest income	8,860
Total Nonoperating Revenues (Expenses)	**8,860**
Change in Net Position	**112,245**
Net Position, September 1	**1,274,906**
Net Position, August 31	**$ 1,387,151**

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, 2025

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities	
Receipts from internal services provided	$ 2,740,890
Receipts from stop-loss plan	336,224
Payments for employee benefits	(2,818,579)
Net Cash Provided (Used) by Operating Activities	**258,535**
Cash Flows from Investing Activities	
Interest income	8,860
Net Cash Provided (Used) by Investing Activities	**8,860**
Net Change in Cash and Cash Equivalents	**267,395**
Cash and Cash Equivalents - Beginning	**628,375**
Cash and Cash Equivalents - Ending	**$ 895,770**
Reconciliation of operating income (loss) to net cash used by operating activities:	
Operating income (loss)	**$ 103,385**
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase)/Decrease in due from other funds	118,022
Increase/(Decrease) in accounts and accrued health benefits payable	37,128
Net Cash Provided (Used) by Operating Activities	**$ 258,535**

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, 2025

	Client Custodial Fund
ASSETS	
Cash and cash equivalents	$ 65,366
Total Assets	**65,366**
NET POSITION	
Restricted for Individual consumers	$ 65,366

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, 2025

	Client Custodial Fund
Additions	
Cash collections on behalf of consumers	$ 306,627
Total additions	306,627
Deductions	
Payments on behalf of consumers	319,329
Total deductions	319,329
Net increase (decrease) in fiduciary net position	(12,702)
Net Position - beginning	78,068
Net Position - ending	**$ 65,366**

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

Note 1: Reporting Entity

The Central Counties Center for MHMR Services (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) Statement "The Financial Reporting Entity; Omnibus." 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, 2025.

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.

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.

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

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.

Note 4: Assets, Liabilities Deferred Inflows/Outflows of Resources and Net Position or Equity

Cash and cash equivalents - The Center considers cash on hand, demand deposits and short term inves1ments with original maturities of three months or less from date of acquisition to be cash equivalents.

Investments-Investments are stated at fair value, except for investments in non-negotiable CDs & Texpool and TexPool Prime which are stated at amortized cost.

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.

Intergovernmental Transfer(IGT): The Center has enrolled in Direct Payment Program (DPP) for Behavioral Health Services and as of August 31, 2025, has spent $863,368 in order to leverage federal funding. As DPP payments are received, the applicable amount of IGT prepaid is recognized as an expense. As of August 31, 2025 the outstanding prepaid IGT balance is $402,802.

GASB 87 - Leases-The Center has implemented the provisions of GASB 87, *Leases.* Under GASB 87, the Center recognizes a right-to-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.

Note 4: Assets, Liabilities Deferred Inflows/Outflows of Resources and Net Position or Equity-continued

Under GASB 96, the Center recognizes a right-to-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.

Capital assets also include intangible right-to-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-to-use leased assets	Shorter of lease term or useful life
Right-to-use SBITA assets	Shorter of subscription term or useful life

Compensated Absences - It is the Center's policy to permit employees to accumulate earned but unused personal time off (PTO) and compensatory time. Compensated absences are accrued and reported as liabilities in the government-wide financial statements. The Center's policy is that leave earned in prior periods is used before leave earned in the current period. 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. Compensatory time accumulates from year to year and any accumulated unsued compensatory time will be paid to the employee, up to 24 hours for exempt employees only.

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, Compensated Absences effective for fiscal years beginning after December 15, 2023. The new accounting guidance updates the recognition and measurement guidance for compensated absences under a unified model. Specifically, the new standard clarifies that a liability should be recorded for

Note 4: Assets, Liabilities Deferred Inflows/Outflows of Resources and Net Position or Equity-Continued

compensated absences that are more likely than not to be paid or otherwise settled. Additionally, it amends certain existing disclosure requirements. The Center adopted this standard on September 1, 2024. The implementation did not result in any changes to beginning net position. Disclosures related to compensated absences have been updated to reflect the provisions of GASB 101, including the presentation of net changes in the liability.

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 inform or are legally or contractually required to be maintained intact. All amounts reported as non-spendable at August 31, 2025, 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.

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 50l(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, and deferred inflows and outflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 4: Assets, Liabilities Deferred Inflows/Outflows of Resources and Net Position or Equity-Continued

Governmental Accounting Standards Board (GASB) *Certain Risk Disclosures* Statement No. 102:- The Center adopted Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*, on September 1, 2024. GASB Statement No. 102 requires governments to evaluate and disclose certain concentrations or constraints that make the primary government reporting unit vulnerable to the risk of a substantial impact, when an associated event has occurred or is more likely than not to occur within twelve months of the financial statement issuance date. Accordingly, the adoption of GASB Statement No. 102 did not have a material impact on the Center's financial statements, and no additional disclosures were required.

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

At August 3, 2025, the carrying amount of the Center's cash deposit was $1,391,700 and the respective bank balances totaled $1,577,945. These amounts are collateralized by fair market value of pledged securities held by the financial institution.

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, 2025, 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.

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.

The Interlocal Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code (the "Act"), provide for the creation of public funds investment pools, such as TexPool and TexPool Prime, through which political subdivisions and other entities may invest public funds. TexPool and TexPool Prime use amortized cost to value portfolio assets and follow the criteria for GASB Statement No. 79 for use of amortized cost. TexPool and TexPool Prime have a credit rating of AAAm from S&P Global Ratings. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. TexPool and TexPool Prime invest in a high-quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

As August 31, 2025, the Center had the following investments measured at amortized cost:

Investment Type	Amortized Cost	Percentage of Total	Credit Rating	Weighted Average Days to Maturity
Certificates of Deposit	$ 495,000	2.90%	NIA	121
TexPool	13,403	0.08%	AAAm	43
TexPool Prime	16,536,638	97.02%	AAAm	45
Total	$ 17,045,041	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.

Note 6: Deposits and Investments- continued

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, 2025, the Center's investment in TexPool and TexPool Prime were 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 pools, 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 and TexPool Prime. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act.

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, 2025 are as follows:

	Amount
Health and Human Services Commission - MH contracts	$ 1,130,641
Health and Human Services Commission - IDD contracts	10,161
Health and Human Services Commission - ECI contract	61,708
Health and Human Services Commission - SUD contract	2,517
IGT Rebalancing	18,563
Home and Community Based Services	255,013
TCOOMMI	52,581
Lampassas County	1,491
Bell County	17,045
Medicaid Administrative Claiming	1,081,443
Due from other governments	$ 2,631,163

Note 8: Capital Assets

A summary of changes in capital asset balances for the year ended August 31, 2025, is as follows:

Note 8: Capital Assets-continued

Governmental Activities:	Balance September 1, 2024	Additions Transfers	Retirements/ Transfers	Balance August 31, 2025
Nondepreciable assets:				
Land	$ 466,899	$ -	$ (12,000)	$ 454,899
Construction in Progress	280,365	1,401,205	-	1,681,570
Total nondepreciable assets	747,264	1,401,205	(12,000)	2,136,469
Depreciable/amortizable assets:				
Buildings	12,513,265	300,447	(1,151,823)	11,661,889
Leasehold improvements	26,837	-	-	26,837
Furniture and equipment	2,774,465	-	(2,628,943)	145,522
Vehicles	853,046	91,186	(171,342)	772,890
Leased buildings*	304,381	-	-	304,381
Leased vehicles*	804,155	232,223	(157,944)	878,434
Right-to-use SBITA assets**	1,732,015	23,726	-	1,755,741
Total depreciable/amortizable assets	19,008,164	647,582	(4,110,052)	15,545,694
Less accumulated depreciation/amortization:	(9,834,145)	(1,180,576)	4,055,092	(6,959,629)
Capital assets, net	$ 9,921,283	$ 868,211	$ (66,960)	$ 10,722,534

* Right-to-use leased assets, $1,182,815 less accumulated amortization, $702,191 net carrying value $480,624.
**Right-to-use SBITAassets, $1,755,741 less accumulated amortization, $1,093,905 , net carrying value $661,836,

In the government-wide financial statements, depreciation and amortization expense of $1,180,576 was charged to the Center's programs as follows:

Mental Health Adult	$ 527,903
Mental Health Child & Adolescent	101,881
Intellectual and Developmental Disabilities	303,875
Early Childhood Intervention	155,091
Administration	91,826
Total Depreciation Expense	$ 1,180,576

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, 2025:

Governmental activities:	2024	Additions	Retirements	Termination	Obligations Outstanding August31, 2025	Amount Due Within One Year
Compensated absences*	$ 1,413,667	$ 998,874	$ (990,956)	$ -	$ 1,421,585	$ 995,109
Direct Borrowings:						
Lease obligations	523,150	232,223	(236,922)	(37,826)	480,625	159,360
SBITA obligations	448,319	23,726	(154,905)	-	317,140	174,895
Total Long-Term Liabilities	$ 2,385,136	$ 1,254,823	$ (1,382,783)	$ (37,826)	$ 2,219,350	$ 1,329,364

Total interest expense on long-term liabilities recorded in governmental activities was $72,237.

Following is a schedule of future lease payments required by lease obligations as of August 31, 2025:

Year Ended August 31	Governmental Activities Lease Obligations Principal	Interest	Total
2026	$ 159,360	$ 45,083	$ 204,443
2027	140,011	39,925	179,936
2028	103,705	26,576	130,281
2029	70,476	23,210	93,686
2030	7,073	2,190	9,263
Total	$ 480,625	$ 136,984	$ 617,609

The Center has entered into lease agreements for buildings with total combined monthly payments ranging from $1,819 to $4,019 per month over the next three fiscal years with an estimated borrowing rate of 3.50% to 5.75%. Terms of existing agreements expire on various dates through August 2028.

The Center has entered into lease agreements for vehicles with total combined monthly payments ranging from $4,631 to $17,865 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 2030.

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.

Note 9: Long-Term Obligations-continued

The Center has entered into subscription-based information technology agreements (SBITA) with total combined annual payments ranging from $188,851 per year in fiscal year 2026 to $146,305 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% to 7.50%.

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:

	Governmental Activities		
Year Ended	SBITA		
August 31	Principal	Interest	Total
2026	$ 174,895	$ 13,956	$ 188,851
2027	142,245	4,061	146,306
Total	$ 317,140	$ 18,017	$ 335,157

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	$ -	$ 623,509
Internal Service Fund - internal fees for employee health benefits	623,509	-
Total	$ 623,509	$ 623,509

Note 11: Retirement Plan

The Center maintains a 40 l (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 $1,051,632, which was reduced by forfeitures applied of $62,000. Employee contributions to the plan were $340,801. Employer contributions in the amount of $22,781 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 $484,841 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 $132,128 at August 31, 2025. Claim activity for the years ended August 31, 2025 and 2024 are as follows:

	2025	2024
Accrued claims at the beginning of the year	$ 95,000	$ 95,000
Claims incurred	1,966,625	1,694,544
Claims paid	(1,929,497)	(1,694,544)
Accrued claims at the end of the year	$ 132,128	$ 95,000

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, 2026.

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.

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 $319,623 during the year ending August 31, 2025.

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 2025 was $3,197,640.

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

In FY 2025, 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 unearned revenue of $127,070 less estimated IGT redistribution owed to the Center of $53,863 for a net provision of $73,207 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, 2025

	Budgeted Amounts			Variance with Final
	Original	Final	Actual Amounts	Budget
Local Revenues				
County income	$ 302,500	302,500	287,500	$ (15,000)
Client fees / insurance	1,759,995	1,759,995	1,074,397	(685,598)
Medicaid MH - Case Management	12,500	12,500	10,392	(2,108)
Home and Community Based Services	1,953,156	1,953,156	1,999,443	46,287
Medicaid IDD - Service Coordination	1,122,714	1,131,214	1,388,416	257,202
Medicaid Rehabilitation Services	948,096	948,096	558,993	(389,103)
Medicaid Child Team	598,496	598,496	417,715	(180,781)
Medicaid Child Team Case Management	662,082	662,082	651,992	(10,090)
Medicaid 1115 Waiver - DPP	652,969	652,969	930,106	277,137
Medicaid 1115 Waiver - CCP	4,033,255	4,033,255	3,197,640	(835,615)
Miscellaneous	597,850	597,850	633,345	35,495
Total Local Revenues	**12,643,613**	**12,652,113**	**11,149,939**	**(1,502,174)**
State Program Revenues				
Mental Health Adult	9,053,189	9,053,189	9,113,281	60,092
Mental Health Child & Adolescent	982,784	982,784	1,022,784	40,000
Intellectual and Development Disabilities	1,550,230	1,550,230	1,572,972	22,742
Early Childhood Intervention	1,548,196	1,548,197	1,548,197	-
Multisystemic Therapy	692,046	692,046	692,046	-
Employment Navigator Pilot Services	66,143	153,150	40,050	(113,100)
Mental Health Grant Program for Justice-Involved Individuals	454,956	1,204,956	1,263,864	58,908
COVID-19 Employment Apprenticeship Pilot Services	171,391	171,391	65,830	(105,561)
Other State	-	-	3,868	3,868
TCOOMMI	259,241	280,017.00	243,374	(36,643)
Total State Program Revenues	**14,778,176**	**15,635,960**	**15,566,266**	**(69,694)**
Federal Program Revenues				
Mental Health Block Grant	2,057,404	2,057,404	1,873,180	(184,224)
Temporary Assistance for Needy Families	207,669	207,669	207,670	1
Social Services Block Grant	77,138	77,138	77,138	-
Early Childhood Intervention	933,113	933,112	933,112	-
Medicaid Administrative Claiming	1,358,599	1,358,599	1,157,878	(200,721)
Substance Abuse Block Grant	354,322	354,322	329,564	(24,758)
Other Federal	75,926.80	182,368	190,529	8,161
Total Federal Program Revenues	**5,064,172**	**5,170,612**	**4,769,071**	**(401,541)**
Investment Earnings	**949,233**	**949,233**	**887,470**	**(61,763)**
Total Revenues	**$ 33,435,194**	**$ 34,407,918**	**$ 32,372,746**	**$ (2,035,172)**

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended August 31, 2025

	Budgeted Amounts		Actual	Variance with Final
	Original	**Final**	**Amounts**	**Budget**
Expenditures				
Current				
Classified salaries	$ 19,781,959	$ 20,145,986	$ 18,751,717	$ 1,394,269
Employee benefits	5,261,091	5,376,790	5,111,041	265,749
Travel	340,159	351,548	303,442	48,106
Drugs and medications	231,164	231,164	208,705	22,459
Consumable supplies	241,840	356,302	216,426	139,876
Contracted and professional fees	4,701,524	4,901,258	4,575,765	325,493
Furniture and equipment	772,367	772,367	566,350	206,017
Utilities and telephone	595,398	599,523	589,377	10,146
Insurance	331,170	472,888	386,670	86,218
Transportation	117,035	120,035	178,735	(58,700)
Repairs and maintenance	79,389	86,889	369,971	(283,082)
Rent and lease expense	359,599	359,599	208,318	151,281
Client costs	302,446	313,516	247,966	65,550
Miscellaneous	170,053	170,053	218,115	(48,062)
Total Current	**33,285,194**	**34,257,918**	**31,932,598**	**2,325,320**
Debt service principal	-	-	391,827	(391,827)
Debt service interest	-	-	72,237	(72,237)
Capital outlay	150,000	150,000	2,048,787	(1,898,787)
Total Expenditures	**33,435,194**	**34,407,918**	**34,445,449**	**(37,531)**
Excess (deficiency) of revenues over (under) expenditures	**-**	**-**	**(2,072,703)**	**(2,072,703)**
Other Financing Sources (Uses)				
Proceeds from disposition of capital assets	-	-	329,053	329,053
Issuance of capital leases	-	-	255,949	255,949
Total Other Financing Sources (Uses)	**-**	**-**	**585,002**	**585,002**
Net Change in Fund Balance	**-**	**-**	**(1,487,701)**	**(1,487,701)**
Fund balance, September 1	**19,601,988**	**19,601,988**	**19,601,988**	**-**
Fund balance, August 31	**$ 19,601,988**	**$ 19,601,988**	**$ 18,114,287**	**$ (1,487,701)**

Other Information (UNAUDITED)

CENTRAL COUNTIES CENTERS FOR MHMR SERVICES

Schedule of Revenues and Expenditures by Source of Funds (Unaudited)
General Fund
Year Ended August 31, 2025

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	$ 16,366,240	$ 5,057,586	$ 881,477	$ 1,302,895	$ 4,137,712	$ 4,986,570	$ 16,366,240	$ -
Employee benefits	4,490,274	1,338,378	229,671	345,448	1,193,125	1,383,652	4,490,274	-
Professional and consultant services	3,891,513	124,442	246,308	78,000	588,796	2,853,967	3,891,513	-
Training and travel	278,958	29,813	10,492	12,429	59,606	166,618	278,958	-
Non-capitalized equipment	142,603	19,351	2,078	82,448	3,916	34,810	142,603	-
Pharmaceutical expense-(Medication & Script Process Fee]	208,705	196,974	-	2,469	-	9,262	208,705	-
Pharmaceutical expense-PAP	319,623	319,623	-	-	-	-	319,623	-
Other operating expense	2,875,753	1,004,496	119,047	346,480	759,737	645,993	2,875,753	-
Allocation of General and Administration to Strategies	5,446,473	1,498,007	287,046	418,339	1,321,348	1,921,733	5,446,473	-
Allocation of Authority Administration to Strategies	456,773	125,632	24,073	35,084	110,816	161,168	456,773	-
Total Expenditures	$ 34,476,915	$ 9,714,302	$ 1,800,192	$ 2,623,592	$ 8,175,056	$ 12,163,773	$ 34,476,915	$ -
Method of Finance:								
General Revenue Allocated	$ 10,136,064	$ 5,084,935	$ 1,013,752	$ 1,439,303	$ -	$ 2,598,074	$ 10,136,064	$ -
Allocated Federal Funds	991,711	696,229	295,482	-	-	-	991,711	-
Medicaid Administrative Claiming	957,353	501,935	121,157	-	242,313	91,948	957,353	-
Managed Care	1,138,870	403,149	243,006	60,000		432,715	1,138,870	-
Other Medicaid Programs	8,278,323	1,383,762	27,492	455,367	3,349,608	3,062,094	8,278,323	-
Other Federal Funds	1,766,210	733,484	99,303	658,824	200,525	74,074	1,766,210	-
Other State Agencies	6,516,130	-	-	-	1,572,972	4,943,158	6,516,130	-
Program Income - Local Match	355,368	345,270	-	10,098	-	-	355,368	-
Non-Program Income - Local Match	345,915	345,915	-	-	-	-	345,915	-
Non Program used as Add Local Funds	3,990,971	219,623	-	-	2,809,638	961,710	3,990,971	-
Total Expended Sources	$ 34,476,915	$ 9,714,302	$ 1,800,192	$ 2,623,592	$ 8,175,056	$ 12,163,773	$ 34,476,915	$ -
Total Audited Revenues and			Total Audited Expenditures and					
Other Financing Sources - General Fund	$ 32,957,748		Other Financing Sources - General Fund			$ 34,445,449		$ (1,487,701)
PAP Contributions	319,623		PAP Contributions			319,623		
Net Change in Fund Balance	1,487,701							1,487,701
Issuance of Leases & SBITA not captured on Report III	(255,949)		Issuance of Leases & SBITA not captured on Report III			(255,949)		-
Late Journal entry not captured on Report III	(32,200)		Late Journal entry not captured on Report III			(32,200)		
Rounding	(8)		Rounding			(8)		-
Total Revenues Reconciled to 4th Quarter Report III	$ 34,476,915		Total Expenditures Reconciled to 4th Quarter Report III			$ 34,476,915		$ -

CENTRAL COUNTIES CENTER FOR MHMR SERVICES

Reconciliation of Total Revenues to Fourth Quarter Financial Report (Unaudited)

Year Ended August 31, 2025

	Revenues					
	Care Report III	Additions		Deletions		Audited Financial Statements
LOCAL REVENUES						
County income	$ 287,500	$ -		$ -		$ 287,500
Client fees I insurance	355,368	719,029	(c) (d)	-		1,074,397
Medicaid MH - Case Management	46,284	-		(35,892)	(d)	10,392
Home and Community Based Services	1,940,605	58,838	(c) (d)	-		1,999,443
Medicaid IDD - Service Coordination	1,318,404	70,012	(c) (d)	-		1,388,416
Medicaid Rehabilitation Services	402,990	156,003	(c) (d)	-		558,993
Medicaid Child Team	1,553,921	-		(1,136,206)	(c) (d)	417,715
Medicaid Child Team Case Management	76,004	575,988	(c) (d)	-		651,992
Medicaid 1115 Waiver- OPP	881,345	48,761	(d)	-		930,106
Medicaid 1115 Waiver - CCP	3,197,640	-		-		3,197,640
PAP medications	319,623	-		(319,623)	(a)	-
Miscellaneous	1,069,032	107,561	(c)	(543,248)	(c)	633,345
Transfers from reserves	1,625,421	-		(1,625,421)	(a)	-
Total Local Revenues	13,074,137	1,736,192		(3,660,390)		11,149,939
STATE PROGRAM REVENUES						
Mental Health Adult	$ 9,128,936	$ 435,736	(c)	-		9,564,672
Mental Health Child & Adolescent	1,013,752	109,932	(c)	(100,900)	(c)	1,022,784
Intellectual and Developmental Disabilities	1,598,943	-		(25,971)	(c)	1,572,972
Early Childhood Intervention	2,486,825	-		(938,628)	(c)	1,548,197
Multisystemic Therapy	692,046	-		-		692,046
Community Health Workers	308,964	-		(308,964)	(c)	-
TCOOMMI	284,135	1	(b)	(40,762)	(c)	243,374
Other State	1,145,217	-		(222,996)	(c)	922,221
Total State Program Revenues	16,658,818	545,669		(1,638,221)		15,566,266
FEDERAL PROGRAM REVENUES						
Mental Health Block Grant	$ 1,166,276	$ 829,517	(c)	$ (122,615)	(c)	$ 1,873,178
Temporary Assistance for Needy Families	207,670	-		-		207,670
Social Services Block Grant	77,138	-		-		77,138
Early Childhood Intervention	-	995,198	(c)	-		995,198
Medicaid Administrative Claiming	957,353	200,525	(c)	-		1,157,878
Substance Abuse Block Grant	20,600	308,965	(c)	-		329,565
EPINET-TX	25,000	-		-		25,000
Money Follows the Person	-	49,971	(c)	-		49,971
Emergency Rental Assistance	-	-		-		-
PASSR Evaluations	16,371	-		(16,371)	(c)	-
SA & MH PRNS ALN 93.243	53,473	-		-		53,473
Other Federal	1,235,674	-		(1,235,674)	(c)	-
Total Federal Program Revenues	3,759,555	2,384,176		(1,374,660)		4,769,071
Investment earnings	984,405	-		(96,935.00)		887,470
Total revenues	$ 34,476,915	$ 4,666,037		$ (6,770,206)		$ 32,372,746

(a) Value of PAP not recorded in the financial statements
(b) Rounding adjustment
(c) Reclassification of expenses between Report III and audit report
(d) Journal entry made after Report III submitted

CENTRAL COUNTIES CENTER FOR MHMR SERVICES

Reconciliation of Total Expenditures to Fourth Quarter Financial Report (Unaudited)
Year Ended August 31, 2025

	Expenditures					
Function	Care Report III	Additions		Deletions		Audited Financial Statements
		$				
Personnel	$ 18,751,722			$ (5)	(b)	$ 18,751,717
Employee Benefits	5,111,037	4	(b)	-	(c)	5,111,041
Professional and Consultant Services	3,891,513	684,252	(c)	-		4,575,765
Training and Travel	303,441	-		-		303,441
Debt Service	-	464,064	(c)	-		464,064
Capital Outlay	1,792,838	255,949	(c)	-		2,048,787
Non-Capitalized Equipment	170,180	592,259	(c)	-		762,439
Pharmaceutical Expense	208,705	20,337		-		229,042
Pharmaceutical Expense(PAP only)	319,623	-		(319,623)	(a)	-
Other Operating Expense	3,927,857	32,208	(c)	(1,760,912)	(c)	2,199,153
Total Expenditures	$ 34,476,916	$ 2,049,073		$ (2,080,540)		$ 34,445,449

(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 lndirect Costs (Unaudited)
Year Ended August 31, 2025

	Total Costs	Non-allowable Costs	Depreciation/ Amortization	Total Adjusted Costs	Direct Costs	Indirect Costs
Personnel	$ 18,751,717	$ -	$ -	$ 18,751,717	$ 16,366,235	$ 2,385,482
Fringe benefits	5,111,041	-	-	5,111,041	4,490,278	620,763
Consultants/contracts	4,575,765	-	-	4,575,765	4,575,765	-
Debt Service- principal	391,827	(391,827)	601,557	601,557	601,557	-
Debt Service- interest	72,237	-	-	72,237	-	72,237
Capital outlay	2,048,787	(2,048,787)	579,019	579,019	505,487	73,532
Other operating expenses	3,494,075	(84,145)	-	3,409,930	2,378,004	1,031,926
Total expenses	$ 34,445,449	$ (2,524,759)	$ 1,180,576	$ 33,101,266	$ 28,917,326	$ 4,183,940

Indirect costs	4,183,940
Direct costs	28,917,326
Indirect cost rate	14.47%

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Schedule of Leases in Effect (Unaudited)
Year Ended August 31, 2025

Lessor	Location	Termination	Monthly Amount
R & L Goodwin Investments	1305 South Key Ave, Suite 203	8/31/2027	$ 2,200
Inman Group LLC - Richard Inman	1007 South Ann Street	Month-to-Month	2,006
WCP/UIRC Hamilton, TX LLC	101 Park Hill	Month-to-Month	500
Advent Health Central Texas	806 E Avenue D	Month-to-Month	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	8/31/2026	2,500
Feed My Sheep - Jeff Stegall	116 West Avenue G	Month-to-Month	500

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Schedule of Space Occupied in a State-Owned Facility (Unaudited)
Year Ended August 31, 2025

	Building	Cost	
Location	Utilization	Monthly	Annual
	No State Owned Facilities Occupied		

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Schedule of lnsurance in Force (Unaudited)
Year Ended August 31, 2025

Insurer	Policy Period	Coverage	Limits or Amounts
Crum & Forster Cyber Insurance	9/01/2024 - 8/31/2025	Cyber & Multimedia Liability	$ 3,000,000
Texas Council Risk Mgmt. Fund	9/01/2024 - 8/31/2025	General Liability	$1,000,000 Each Occurrence and Aggregate General
Texas Council Risk Mgmt. Fund	9/01/2024 - 8/31/2025	Professional Liability	$1,000,000 Each Occurrence $3,000,000 Aggregate Professional Statutory
Texas Council Risk Mgmt. Fund	9/01/2024 - 8/31/2025	Worker's Compensation	Statutory
Texas Council Risk Mgmt. Fund	9/01/2024 - 8/31/2025	Automobile Liability	$1,000,000 Each Occurrence
Texas Council Risk Mgmt. Fund	9/01/2024 - 8/31/2025	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	9/01/2024 - 8/31/2025	Primary Care Professional Endorsement	$2,000,000 Per Claim $4,000,000 Aggregate
Texas Council Risk Mgmt. Fund	9/01/2024 - 8/31/2025	**All Risk**	
		304 S. 22nd Street Temple	$ 16,833,180
		100 E. Ave A Killeen	2,952,810
		312 S. 22nd Temple	97,504
		308 S. 22nd Temple	131,544
		1009 N Dr. Copperas Cove	357,525
		3405 Range Road Temple	243,353
		3401 Range Road Temple	1,174,635
		2420 So. 37th Temple	1,663,830
		1103 Mary Jane Belton	3,578,400
		708 N Crockett Cameron	610,470
		415 & 417 N 8th Street Temple	406,939
		4607 Kit Carson Killeen	228,648
		518 & 520 North 8th Temple	417,480
		1011 Wales Drive Killeen	1,435,593

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Schedule of lnsurance in Force (Unaudited)
Year Ended August 31, 2025

Insurer	Policy Period	Coverage		Limits or Amounts
Texas Council Risk Mgmt. Fund	9/01/2024 - 8/31/2025	**All Risk Contents**		
		304 S. 22nd Street Temple	$	6,657,600
		100 E Ave A Killeen		431,300
		312 S. 22nd Temple		10,000
		308 S. 22nd Temple		12,500
		3401 Range Road Temple		23,644
		3405 Range Road Temple		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 Temple		5,000
		1009 & 1011 North Drive Copperas Cove		6,000
		1103 Mary Jane Belton		565,500
		1201 Huey Drive Belton		588
		708 N Crockett Cameron		104,700
		2420 So. 37th Temple		243,600
		109 East Avenue B Killeen		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		10,000
		1012 North Drive Copperas Cove		17,346

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Schedule of Bond Coverage (Unaudited)
Year Ended August 31, 2025

Title	Surety Company	Scope of Coverage	Bond Amount

None in FY2025

CENTRAL COUNTIES CENTER FOR MHMR SERVICES
Schedule of Professional and Consulting Fees (Unaudited)
Year Ended August 31, 2025

Name	City	Type of Service	Amount
Aaron Wright	Temple	Host Home/Day Hab	$ 18,473
Anita Mclin	Temple	Host Home/Day Hab	40,192
Avail Solutions, Inc.	Tyler	Crisis Hotline	78,000
Baylor Scott & White Health	Dallas	Psychiatric Services	29,548
Bluebonnet Trails Co	Round Rock	Telemed Physician	7,056
Bonita Curtis	Killeen	IDD Respite	600
Bonnie Wilson	Milano	Host Home/Day Hab	18,707
Brian Clinton	Austin	Psychiatry Services	160,400
Bring Everyone In The Zone	Killeen	Veteran Program	104,106
Canyon Creek Behavioral Health	Temple	Inpatient Bed Days	1,117,200
Cedar Crest Hospital	Belton	Inpatient Bed Days	803,600
Cenikor Foundation	Houston/Pittsburgh	MAT MD services	9,950
Christopher and Karen Hammel	Holland	Host Home/Day Hab	20,152
Deborah Scott	Kempner	Host Home/Day Hab	37,545
Dietitian Services, LLC.	Pinehurst	Nutritional Services	221
Donna Marshall	Temple	Host Home/Day Hab	21,036
Donna Torrez	Copperas Cove	Host Home/Day Hab	18,688
Empower Parent, Inc. / MST Services, Inc.	Dallas	Program Development	100,000
Guadalupe Esparaza	Temple	Host Home/Day Hab	18,707
Janet Abbe	Temple	Host Home/Day Hab	17,243
Joana Warren	Little River	Host Home/Day Hab	200
Josephina Morales	Temple	Host Home/Day Hab	20,152
Josephine Bearden	Killeen	Host Home/Day Hab	18,707
Judith Waller	Kempner	Host Home/Day Hab	38,859
Kimberlee Helka	Morgan's Point Resort	Host Home/Day Hab	20,152
Kristine Wood	Temple	Respite care	55
Lavonna Constance	Temple	Host Home/Day Hab	18,829
Larry Grudzien, Attorney at Law	Oak Park	Legal	1,350
Linda Olson	Belton	Host Home/Day Hab	9,873
Margaret Birkes	Moody	IDD Respite	290
Maria Raminger	Kempner	Host Home/Day Hab	18,707
Mary Susann Dyer	Lampasas	Host Home/Day Hab	18,707
Melissa L. Lynch, CPA, PLLC	Greenville	Accounting Consulting	172,641
Metroplex	Dallas	Inpatient Bed Days	250,750
Michelle Gremer	Gatesville	Host Home/Day Hab	20,152
Mona Gates	Killeen	Host Home/Day Hab	18,707
Monica and Jose Rodarte	Killeen	Host Home/Day Hab	37,545
MRB Group	Temple	Engineering	202,668
Myndfit Mental Health, LLC.	Helotes	Mental Health Services	426
Oceans Behavioral Hospital	Dallas	Psychiatric Bed Days	195,950
Olen Christopher Baker	Spring Branch	Prescriber Services	74,480
Randy Frink	Morgans Point	IDD Respite	230
Rebecca Johnson	Kempner	IDD Respite	600
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, 2025

Name	City	Type of Service	Amount
Recessability, Inc.	Spring	YES Waiver Therapy	2,209
Remedios Harrington	Temple	Host Home/Day Hab	20,152
Roland Puentes	Killeen	Host Home/Day Hab	12,849
Ruth Anna Wilkerson	Rigby	Contract Occupational Registered Therapist	122,521
Sahar Marie Tashi	Belton	IDD Respite	600
Scott, Singleton, Fincher & Company PC	Greenville	Audit Services	57,500
Shawnell Roberts-Garcia	Killeen	Host Home/Day Hab	29,399
Sonja Boussart	Rockdale	IDD Respite	970
Suzan Mardis	Copperas Cove	Host Home/Day Hab	18,707
Taha Ansari	McKinney	Psychiatric Services	13,760
Tammy Barrett	Cameron	Host Home/Day Hab	18,707
Tarver & Blythe	Temple	Legal	26,000
Tyler Smith	Belton	Host Home/Day Hab	5,328
Vito Mazzeo	Copperas Cove	Host Home/Day Hab	37,547

CENTRAL COUNTIES CENTER FOR MHMR SERVICES

Schedule of Legal Services (Unaudited)

Year Ended August 31, 2025

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

COMPLIANCE AND INTERNAL CONTROLS SECTION

Central Counties Center for MHMR Services
Schedule of Expenditures of Federal and State Awards
August 31, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Health and Human Services			
Passed through the Texas Health and Human Services Commission			
Substance Abuse and Mental Health Services Projects of Regional and National Significance (SA/HEAL)	93.243	HHS001547200001	$ 53,473
Every Student Succeeds Act/Preschool Development Grants (ECI-PDG)	93.434	HHS000640200026	62,085
Temporary Assistance for Needy Families (TANF)			
Temporary Assistance for Needy Families (TANF) (MH Perf)	93.558	HHS001324500010	207,670
Temporary Assistance for Needy Families (TANF) (ECI)	93.558	HHS000640200026	180,032
Total Temporary Assistance for Needy Families (TANF)			387,702
Social Services Block Grant (MH Perf)	93.667	HHS001324500010	77,138
Medicaid Cluster			
Medical Assistance Program			
Medicaid Administrative Claiming – Medical Assistance Program (ECI)	93.778	HHS000537900317	91,948
Medicaid Administrative Claiming- Medical Assistance Program (Centerwide)	93.778	HHS000537900317	865,405
Habilitation Coordination – Medical Assistance Program	93.778	HHS001333300010	200,525
Total Medicaid Cluster			1,157,878
Money Follows the Person Rebalancing Demonstration (IDD Perf)	93.791	HHS001333300010	49,971
Block Grants for Community Mental Health Services			
Block Grants for Community Mental Health Services (MH Perf)	93.958	HHS001324500010	706,903
Block Grants for Community Mental Health Services (CSC/FEP)	93.958	HHS001329300007	366,198
COVID-19 Block Grants for Community Mental Health Services (MH/COVID)	93.958	HHS001108400009	700,774
Block Grants for Community Mental Health Services (MHFA-Outreach Worker)	93.958	HHS001335500010	99,303
Total Block Grants for Community Mental Health Services			1,873,178
Block Grants for Prevention and Treatment of Substance Abuse			
Block Grants for Prevention and Treatment of Substance Abuse (CHW)	93.959	HHS000780500008	308,964
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRA)	93.959	HHS001040100016	16,971
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRF)	93.959	HHS001040100024	3,630
Total Block Grants for Prevention and Treatment of Substance Abuse			329,565
Passed through the University of Texas at Austin			
Research and Development Cluster			
Mental Health Research Grants (Epinet)	93.242	UTAUS-SUB0000259	25,000
Total U.S. Department of Health and Human Services			4,015,990
U.S. Department of Education			
Passed through the Texas Health and Human Services Commission			
Special Education Cluster			
Special Education – Grants to States (IDEA, Part B) (ECI)	84.027	HHS000640200026	158,760
Special Education – Grants for Infants and Families (ECI)	84.181	HHS000640200026	594,321
Total U.S. Department of Education			753,081
Total Expenditures of Federal Awards			$ 4,769,071

The accompanying notes are an integral part of this Schedule.

State Granting Agency/Grant Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Total State Expenditures
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	99,038
General Revenue – Mental Health – Private Psychiatric Beds		HHS001324500010	2,589,043
General Revenue – Mental Health – Diversion Center (Rider 52)		HHS001324500010	464,526
Total General Revenue – Mental Health – Adult			9,113,281
General Revenue – Intellectual and Developmental Disabilities (IDD)		HHS001333300010	1,262,348
General Revenue – Permanency Planning		HHS001333300010	14,014
General Revenue – Crisis Intervention Specialists FY2024		HHS001333300010	138,740
General Revenue – Crisis Respite Services FY2024		HHS001333300010	127,928
General Revenue – Nursing Facility Specialized Services		HHS001333300010	5,942
COVID-19 ARPA Workforce Challenges		HHS001333300010	24,000
Total General Revenue – IDD			1,572,972
Early Childhood Intervention		HHS000640200026	1,548,197
Employment Navigator Pilot Services		HHS001510900001	40,050
COVID-19 Employment Apprenticeship Pilot Services (FY24 VAP)		HHS001448300001	65,830
Pilot Assistive Technology for PASRR recipients		HHS001571600001	3,868
General Revenue – Mental Health – Children		HHS001324500010	982,784
Mental Health First Aid		HHS001335500010	40,000
Multisystemic Therapy Grant Program		HHS001285300009	692,046
Mental Health Grant Program for Justice-Involved Individuals (SB292)		HHS000134400001	451,392
Mental Health Grant Program for Justice-Involved Individuals (MHGJII)		HHS001545200005	812,472
Total Mental Health Grant Program for Justice-Involved Individuals			1,263,864
Total HHSC			15,322,892
Total Expenditures of State Awards			$ 15,322,892
Total Expenditures of Federal and State Awards			$ 20,091,963

The accompanying notes are an integral part of this Schedule.

Note 1. Basis of Presentation

The schedule of expenditures of federal and state awards (Schedule) includes the federal and state award activity of Central Counties Center for MHMR Services (Center) under programs of the federal and state governments for the year ended August 31, 2025. 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 and State Awards* (Uniform Guidance) and the 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 position, or cash flows of the Center.

Note 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 the cost principles contained in the Uniform Guidance and TxGMS, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Expenditures reported for the Medicaid Cluster ALN 93.778 represent expenditures incurred during the audit period that the Center anticipates will be reimbursed through invoices submitted to the HHSC. Due to the timing of the submission of these invoices, actual reimbursements received during the year will differ from these amounts.

Note 3. Indirect Cost Rate

The Center has elected to use the de minimis indirect cost rate allowed under the Uniform Guidance and TxGMS.

Note 4. Federal and State Loan Programs

There are no federal or state loan programs administered by the Center relating to these federal and state awards.

Note 5. 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.

Note 6. Relationship to the 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 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 (TCOOMMI) program in the amount of $243,374. This state program excluded from the Schedule is not considered financial assistance as defined in TxGMS.

Following is a reconciliation of the financial statement presentation to the Schedule:

State expenditures per schedule	$ 15,322,892
TCOOMMI program	243,374
State revenues per basic financial statements	$ 15,566,266
Federal expenditures per schedule	$ 4,769,071
Federal revenues per basic financial statements	$ 4,769,071

Note 7. State Award Guidelines

State awards are subject to HHSC's Guidelines for Annual Financial and Compliance Audits of the Center. Such guidelines are consistent with those required under the *Single Audit Act of 1996*, the Uniform Guidance, TxGMS, and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Forvis Mazars, LLP
14221 Dallas Parkway, Suite 400
Dallas, TX 75254
P 972.702.8262 | F 972.702.0673
forvismazars.us

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*

Independent Auditor's Report

Board of Trustees
Central Counties Center for MHMR Services
Temple, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Central Counties Center for MHMR Services (Center), as of and for the year ended August 31, 2025, 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 27, 2026.

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

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

Purpose of This Report

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

Forvis Mazars, LLP

Dallas, Texas
January 27, 2026

Forvis Mazars, LLP
14221 Dallas Parkway, Suite 400
Dallas, TX 75254
P 972.702.8262 | F 972.702.0673
forvismazars.us

Report on Compliance for Each Major Federal and State Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Trustees
Central Counties Center for MHMR Services
Temple, Texas

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' (Center) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the Texas Grant Management Standards (TxGMS) that could have a direct and material effect on the Center's major federal and state programs for the year ended August 31, 2025. The Center's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the 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, 2025.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal and State Awards* (Uniform Guidance), and TxGMS. Our responsibilities under those standards, the Uniform Guidance, and TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Center 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 the Center's 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 the Center's 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 the Center's 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and TxGMS 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 the Center's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and TxGMS, 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 the Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's 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 and TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the Center's 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 or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 and TxGMS. Accordingly, this report is not suitable for any other purpose.

Forvis Mazars, LLP

Dallas, Texas
January 27, 2026

Section I – Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

   Material weakness(es) identified? ☐ Yes ☒ No

   Significant deficiency(ies) identified? ☐ Yes ☒ None reported

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major federal programs:

   Material weakness(es) identified? ☐ Yes ☒ No

   Significant deficiency(ies) identified? ☐ Yes ☒ None reported

5. Type of auditor's report issued on compliance for major federal programs:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

7. Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
93.958	Block Grants for Community Mental Health Services
93.778	Medicaid Cluster

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

9. Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

State Awards

10. Internal control over major state programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ None reported

11. Type of auditor's report issued on compliance for major state programs:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

12. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

13. Identification of major state programs:

Assistance Listing Number(s)	Name of State Program or Cluster
HHS001324500010	General Revenue – Mental Health – Adult
HHS000134400001/ HHS001545200005	Mental Health Grant Program for Justice-Involved Individuals

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

Section II – Financial Statement Findings

Reference Number	Finding
	No matters are reportable.

Section III – Federal and State Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

Central Counties Center for MHMR Services
Summary Schedule of Prior Audit Findings
Year Ended August 31, 2025

Reference Number	Summary of Finding	Status
	No matters are reportable.	